

CURRENT AND PROJECTED NATIONAL SECURITY THREATS TO THE UNITED STATES AND ITS INTERESTS ABROAD

HEARING
BEFORE THE
SELECT COMMITTEE ON INTELLIGENCE
OF THE
UNITED STATES SENATE
ONE HUNDRED THIRD CONGRESS
SECOND SESSION
ON
CURRENT AND PROJECTED NATIONAL SECURITY THREATS TO THE
UNITED STATES AND ITS INTERESTS ABROAD

TUESDAY, JANUARY 25, 1994

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CURRENT AND PROJECTED NATIONAL SECURITY THREATS TO THE UNITED STATES AND ITS INTERESTS ABROAD

TUESDAY, JANUARY 25, 1994

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

The Select Committee met, pursuant to notice, at 2:31 p.m., in room SH-216, Hart Senate Office Building, the Hon. Dennis DeConcini, Chairman of the Committee, presiding.

Present: Senators DeConcini, Metzenbaum, Glenn, Kerrey of Nebraska, Bryan, Graham of Florida, Warner, Gorton, Chafee, Lugar and Wallop.

Also Present: Norman Bradley, Staff Director; David Addington, Minority Staff Director/Counsel; Britt Snider, Chief Counsel; and Kathleen McGhee, Chief Clerk; and Don Mitchell, Professional Staff Member.

Chairman DECONCINI. Today we have open hearings and we welcome the Director and other witnesses that are going to be with us today, particularly General James Clapper, Defense Intelligence Agency, to hearings on the current and projected national security threats to the United States.

It is fitting that the Committee meets publicly today to begin its work for the new session by hearing the Intelligence Community's view on a critical issue for our country: the changing national security threat to the United States. These threats are crucial to defining our country's foreign policy and form the foundation for all of our military planning and the execution of U.S. military operations.

This is also the reason why we must maintain a strong intelligence capability, even as we continue to downsize. It is essential that our nation's policymakers continue to be provided with the most accurate and up to date assessment of these ever changing threats.

When I was first elected to the Senate in 1976, this Oversight Committee had just been created. At that time, the U.S.-Soviet rivalry was a prism through which American policymakers viewed most if not all national security issues.

Needless to say, times have changed. As I enter my final year in the Senate, the Cold War is over. And with it, the underlying assumptions that have guided American national security infrastructure for almost half a century. Years after the Berlin Wall was torn down, the United States national security establishment is still in the process of redefining its mission. At a time when the American

public is demanding greater accountability and reduced spending from its government, the Intelligence Community is finding it increasingly difficult to justify its budget, and therefore its role, to the Congress and to the public.

In the past three years, I have pushed hard for reductions in the intelligence budget. During this time, in a bipartisan fashion, by the way, Congress has sliced nearly \$5 billion from intelligence spending. These cuts were not easy to make and have not been easy to absorb. Nevertheless, through the strong leadership of Director Woolsey, General Clapper, former DCI Robert Gates and others, dedicated men and women who work in the Intelligence Community, their efforts continue to be second to none in this Senator's judgment.

In this regard, I would like to note that today marks a sad anniversary. A year ago today, two CIA officers were gunned down outside CIA headquarters, highlighting the ultimate price some have paid in guarding our national security. We will not forget those individuals and those who work there today and throughout the world on behalf of our national security, in gathering intelligence.

The pressure for greater openness is not going to go away. Whether it is the Kennedy Assassination or the POW/MIA issue from the Vietnam War, the America people deserve to know more about what their government does. I believe the work of the Intelligence Community is a successful story, to a great extent, and that it should be told more, as it has recently. Of course, this should only be done after sensitive sources and methods are protected. Director Woolsey, I applaud your efforts to educate the American people on the role of intelligence, both past and present. I think what you have done has been very constructive, particularly the manner in which you have done it. I also look forward to working with you this year to ensure that as we continue to downsize intelligence, which we will, we make responsible cuts that focus on unnecessary duplication and insupportable infrastructure.

Today's hearing is conducted in this same spirit, seeking to educate the public not only to threats to our interests, but how the Intelligence Community helps to cope with these threats.

We are pleased to have with us the Director of Central Intelligence James Woolsey and Lieutenant General James Clapper, Air Force, Director of the Defense Intelligence Agency.

Each Member will be limited to eight minutes for their first round of questioning as we proceed.

I will now yield to my Ranking Member, and I want to take a moment to thank him for the work that he has devoted to this Committee. Also, as one of the senior Members and Ranking Republican of the Armed Services Committee, his involvement on the Committee, as we have our relations with that Committee in dealing with this budget, is very constructive and I am grateful to Senator Warner to all that he has done in this behalf.

Senator Warner.

Vice Chairman WARNER. Thank you, Mr. Chairman, and we, the Members of this Committee, both sides, have a great respect for the leadership that you have given and the leadership that you will continue to give this year.

Director Woolsey and General Clapper, again in this past year each of you, have shown great leadership in your respective responsibilities, and I congratulate both of you.

Mr. Chairman, I join you as do other Members of this Committee in expressing our profound sadness with regard to those who gave their lives in the cause of freedom at the CIA a year ago today, and those who suffered injuries. And our hearts go out to the families of all. But it serves as a reminder that around the world, as we sit here this afternoon, are men and women of this agency, men and women of the Armed Forces, and indeed other agencies and departments of the United States government, making it possible that we live here secure within the borders of our great nation.

Director Woolsey, yesterday we had the opportunity, the Chairman and I, together the Ranking Members and Chairmen of other Committees, to visit with you, Dr. Perry, the President's nominee for Secretary of Defense, and a very fine man, and General Shalikashvili, I would hope that you would continue to have such informal discussions with the seniors in the Congress. That is consultation, that is in the spirit of a close working relationship, which we have tried through this past year, the Chairman and myself and others, to forge with your agency and indeed, your's too, General Clapper. So I commend you for that.

I am concerned, however, that the rapid decline in defense spending may be placing our nation at a threshold of risk, which is ill advised. And I have always looked upon the investment we make in intelligence as a force multiplier to compensate in measure for those budget cuts which we are taking in national defense, particularly the Department of Defense.

So I would hope this year that the bottom line figure that the President announces tonight, or he will send to the Hill shortly after his speech tonight, is one which we can all join and defend and get through the appropriations as well as the authorization cycle. I pledge to do that, Director Woolsey and General Clapper.

Thank you, very much.

Chairman DECONCINI. Senator Wallop.

Senator WALLOP. Mr. Chairman, I think that the afternoon would be better served by listening to the witness than by listening to me.

Chairman DECONCINI. I disagree. I would be glad to listen to you, Senator.

Senator WALLOP. Well, if you disagree, I am prepared to go on at some length.

[General laughter.]

Chairman DECONCINI. There would be some limits.

Senator WALLOP. I would only take note that given the general level of hairline, I wonder what Mr. Warner is doing at this table.

Chairman DECONCINI. Senator Lugar.

Vice Chairman WARNER. May I say for the record, people call in frequently, where do you get your wig? It is not a wig.

[General laughter.]

Chairman DECONCINI. Mr. Director, thank you. You may proceed with your statement.

Director WOOLSEY. Thank you, Mr. Chairman, Senator Warner, Senator Lugar, Senator Wallop, Members of the Committee. It is indeed a pleasure to be here today.

If I might just informally say, Mr. Chairman, I have here a 31 page statement. General Clapper, being a laconic military man, has a 14 page statement. I fear if I read all of mine, we will not have time for questions. So if it is permissible, I would like to ask that it be submitted for the record.

Chairman DECONCINI. It will appear in the record.

Director WOOLSEY. And I will read I think some important segments of it and perhaps summarize other portions as I go through in order to save a bit of time for the Committee.

Vice Chairman WARNER. Would it be possible, Director Woolsey, as you read sections to refer to those pages from which you are reading?

Director WOOLSEY. Yes, as I skip I will not where I am moving from and to.

[The prepared statement of Director Woolsey follows:]

OPENING STATEMENT OF THE DIRECTOR OF CENTRAL INTELLIGENCE BEFORE THE U.S. SENATE SELECT COMMITTEE ON INTELLIGENCE, JANUARY 25, 1994—THREATS TO THE U.S. AND ITS INTERESTS ABROAD

I welcome the opportunity to testify before this committee on the threats to the United States and its interests abroad. Much has transpired since I addressed your Senate colleagues on the Armed Services Committee on this same topic last March. Let me highlight a few of these historic events.

—In East Asia, North Korea's attempt to develop a clandestine nuclear capability, together with its military preparations and arms transfers to other countries, threatens its neighbors and our fundamental national security interests.

—In Russia and the rest of the former Soviet Union the struggle for democracy and economic reform has been intense and—as witnessed last fall in Moscow—at times, violent. Progress is occurring, but it is spotty.

Local strife in Somalia and Haiti, and the tragedy in Bosnia, continue to threaten stability in those countries and nearby regions.

On the positive side, Mr. Chairman, in the Asia/Pacific region, Latin America, and Europe—while there are some specific difficulties, including those mentioned above—the political, security, and economic pictures are generally in the range from light gray to bright.

In Kiev and Moscow, the President brokered an agreement with Russia and Ukraine on the disposition of the nuclear weapons stationed on Ukrainian soil. Implementation will take substantial effort, but the agreement is a step toward removing not only an obstacle to better relations between those two countries but also a source of critical concern to U.S. and Western security interests.

On the international economic front, the GATT agreement, bringing the Uruguay Round to a successful conclusion, paves the way for a significant boost in world trade.

Two conflicts, both of which preceded the onset of the cold war, have shown movement toward resolution, although in neither case are we yet home free. In South Africa, apartheid is being dismantled, and an historic agreement was reached last July paving the way for the first multi-racial, national, democratic election this spring. In the Middle East, Israel and the PLO concluded their famous agreement in the Rose Garden. Implementation awaits further negotiation, but here and elsewhere in the Mid-East there has been positive movement to reduce tensions between Israel and its neighbors.

The lesson that I draw from my first year as Director of Central Intelligence is that hope coexists with uncertainty, promise with danger. We had one central threat which dominated our work for nearly half a century. That threat is gone, and we gladly leave the cold war with the communist USSR to historians and scholars.

But the end of the cold war does not mean the end of conflict, nor the end to threats to our security and to that of our friends and allies. Indeed, your invitation to me to address this committee listed no fewer than ten major issues, ranging from developments in the former Soviet Union to countering the proliferation of weapons of mass destruction. As we know, that list is by no means exhaustive.

The conflicts today may have different names and may be grouped under different banners; at times, the question which could determine war or peace may not be where you stand, politically, but who you are, ethnically. I might add that these types of conflicts are not new to U.S. intelligence: half of the stars etched into the marble wall at CIA are dedicated to those officers who lost their lives to such conflicts. And today as I wear a black ribbon to honor all of those at CIA who have lost their lives in defense of their country, and particularly to commemorate the sad anniversary of the slaying of two Agency officers at our door, only five miles from where we sit today.

The task for intelligence in the post cold war era is clear:

First, we must support policymakers working hard to nurture promise and hope, to protect the gains of the past five remarkable—indeed revolutionary—years.

Second, we must remain vigilant against North Korea, Iran, Iraq, Libya and others throughout the globe who want to make a mockery of our goal of a more peaceful world.

Third, we must provide the early warning and the information systems needed to keep our reduced defense forces up to the tasks they may face in an uncertain future.

Fourth, we must be prepared for the unknown. Next year might bring a different set of headlines, and a new set of problems which can threaten our interests, task our resources, and challenge our resolve.

This afternoon I would like to highlight the critical challenges we face in the intelligence community, and the efforts underway to help counter the threats to our interests.

I want to begin my presentation on regional issues: East Asia, focusing first on North Korea and then on China; developments in Russia and in the former Soviet Union; the Middle East; Somalia; Bosnia; and Haiti. I will then turn to transnational issues: proliferation, terrorism, drug trafficking, and international economics.

I take this approach for ease of presentation only. As we know, in the real world regional and transnational problems are often intertwined, whether we speak of international economic trends constraining the ability of key nations to maintain defense capabilities, or of proliferation fueled by—and exacerbating—regional conflicts.

I. REGIONAL ISSUES

The Far East: North Korea and China

Let me begin with North Korea. Mr. Chairman, in recent months North Korea has vaulted to the top of our agenda in the intelligence community. North Korea presents us and our friends and allies with three critical challenges.

First is its effort to develop its nuclear capability. As I testified publicly before the Congress on July 28 of last year, we believe that North Korea could already have produced enough plutonium for at least one nuclear weapon. Moreover, their Yongbyon reactor may be shut down soon, enabling them to extract fuel, reprocess, recover the plutonium, and use it to produce weapons. In addition, North Korea is building a larger reactor which could be completed by the mid 1990s, expanding its capability to produce even more plutonium. Even with NPT and full IAEA safeguards, North Korea will not be barred from producing, reprocessing, and stockpiling significant amounts of plutonium. We will continue to provide support to policymakers as they press for full implementation of IAEA safeguards and the 1991 North-South Non-Nuclear Agreement, which is intended to prevent the further production of fissile material on the peninsula.

We are also providing analytical support to policymakers working to resolve through diplomatic means the serious concerns raised by North Korean actions. At the same time, I have asked the intelligence community to undertake additional specific steps, in cooperation with the defense community, to ensure strong intelligence support to our military forces.

A second challenge is what North Korea calls its war preparations program, including both improvements in military capabilities and continuing efforts to bring their economy and society to a heightened state of military readiness. North Korea's deployment of rocket launchers and artillery to protected sites close to the DMZ, from which it is possible to target Seoul and South Korean defenses, is just the most recent manifestation of their steady allocation, over the last several years, of resources to the military at the expense of the needs of the North Korean people. Despite remaining readiness inadequacies affecting some North Korean forces, we are concerned with their military preparations and, as in the case of monitoring North Korea's nuclear program, here too we will continue to assign high priority to intelligence coverage.

The third challenge stems from North Korean export of missiles, including those in the 1,000 kilometer range, which can be made capable of carrying nuclear, chemical or biological weapons. Deployment and sale of such missiles provides a qualitative increase in the capabilities of both North Korea and its customers in the Mid-East. Potentially at risk is most of North East Asia as well as potential targets of North Korea's customers in the Mid-East, such as Israel, Turkey, Saudi Arabia, and other states.

Turning to China, because of its enormous population, growing economy and military strength, China will continue to play a key role in the stability not only of Asia but of much of the rest of the world as well. We are focusing our efforts on the political, economic and military evolution in China.

Politically, at some point there will of course be a change in China's leadership. Deng Xiaoping, the last of the original communist revolutionaries to serve as China's top leader, will turn 90 this August. Although formally in retirement, he is still consulted by other leaders who depend on him for cohesion, legitimacy and guidance. When Deng departs we will face a potentially unsettled period, when prospective leaders jockey for position.

Turning to economics, we see China's economy as one of the fastest growing in the world, after two years of back-to-back 13 percent real growth. Increased inflation is one concern. China's rediscovered entrepreneurial spirit has also been accompanied by unfair trading practices to which the U.S. government has recently responded, with some success. We will continue to monitor China's trade, although decreasing central control makes some of these practices even more difficult to expose. The stakes, however, for American products—and American jobs—are enormous: we estimate that the China market will exceed \$220 billion by the year 2000. At \$23 billion, our bilateral trade deficit with China is already nearly half our deficit with Japan, and this deficit's size depends in part on whether the playing field is level or not.

The pace and scope of China's economic growth affect not only bilateral and world trade, but social and political life in China itself. Prosperity has not dampened the calls for reform and political freedom in China's essentially closed political system; if anything, the continued contact with outsiders, along with the freedom of the market place, has spawned a greater desire for a loosening of political controls. We have seen some evidence of small-scale social unrest in several provinces as decentralization proceeds, although certainly not on the scale we saw in Tiananmen Square in 1989. And we will continue to assist in monitoring violations of human rights. The world's ecology and fuel consumption can also be affected by China's rapid growth.

Finally, we are closely monitoring China's military modernization, as well as its attempts to export extremely potent weapons technology into some of the more unstable regions of the world such as the Middle East. The cooperation of China is essential if we are to succeed in curbing proliferation of these technologies and weapons.

Russia and the Former Soviet Union

In Russia, last December's parliamentary election reflected; to a large degree, the ambivalence of the Russian people. The Parliament which they elected—and which opened two weeks ago—contains several elements united more in their opposition to past reforms than in their interest in presenting credible alternatives to those reforms. At the same time, the Russian people gave President Yeltsin enhanced constitutional powers which he can use to help secure Russia's course. President Yeltsin and his advisors are aware that many Russians across the political spectrum believe both that the social safety net must be expanded and that the fabric of public order has frayed to an unacceptable degree.

There are four broad areas to which we have devoted our efforts.

First, we are providing critical—and sometimes unique—political and economic analysis to policymakers to warn them of potential risks facing Russia's uncertain future and to help them sort out the myriad confusing and conflicting aspects of the Russian economy.

That economy is at a critical juncture. President Yeltsin has shattered the incentives and structures of the old system: more than 95% of all prices are free, central planning and the State distribution system have been abolished, many controls on foreign trade and investment have been lifted, and more than a quarter of GDP is now produced by a rapidly growing private sector.

But difficult decisions remain, including whether President Yeltsin will put an end to the heavy subsidization of highly inefficient industrial and agricultural entities. Despite the December election, we believe that President Yeltsin will push ahead with reforms, but the pace will be slower as political pressures force com-

promise. Our major concern is that looser fiscal and monetary policies aimed at easing the pain of reform will unleash forces that could bring Russia again to the brink of destructive hyperinflation.

Second, we continue to monitor the disposition and status of Russia's 27,000 or so nuclear warheads, as well as the strategic systems still deployed to deliver these weapons. The combination of declining morale in the military, increased organized crime, and efforts by states like Iran seeking to purchase nuclear material or expertise will make these matters a major concern for us throughout this decade and beyond. We investigate every report or claim of the illegal transfer of weapons or weapons-grade material. To date, reports of illegal transfers of weapons do not appear credible. As for weapons-grade material, we are not aware of any illegal transfers in quantities sufficient to produce a nuclear weapon. In addition to our monitoring efforts, we will continue to provide support to policymakers working with Russian officials on ways to improve the physical security of nuclear weapons and fissile material.

Third, the intelligence community continues to monitor the state of Russia's general purpose forces. As I reported last year, these forces are suffering from a host of ills: inadequate housing, erratic pay, and declining morale. Russia's military has not been immune from the vicissitudes of the country's economic, political and social transformations.

Fourth, we are closely monitoring Russia's relations with its newly independent neighbors—the other former Soviet Republics. The presence of some 25 million ethnic Russians in those states, as well as the complex legacy of economic linkages, will be key factors in the evolution of policies toward those states.

In sum, Mr. Chairman, the long existence of a system encrusted by decades of inefficiency, coupled with the stresses in an empire once held together by force and one-party rule, have had a profound impact on the Russian people. Thus, it should come as a surprise to no one that the road ahead will continue to be a long and difficult one, and that these problems will exist in some form for years to come. In the meantime, crises can occur at any point along the political, social, and regional fault lines in Russia and the rest of the former Soviet Union.

Mr. Chairman, there are other conflicts raging in the states of the former Soviet Union, including the ongoing war over Nagorno-Karabakh involving Armenia and Azerbaijan. But I want to take a few minutes to highlight a potential crisis in Ukraine. The celebration of Ukrainian independence has given way to disillusionment as a result of economic mismanagement and political drift. Reform has been nonexistent, energy shortages have become a way of life, the inflation rate for December was 90 percent, and nearly half of Ukraine's citizens are living below the poverty level. Parliamentary elections in March and a Presidential election in June could serve as barometers of how well or poorly Ukrainians are facing up to their multiple serious problems.

During his visit to Kiev, President Clinton pledged a redoubled U.S. effort to assist Ukraine through this difficult period. We will continue to provide our policymakers with the economic analysis they need to devise effective and efficient ways to help.

In addition to its economic problems, the results of a recent election in Crimea—the only region in Ukraine where ethnic Russians comprise a majority—could also lead to instability. A pro-separatist candidate who has endorsed Crimea's eventual reunification with Russia captured nearly 40 percent of the vote in the first round of a Presidential race, and is expected to win the runoff on January 30th. Any move toward secession will lead to confrontation between the Ukrainian and Crimean leadership—indeed there are already calls for President Kravchuk to declare Presidential rule in Ukraine. Ethnic tensions in Crimea would further strain Russian-Ukrainian relations, and secessionist forces would probably appeal to Moscow for support.

Along with our interest in seeing a viable, stable Ukraine, our interests are focused on the nuclear weapons still on Ukrainian soil. Mr. Chairman, Ukraine is not the only state to have inherited nuclear weapons when the USSR dissolved in December 1991: we are also tracking the nuclear weapons in Kazakhstan, and Belarus. But, of these three states, Ukraine has the largest number of these weapons, and their disposition has been a thorny issue in Russian-Ukrainian relations and a key concern for us.

The President's efforts recently helped bring Ukraine and Russia together to resolve the dispute over the final disposition of nuclear warheads in Ukraine. We provided direct analytical support to Administration officials who worked closely with Russian and Ukrainian officials to reach the Trilateral Accord, and will continue to do so in the months ahead as the U.S. continues its engagement in the trilateral discussions on implementing the agreements that we have reached.

The accord is being heavily criticized by hardliners and nationalists in Ukraine, and is currently being examined by the Rada—the Ukrainian Parliament. The intelligence community will continue to assign high priority to tracking the debate in Ukraine over these weapons.

The Middle East

Let me turn now to the Middle East, beginning first with the peace process. American resolve over the years in standing up to extremists and opponents of the peace process, willingness to explore any avenue to advance that process, and persistence in encouraging the parties themselves to work directly together for peace, have helped to bring about this step toward an end to the Arab-Israeli conflict.

Still, much needs to be done. The road to the signing of the Israeli-PLO accord was tortuous and dramatic; the road to a comprehensive settlement will be no less arduous, and will require determination and vision. It will also require help from the United States, including help from the intelligence community. There are four ways we are assisting this process.

First, we are providing daily, intense intelligence support to our negotiators involved in the peace process.

Second, we are continuing our liaison efforts with intelligence services throughout the region to help nurture an atmosphere of confidence and trust.

Third, as we have for twenty years, we are continuing to use our unique intelligence capabilities to monitor existing peace agreements in the Sinai and Golan. If there is a breakthrough leading to a comprehensive settlement on the Golan Heights—a goal of the President's discussion earlier this month with President Assad in Geneva—we stand ready to do all we can to help monitor any agreement.

Fourth, we are continuing vigorous counter-terrorism intelligence efforts to help keep the opponents of the peace process at bay. The decades of hot war and cold peace have come at too high a price for us to allow terrorist groups and nations which support them to strangle our hopes for peace in the Middle East.

Mr. Chairman, there are other dangers in the region, especially those stemming from Iran and Iraq and their efforts to obtain weapons of mass destruction and to support terrorism.

On Iran, I wish I could tell this committee that 15 years after the triumph of the extremists, the voices of hate have given way to the policies of moderation. But there is no basis for such a view. Iran remains determined to maintain its implacable hostility, to eliminate any opposition to its rule, and to undermine our security interests and those of our friends and allies in the region. Terrorism remains a central tool for Iran's leaders in seeking to accomplish these objectives, and Iranian support for Hizballah and other such groups from Algeria to Tajikistan has not abated.

We are especially concerned that Iran continues to develop its ambitious multibillion dollar military modernization program and to pursue development of weapons of mass destruction. The intelligence community estimates that left to its own devices Iran will take at least 8–10 years to build its own nuclear weapons, but that it will try to shortcut this process by buying nuclear material and ballistic missiles.

Over the past year the intelligence community has been instrumental in the ongoing, intensive, dialogue with our European allies to outline for them the continued threats posed by Iran. The Administration intends to expand these consultations with our friends and allies in the Far East as well, and we will play a key role in these discussions.

Turning to Iraq, let us be clear: Without U.N. sanctions and inspections Saddam Husayn would have been well on his way by now toward rebuilding his programs for weapons of mass destruction. The importance of sanctions and monitoring cannot be overstated. Because of the unprecedented information the intelligence community has given to the U.N. special Commission since 1991 to track down and eliminate Iraq's weapons of mass destruction, we have destroyed a far larger share of Iraq's capability in this area than was destroyed during the war itself.

Mr. Chairman, there are no easy or quick solutions to the threats posed by these two rogue regimes. For years to come, the intelligence community will continue to require the necessary resources to monitor their military programs, to uncover their attempts to establish clandestine procurement networks aimed at obtaining material and expertise for development of weapons of mass destruction, and to support terrorist activity. It was less than a year ago that Saddam attempted an audacious and outrageous crime—the assassination of a former American President. We cannot relax our guard against such governments.

Regional Conflicts: Somalia, Bosnia, Haiti

Let me now turn to three specific trouble spots which you requested that I address today: Somalia, Bosnia, and Haiti. Each one embodies human tragedy and symbolizes the intractability of conflict in our post-Cold War era.

Let me begin with Somalia. There may well be an upsurge in the fighting before American troops are withdrawn by March 31. We come to this conclusion because, to date, the key factions have failed to resolve their differences in the reconciliation talks, and appear to be arming themselves for an increase in the fighting. Moreover, we are concerned that a combination of renewed hostilities, coupled with the possibility of inadequate rainfall this spring could usher in another catastrophe for the Somali people. We continue to provide vital technical support to U.S. forces in Somalia, as well as to U.N. authorities, but the problem in Somalia is not new and is not readily resolved.

The same can be said of Bosnia. Now suffering through another winter at war, Bosnia continues to be plagued by shortages. According to U.N. officials, less than fifty percent of the relief effort is getting through, and aid convoys are increasingly targeted by all sides. The plight of the Bosnians is exacerbated by sporadic cut-offs or reductions in supplies of gas and electricity. U.N. authorities estimates, even assuming the continuation of aid flows, a repeat of last winter, when 5,000–10,000 died of starvation and related health problems. Substantial interruption of relief would multiply these numbers many times.

As for Serbia itself, although there have been leakages in the international sanctions, the Serbian economy is in shambles. Hyperinflation has been so great that the Serbian government has had to add 18 zeros to the face of its currency over the last three years. Still, the economy functions, albeit at a primitive level, and some commercial activity continues. There is little sign of Milosevic losing his grip in the short term; his party gained seats in last December's election. However, Milosevic does want sanctions lifted and will try every means to convince the international community to accept the dismemberment of Bosnia as a fait accompli.

Turning to Haiti, the political stalemate continues. We estimate that the country probably will be out of fuel and power very shortly unless there is a significant political breakthrough.

The military, however, is hardening its position against compromise, in the apparent belief that the international community's determination to enforce the embargo will weaken once the humanitarian impact of sanctions becomes severe. International efforts are underway to bolster humanitarian relief programs inside Haiti, but those programs will become increasingly vulnerable to sabotage and diversion by the strong as food and fuel shortages become acute.

Our intelligence efforts are focused on detecting attempts to circumvent the embargo and monitoring its impact. We are also watching closely for any indication of an imminent exodus.

II. TRANSNATIONAL ISSUES

Proliferation

Mr. Chairman, I would like to move now to transnational issues, beginning with the problem of proliferation. The proliferation of weapons of mass destruction—and the means to deliver them—is not a new problem, but it is a growing one. Whether it be North Korea, Iran, Iraq, Libya, or other nations throughout the globe aspiring to acquire these weapons, all of them will be paying close attention to how we handle each individual crisis to see whether we are wavering in our commitment to nonproliferation.

I have addressed the problem of proliferation in many meetings and briefings with members of Congress. Let me reaffirm several sobering points:

Ballistic missiles are becoming the weapon of choice for nations otherwise unable to strike their enemies at long ranges.

Today there are 25 countries—many hostile to our interests, some of whom I have already mentioned—that are developing nuclear, biological, or chemical weapons. More than two dozen countries alone have research programs underway on chemical weapons.

Moreover, some of these countries may place little stock in the classic theory of deterrence which kept the cold war from becoming a hot one between the United States and the Soviet Union.

Biological weapons are a particular concern, especially given the ease in setting up a laboratory, and the difficulty in distinguishing between dual-use products. It is hard to get international consensus to condemn a supplier or user of such dual-use material or technology.

We have supported efforts by the Administration, in cooperation with other countries, to prevent the acquisition of materials and equipment by nations bent on developing weapons of mass destruction. To cite several examples of successful interdictions which occurred last year:

Egyptian authorities impounded a shipment of anhydrous hydrofluoric acid enroute to Iraq from the processing of nuclear-related materials. The acid also is a known nerve agent precursor.

The Italian Government prevented shipment of equipment to Iran which could be used in the production of chemical warfare materials. Italian officials also blocked the delivery of excavation equipment enroute to Libya for possible use in construction of an underground chemical warfare agent production facility.

Polish Government authorities stopped the sale by Polish firms of nuclear power plant equipment and components to Iran.

Nevertheless, the task for the intelligence community will remain daunting. We need to decipher an intricate web of suppliers and end-users; we need to distinguish between legitimate and illicit purposes, particularly for dual-use technology or products; and we must help track the activities of others and work with them to see that the flow of material, technology, and know-how is interdicted. These tasks will continue to demand substantial allocation of resources and personnel for years to come.

Terrorism

Mr. Chairman, turning now to the issue of terrorism, I noted earlier particularly Iranian support for terrorism. Unfortunately, as we know, terrorism does not come from one isolated regime. This year, for example, the State Department added Sudan to its list of countries which support terrorism. Nor is terrorism confined to the Middle East; it is still being used in Latin America and in Western Europe.

Terrorism has not abated: There were 427 terrorist incidents world-wide last year compared to 362 in 1992. Indeed, terrorist incidents could increase as a result of growing ethnic, religious, and regional conflicts throughout the globe.

The intelligence community will continue to support the FBI and the Justice Department here at home, as well as foreign intelligence organizations abroad, in combating terrorism. Our work must often be done out of the glare of publicity—and you will rarely find us speaking out about the successes we have had in disrupting or foiling terrorist plots. This is because we need to protect those who would provide us with vital information, and to protect methods critical to us if we are to continue to keep Americans out of harm's way.

There are several cases, however, which I feel can be mentioned here today; beginning with the investigation on the attempted assassination of former President Bush in Kuwait.

CIA used its substantial analytic capability and its technical analysis of the forensic evidence, in cooperation with the FBI and Department of Justice, to establish that the assassination attempt was ordered by Saddam Husayn's regime.

One example of a terrorist brought to justice was the FBI's recent arrest of Umar Muhammed Ali Rizaq, responsible for hijacking and murder in November 1985. His crime includes shooting three Americans, killing one and leaving another suffering permanent brain damage.

We are working closely with FBI and local law enforcement officials in the investigations surrounding last year's bombing of the World Trade Center.

We are using our resources to provide whatever information we can to help locate and bring to justice Mir Aimal Kanshi, accused of the brutal murders which occurred just one year ago outside CIA headquarters. On this day in particular, we want to let Mr. Kanshi know that, as Muhammed Ali Rizaq discovered eight years after his crime, we do not forget, and we do not give up.

Drug Trafficking

Mr. Chairman, on the subject of drug trafficking, we play a constructive role around the world in countering the flow of illegal drugs into this country. We provided essential intelligence support to Colombia's Pablo Escobar Task Force.

We are focusing our efforts on obtaining the information necessary for disrupting and dismantling the entire chain of drug trafficking—transportation, finances and chain of command. We do this against traffickers both in Latin America and in the Far East. The challenge cannot be met by targeting one sector alone; nor can it be accomplished by one agency alone. Our intelligence work in support of law enforcement efforts by the DEA and FBI will continue, because we believe that only through coordinated efforts can we hope to defeat this cancer on our society.

But in this field we can never guarantee to you that we and the other U.S. agencies involved will never be betrayed by those who assist us in Latin America or Asia. part of the unfortunate reality of the counternarcotics business is that local foreign

officials sometimes succumb to the lure of drug money. Moreover, American officials—ours and those of other agencies—are not always correct in the difficult judgments that must be made in this complex area. One risk that U.S. Government employees run is sensationalist distortions in some media reports about this complex subject. We work too hard and consider this problem too important to ignore such distortions. So, let me say simply and categorically that the recent allegation made in a television report that CIA officers intentionally smuggled narcotics into the United States for distribution is flat wrong.

International Economics

In closing, Mr. Chairman, although the topic of international economics was not specifically mentioned in your invitation to me, I'd like to take the opportunity of this hearing to highlight this area of critical importance to the work of the intelligence community.

For nearly half a century, international economic issues took a back seat to our struggle against the Soviet Union and its allies. That has changed. As the President said last fall, "More than ever, our security is tied to economics." Interest rates, trade policies, and currency fluctuations all can have an immediate and significant impact on our economic well-being. Moreover, as industrialized nations pull themselves out of the longest recession since the depression of the 1930s, they are discovering that their economic recoveries are not accompanied by a growth in jobs, thus making the competition on the world market that much sharper.

The intelligence community is being asked to provide a strong supporting role in this new international economic arena. Let me briefly describe our tasks.

First, we are providing policymakers analytical support on world economic trends and on key international trade issues. This support includes evaluating the economic plans, intentions and strategies of foreign governments and their impact on U.S. interests and initiatives. It also includes analytical assistance to American negotiators involved in foreign trade discussions—such as GATT.

Second, we are providing analytical road maps on how well or poorly the nations in the former Soviet Union and in Eastern and Central Europe are faring with their economic reform efforts. How these nations perform economically can determine how well they do politically and whether regional and global stability will be enhanced or threatened.

Third, we are providing our expertise in trade, finance and energy to help the Administration thwart efforts by countries such as Iraq, Libya, and Serbia from circumventing United Nations sanctions.

Fourth, we are assessing how some governments violate the rules of the game in international trade. This does not mean that the CIA is in the business of economic espionage—for example, trying to learn the business plans of foreign companies in order to give such information to American firms. It does mean, however, that we are paying careful attention to those countries or businesses who are spying on our firms, to the disadvantage of American businesses and American workers, and to those governments and foreign companies that try to bribe their way into obtaining contracts that they cannot win on the merits. Frequently we are able to help the U.S. government obtain quick redress when such foreign bribery occurs or is about to occur, to the benefit, measured in billions of dollars, of American companies. Most such companies never realize that they have received our assistance and even state publicly that they do not need it. This is fine with us. It is the nature of the intelligence business.

CONCLUSION

Mr. Chairman, what I have outlined today for you and for your colleagues on the committee is far from being the sum total of our work. Nor should intelligence be viewed as an end in itself. When we try to penetrate a closed society like North Korea, when we verify dismantlement of nuclear weapons in Russia and Ukraine, or peace agreements in the Middle East, when we work to help defeat terrorists or the ambitions of Saddam Hussein, when we try to answer the "why" the "where" and the "when" of global ethnic and nationalist conflict, we do so as part of our contribution to the overall safety and security of the United States and the American people.

My year as Director of Central Intelligence has made it clear to me how critical intelligence will continue to be in helping our leaders to chart a course for our nation, to protect our interests and to keep our citizens safe.

This concludes my opening statement. I would be happy to go into greater detail on these topics and address other issues of concern to the members of this committee, here and in closed session.

STATEMENT OF R. JAMES WOOLSEY, DIRECTOR OF CENTRAL INTELLIGENCE

Director WOOLSEY. I welcome the opportunity to testify before this committee on the threats to the United States and its interests abroad. Much has transpired since I addressed your Senate colleagues on the Armed Services Committee on this same topic last March. Let me highlight a few of these historic events.

In East Asia, North Korea's attempt to develop a clandestine nuclear capability, together with its military preparations and arms transfer to other countries, threatens its neighbors and our fundamental national security interests.

In Russia and the rest of the Former Soviet Union the struggle for democracy and economic reform has been intense and—as witnessed last fall in Moscow—at times, violent. Progress in occurring, but it is spotty.

Local strife in Somalia and Haiti, and the tragedy in Bosnia, continue to threaten stability in those countries and nearby regions.

On the positive side, Mr. Chairman, in the Asia/Pacific region, Latin America, and Europe—while there are some specific difficulties, including those mentioned above—the political, security, and economic pictures are generally in the range from light gray to bright.

In Kiev and Moscow, the President brokered an agreement with Russia and Ukraine on the disposition of the nuclear weapons stationed on Ukrainian soil. Implementation will take substantial effort, but the agreement is a step toward removing not only an obstacle to better relations between those two countries but also a source of critical concern to U.S. and Western security interests.

On the international economic front, the GATT agreement, bringing the Uruguay Round to a successful conclusion, paves the way for a significant boost in world trade.

Two conflicts, both of which preceded the onset of the cold war, have shown movement toward resolution, although in neither case are we yet home free. In South Africa, apartheid is being dismantled, and an historic agreement was reached last July paving the way for the first multi-racial, national, democratic election this spring. In the Middle East, Israel and the PLO concluded their famous agreement in the Rose Garden. Implementation awaits further negotiation, but here and elsewhere in the Mid-East there has been positive movement to reduce tensions between Israel and its neighbors.

The lesson that I draw from my first year as Director of Central Intelligence is that hope coexists with uncertainty, and promise with danger. We had one central threat which dominated our work for nearly half a century. That threat is gone, and we gladly leave the Cold War with the communist USSR to historians and scholars.

But the end of the cold war does not mean the end of conflict, nor the end of threats to our security and to threat of our friends and allies. Indeed, your invitation to me to address this Committee listed no fewer than ten major issues, ranging from developments in the Former Soviet Union to countering the proliferation of weapons of mass destruction. As we know, that list of ten is by no means exhaustive. The conflicts today have different names and may be grouped under different banners; at times, the question

which could determine war or peace may not be where you stand, politically, but who you are, ethnically. I might add that these types of conflicts are not new to U.S. intelligence: Half of the stars etched into the marble wall at CIA are dedicated to those officers who lost their lives to such conflicts. And today, I wear a black ribbon to honor all of those at CIA who have lost their lives in defense of their country, and particularly to commemorate the sad anniversary of the slaying of two Agency officers at our door, only five miles from where we sit today.

The task for intelligence in the post cold war era is clear: First, we must support policymakers working hard to nurture promise and hope, to protect the gains of the past five remarkable—even revolutionary—years. Second, we must remain vigilant against North Korea, Iran, Iraq, Libya and others throughout the globe who want to make a mockery of our goal of a more peaceful world. Third, we must provide the early warning and the information systems needed to keep our reduced defense forces up to the tasks they may face in an uncertain future. Fourth, we must be prepared for the unknown. Next year might bring a different set of headlines, and a new set of problems which can threaten our interests, task our resources, and challenge our resolve.

This afternoon I would like to highlight the critical challenges we face in the Intelligence Community, and the efforts underway to help counter the threats to our interests.

I want to begin my presentation on regional issues: East Asia, focusing first on North Korea and then on China; developments in Russia and in the Former Soviet Union; the Middle East; Somalia, Bosnia, and Haiti. I will then turn to transnational issues: Proliferation, terrorism, drug trafficking, and international economics.

I take this approach for ease of presentation only. As we know, in the real world regional transnational problems are often intertwined, whether we speak of international economic trends constraining the ability of key nations to maintain defense capabilities, or of proliferation fueled by—and exacerbating—regional conflicts.

Let me begin with North Korea. Mr. Chairman, in recent months North Korea has vaulted to the top of our agenda in the intelligence community. North Korea presents us and our friends and allies with three critical challenges.

First is its effort to develop its nuclear capability. As I testified publicly before the Congress on July 28 of last year, we believe that North Korea could already have produced enough plutonium for at least one nuclear weapon. Moreover, their Yongbyon reactor may be shut down soon, enabling them to extract fuel, reprocess, recover the plutonium, and use it to produce weapons. In addition, North Korea is building a larger reactor which could be completed by the mid-1990s, expanding its capability to produce even more plutonium. Even with Non-proliferation Treaty and full IAEA safeguards, North Korea will not be barred from producing, reprocessing, and stockpiling significant amounts of plutonium. We will continue to provide support to policymakers as they press for full implementation of IAEA safeguards and the 1991 North-South Non-Nuclear Agreement, which is intended to prevent the further production of fissile material on the peninsula.

We are also providing analytical support to policymakers working to resolve through diplomatic means the serious concerns raised by North Korean actions. At the same time, I have asked the Intelligence Community to undertake additional specific steps, in cooperation with the defense community, to ensure strong intelligence support to our military forces there.

A second challenge is what North Korea calls its war preparations program, including both improvements in military capabilities and continuing efforts to bring their economy and society to a heightened state of military readiness. North Korea's deployment of rocket launchers and artillery to protected sites close to the Demilitarized Zone, from which it is possible to target Seoul and South Korean defense, is just the most recent manifestation of their steady allocation, over the last several years, of resources to the military at the expense of the needs of the North Korean people. Despite remaining readiness inadequacies affecting some North Korean forces, we are concerned with their military preparations and, as in the case of monitoring North Korea's nuclear program, here too we will continue to assign high priority to intelligence coverage.

The third challenge stems from North Korean export of missiles, including those in the 1,000 kilometer range, which can be made capable of carrying nuclear, chemical or biological weapons. Deployment and sale of such missiles provides a qualitative increase in the capabilities of both North Korea and its customers in the Mid-East. Potentially at risk is most of North East Asia as well as potential targets of North Korea's customers in the Mid-East, such as Israel, Turkey, Saudi Arabia, and other potential target states.

Turning to China, because of its enormous population, growing economy and military strength, China will continue to play a key role in the stability not only of Asia but of much of the rest of the world as well. We are focusing our efforts on the political, economic and military evolution in China.

Politically, at some point there will of course be a change in China's leadership. Deng Xiaoping, the last of the original communist revolutionaries to serve as China's top leader, will turn 90 this August. Although formally in retirement, he is still consulted by other leaders who depend on him for cohesion, legitimacy and guidance. When Deng departs, we will face a potentially unsettled period, when prospective leaders jockey for position.

Turning to economics, we see China's economy as one of the fastest growing in the world, after two years of back-to-back 13 percent real growth. Increased inflation is one concern. China's rediscovered entrepreneurial spirit has also been accompanied by unfair trading practices to which the U.S. Government has recently responded, with some success. I am going to skip down on page nine now, Mr. Chairman, over to Russia and the Former Soviet Union on page ten.

In Russia, last December's parliamentary election reflected, to a large degree, the ambivalence of the Russian people. The Parliament which they elected—and which opened two weeks ago—contains several elements united more in their opposition to past reforms than in their interest in presenting credible alternatives to those reforms. At the same time, the Russian people gave President

Yeltsin enhanced constitutional powers which he can use to help secure Russia's course. President Yeltsin and his advisors are aware that many Russians across the political spectrum believe both that the social safety net must be expanded and that the fabric of public order has frayed to an unacceptable degree.

There are four broad areas to which we have devoted our efforts in intelligence. First, we are providing critical—and sometimes unique—political and economic analysis to policymakers to warn them of potential risks facing Russia's uncertain future and to help them sort out the myriad confusing and conflicting aspects of the Russian economy.

That economy is at a critical juncture. President Yeltsin has shattered the incentives and structures of the old system: more than 95% of all prices are free, central planning and the State distribution system have been abolished, many controls on foreign trade and investment have been lifted and more than a quarter of the Gross Domestic Product is now produced by a rapidly growing private sector.

But difficult decisions remain, including whether President Yeltsin will put an end to the heavy subsidization of highly inefficient industrial and agricultural entities. Despite the December election, we believe that President Yeltsin will push ahead with reforms, but the pace will be slower as political pressures force compromise. Our major concern is that looser fiscal and monetary policies aimed at easing the pain of reform will unleash forces that could bring Russia again to the brink of destructive hyperinflation.

Second we continue to monitor the disposition and status of Russia's 27,000 or so nuclear warheads, as well as the strategic systems still deployed to deliver these weapons. The combination of declining morale in the military, increased organized crime, and efforts by states like Iran seeking to purchase nuclear material or expertise will make these matters a major concern for us through this decade and beyond. We investigate every report or claim of the illegal transfer of weapons or weapons-grade material. To date, reports of illegal transfers of weapons do not appear credible. As for weapons-grade material, we are not aware of any illegal transfers in quantities sufficient to produce a nuclear weapon. In addition to our monitoring efforts, we will continue to provide support to policymakers working with Russian officials on ways to improve the physical security of nuclear weapons and fissile material.

Third, the Intelligence Community continues to monitor the state of Russia's general purpose forces. As I reported last year, these forces are suffering from a host of ills: Inadequate housing, erratic pay, and declining morale. Russia's military has not been immune from the vicissitudes of the country's economic, political and social transformations.

Fourth, we are closely monitoring Russia's relations with its newly independent neighbors—the other former Soviet Republics. The presences of some 25 million ethnic Russians in those states, as well as the complex legacy of economic linkages, will be key factors in the evolution of policies toward those states.

In sum, Mr. Chairman, the long existence of a system encrusted by decades of inefficiency, coupled with the stresses in an empire once held together by force and one-party rule, have had a pro-

found impact on the Russian people. Thus, it should come as a surprise to no one that the road ahead will continue to be a long and difficult one and that these problems will exist in some form for years and years to come. In the meantime, crises can occur at any point along the political, social, and regional fault lines in Russia and the rest of the Former Soviet Union.

Mr. Chairman, there are other conflicts raging in the states of the Former Soviet Union, including the ongoing war over Nagorno-Karabakh involving Armenia and Azerbaijan. I want to take a few minutes to highlight a potential crisis in Ukraine. The celebration of Ukrainian independence has given way to disillusionment as a result of economic mismanagement and political drift. Reform has been non-existent, energy shortages have become a way of life, the inflation rate for December was 90 percent, and nearly half of Ukraine's citizens are living below the poverty level. Parliamentary elections in March and a Presidential election in June could serve as barometers of how well or poorly Ukrainians are facing up to their multiple serious problems.

During his visit to Kiev, President Clinton pledged a redoubled U.S. effort to assist Ukraine through this difficult period. We will continue to provide our policymakers with the economic analysis they need to devise effective and efficient ways to help.

In addition to its economic problems, the results of a recent election, Crimea—the only region in Ukraine where ethnic Russians comprise a majority—could also lead to instability. A pro-separatist candidate who has endorsed Crimea's eventual reunification with Russia captured nearly 40 percent of the vote in the first round of a Presidential race, and is expected to win the runoff on January 30th. Any move toward secession will lead to confrontation between the Ukrainian and Crimean leadership—indeed there are already calls for President Kravchuk to declare Presidential rule in Ukraine. Ethnic tensions in Crimea would further strain Russian-Ukrainian relations, and sessionist forces would probably appeal to Moscow for support.

Along with our interest in seeing a viable, stable Ukraine, our interests are focused on the nuclear weapons still on Ukrainian soil. Mr. Chairman, Ukraine is not the only state to have inherited nuclear weapons when USSR dissolved in December of '91: we are also tracking the nuclear weapons in Kazakhstan, and Belarus. But, of these three states, Ukraine has the largest number of these weapons, and their disposition has been a thorny issue in Russian-Ukrainian relations and a key concern for us.

The President's efforts recently helped bring Ukraine and Russia together to resolve the dispute over the final disposition of nuclear warheads in Ukraine. We provided direct analytical support to Administration officials who worked closely with Russian and Ukrainian officials to reach the Trilateral Accord, and will continue to do so in the months ahead as the U.S. continues its engagement in the trilateral discussions on implementing the agreements that we have reached.

The accord is being heavily criticized by hardliners and nationalists in Ukraine, and is currently being examined by the Rada—the Ukrainian Parliament. The Intelligence Community will continue to assign high priority to tracking the debate in Ukraine over these

weapons. Let me turn now to the Middle East, beginning first with the peace process. American resolve over the years in standing up to extremists and opponents of the peace process, willingness to explore any revenue to advance that process, and persistence in encouraging the parties themselves to work directly together for peace, have helped to bring about this stem toward an end to the Arab-Israeli conflict.

Still, much needs to be done. The road to the signing of the Israeli-PLO accord was tortuous and dramatic; the road to a comprehensive settlement will be no less arduous, and will require determination and vision. It will also require help from the United States, including help from the Intelligence Community. There are three ways we are assisting this process.

First, we are continuing our liaison efforts with intelligence services throughout the region to help nurture an atmosphere of confidence and trust.

Second, as we have for twenty years, we are continuing to use our unique intelligence capabilities to monitor existing peace agreements in the Sinai and the Golan. If there is a breakthrough leading to a comprehensive settlement on the Golan Heights—a goal of the President's discussion earlier this month with President Assad in Geneva—we'll stand ready to do all we can to help monitor any agreement.

Third, we are continuing vigorous counter-terrorism intelligence efforts to help keep the opponents of the peace process at bay. The decades of hot war and cold peace have come at too high a price for us to allow terrorist groups and nations which support them to strangle our hopes for peace in the Middle East.

Mr. Chairman, there are other dangers in the region, especially those stemming from Iran and Iraq and their efforts to obtain weapons of mass destruction and to support terrorism.

On Iran, I wish I could tell this Committee that 15 years after the triumph of the extremists, the voices of hate have given way to the politics of moderation. But there is no basis for such a view. Iran remains determined to maintain its implacable hostility, to eliminate any opposition to its rule, and to undermine our security interests and those of our friends and allies in the region. Terrorism remains a central tool for Iran's leaders in seeking to accomplish these objectives, and Iranian support for Hizballah and other such groups from Algeria to Tajikistan has not abated.

We are especially concerned that Iran continues to develop its ambitious multi-billion dollar military modernization program and to pursue development of weapons and mass destruction. The Intelligence Community estimates that left to its own devices, Iran will take at least 8–10 years to build its own nuclear weapons, but that it will try to shortcut this process by buying nuclear material and ballistic missiles.

Over the past year the Intelligence Community has been instrumental in the ongoing, intensive, dialogue with our European allies to outline for them the continued threats posed by Iran. The Administration intends to expand these consultations with our friends and allies in the Far East as well, and we will play a key role in those discussions.

Turning to Iraq, let us be clear: without U.N. sanctions and inspections Saddam Hussein would have been well on this way by now toward rebuilding his programs for weapons of mass destruction. The importance of sanctions and monitoring cannot be overstated. Because of the unprecedented information the Intelligence Community has given the U.N. Special Commission since 1991 to track down and eliminate Iraq's weapons of mass destruction, we have destroyed a far larger share of Iraq's capability in this area than was destroyed during the war itself.

Mr. Chairman, there are no easy or quick solutions to the threats posed by these two rogue regimes. For years to come, the Intelligence Community will continue to require the necessary resources to monitor their military programs to uncover their attempts to establish clandestine procurement networks aimed at obtaining material and expertise for development of weapons of mass destruction and to support terrorist activity. It was less than a year ago that Saddam attempted an audacious and outrageous crime—the assassination of a former American President. We cannot relax our guard against such governments.

Mr. Chairman, I am going, in this next section on regional conflicts, dealing with Somalia, Bosnia, and Haiti, I am going to skip reading it, and of course answer any questions that Members may have on those three important subjects, and move over to page 22 on transnational issues.

I would like to move now to transnational issues, beginning with the problem of proliferation. The proliferation of weapons of mass destruction—and the means to deliver them—is not a new problem, but it is a growing one. Whether it be North Korea, Iran, Iraq, Libya, or other nations throughout the globe aspiring to acquire these weapons, all of them will be paying close attention to how we handle each individual crisis to see whether we are wavering in our commitment to nonproliferation.

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There are several cases, however, which I feel can be mentioned here today, to which the I.C. has made a contribution, beginning with the investigation on the attempted assassination of former President Bush in Kuwait.

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One example of a terrorist brought to justice was the FBI's recent arrest of Umar Muhammed Ali Rizaq, responsible for hijacking and murder in November of 1985. His crime includes shooting three Americans, killing one and leaving another suffering permanent brain damage.

We are working closely with FBI and local law enforcement officials in the foreign side of the investigations surrounding last year's bombing of the World Trade Center.

We are using our resources to provide whatever information we can to help locate and bring to justice Mir Aimal Kansi, accused of the brutal murders which occurred just one year ago outside CIA headquarters. On this day in particular, we want to let Mr. Kansi know that, as Muhammed Ali Rizaq discovered eight years after his crime, we do not forget, and we do not give up.

Mr. Chairman, on the subject of drug trafficking, we play a constructive role around the world in countering the flow of illegal drugs into this country. We provided essential intelligence support to Colombia's Pablo Escobar Task Force.

We are focusing our efforts on obtaining the information necessary for disrupting and dismantling the entire chain of drug trafficking—transportation, finances and chain of command. We do this against traffickers both in Latin America and in the Far East. The challenge cannot be met by targeting one sector alone; nor can it be accomplished by one agency alone. Our intelligence work in support of law enforcement efforts by the DEA and FBI will continue, because we believe that only through coordinated efforts can we hope to defeat this cancer on our society.

But in this field we can never guarantee to you that we and the other U.S. agencies involved will never be betrayed by those who assist us in say, Latin America or Asia. Part of the unfortunate reality of the counternarcotics business is that local foreign officials sometimes succumb to the lure of drug money. Moreover, American officials—ours and those of other agencies—are not always correct in the difficult judgments that must be made in this complex area. One risk that U.S. Government employees run is sensationalist distortions in some media reports about this complex subject. We work too hard and consider this problem too important to ignore such distortions. So, let me say simply and categorically that the recent allegation made in a television report that CIA officers intentionally smuggled narcotics into the United States for distribution is flat wrong.

In closing, Mr. Chairman, although the topic of international economics was not specifically mentioned in your invitation to me, I'd like to take the opportunity of this hearing to highlight this area of critical importance to the work of the Intelligence Community.

For nearly half a century, international economic issues took a back seat to our struggle against the Soviet Union and its allies. That has changed. As the President said last fall, "More than ever, our security is tied to economics." Interest rates, trade policies, and currency fluctuations all can have an immediate and significant impact on our economic well-being. Moreover, as industrialized nations pull themselves out of the longest recession since the depression of the 1930's, they are discovering that their economic recoveries are not accompanied by a growth in jobs, thus making the competition on the world market that much sharper.

The intelligence community is being asked to provide a strong supporting role in this new international economic arena. Let me briefly describe our tasks.

First, we are providing policymakers analytical support on world economic trends and on key international trade issues. This support includes evaluating the economic plans, intentions and strategies of foreign governments and their impact on U.S. interests and initiatives. It also includes analytical assistance to American negotiators involved in foreign trade discussions—such as GATT.

Second, we are providing analytical road maps on how well or poorly the nations in the former Soviet Union and in Eastern and Central Europe are faring with their economic reform efforts. How these nations perform economically can determine how well they do politically and whether regional and global stability will be enhanced or threatened.

Third, we are providing our expertise in trade, finance and energy to help the Administration thwart efforts by countries such as Iraq, Libya, and Serbia from circumventing United Nations sanctions.

Fourth, we are assessing how some governments violate the rules of the game in international trade. This does not mean that the CIA is in the business of economic espionage—for example, trying to learn the business plans of foreign companies in order to give such information to American firms. It does mean, however, that we are paying careful attention to those countries or businesses who are spying on our firms, to the disadvantage of American businesses and American workers, and to those governments and foreign companies that try to bribe their way into obtaining contracts that they cannot win on the merits. Frequently we are able to help the U.S. government obtain quick redress when such foreign bribery occurs or is about to occur, to the benefit, measured in billions of dollars, for American companies. Most such companies never realize that they have received our assistance and even state publicly that they do not need it. This is fine with us. It is the nature of the intelligence business.

Mr. Chairman, what I have outlined today for you and for your colleagues on the Committee is far from being the sum total of our work. Nor should intelligence be viewed as an end in itself. When we try to penetrate a closed society like North Korea, when we verify dismantlement of nuclear weapons in Russia and Ukraine, or peace agreements in the Middle East, when we work to help defeat terrorists or the ambitions of Saddam Hussein, when we try to answer the “why” the “where” and the “when” of global ethnic and nationalist conflict, we do so as part of our contribution to the overall safety and security of the United States and the American people. My year as Director of Central Intelligence has made it clear to me how critical intelligence will continue to be in helping our leaders to chart a course for our nation, to protect our interests and to keep our citizens safe.

This concludes my opening statement. I would be happy to go into greater detail, Mr. Chairman, on these topics and address other issues of concern to the Members of this Committee, as you know, at any time or in closed session.

Thank you.

Chairman DECONCINI. Mr. Director, thank you very much, and I want the record to show that you have been extremely forthcoming and available to Members of the Committee on a one to one

basis to Members who are not on this Committee as different issues have come up. This is an open session and there will be some limits of what you can respond to our questions, and we will have a closed session later next month to follow up on some of these.

Before we proceed to the questions, General Clapper, would you like to summarize your statement? Your full statement will appear in the record.

[The prepared statement of General Clapper follows:]

PREPARED STATEMENT OF LIEUTENANT GENERAL JAMES R. CLAPPER, JR., USAF DIRECTOR, DEFENSE INTELLIGENCE AGENCY AND GENERAL DEFENSE INTELLIGENCE PROGRAM MANAGER

Mr. Chairman, distinguished members of the committee, I am pleased to provide a Defense Intelligence perspective on threats likely to face U.S. interests through the year 2000. I will concentrate principally on the military dimension. I have also prepared a classified Statement for the Record that addresses intelligence capabilities and shortfalls.

Any threat discussion must begin with a candid assessment of the degree of uncertainty inherent in this transitional period of history. Depending on such things as the future political landscape of Russia, the success of the Middle East peace process, the future conditions on the Korean peninsula, and developing threat perceptions in the Far East, future military threats could vary dramatically, particularly beyond the turn of the century. This is a time of more mysteries and fewer secrets.

NORTH KOREA

To begin with, I am convinced that North Korea will be the most critical major military threat to United States interests through the middle part of the 1990s. We are faced with an insular, economically distressed regime that is given to a siege mentality, and that sustains a long-term effort to allocate scarce resources to a huge military, two-thirds of which is located south of Pyongyang. It has an active nuclear program that threatens not only South Korea and U.S. security interests, but also the stability of Northeast Asia in general. This does not imply that I believe war is either imminent or inevitable; I don't. And indeed, there are significant shortcomings in force capabilities that Pyongyang would prefer to correct before initiating military hostilities. However, the North continues to plan for a military option.

We should not delude ourselves about war on the Korean Peninsula by mirror-imaging Western logic. It is true that the North Korean military is comprised of older equipment and is suffering some of the same deprivation as the population at large. Further, it has important vulnerabilities.

However, this is also a military that is large, well-manned, and in-place, ready to begin hostilities on little notice. For the sake of perspective, we assess that the 4,000-6,000 artillery pieces along the demilitarized zone would rain down hundreds of thousands of artillery shells as far south as Seoul in the early phase of combat. As I said, war is not inevitable. But because Pyongyang has no desire to become a second East Germany, it could increasingly find itself without attractive options. This suggests a period of dangerous instability on the Korean Peninsula that could continue for a number of years. My classified statement details some of the work that we are doing on this topic at the request of U.S. military forces.

RUSSIA

While Korea is our first concern, we're also closely monitoring developments in Russia. We are particularly concerned with the impact the political forces represented by Zhirinovskiy might have on the gradual, but ongoing demilitarization of this society. In a country with approximately 27,000 nuclear warheads, Zhirinovskiy's chauvinistic, inflammatory rhetoric and irresponsible comment have given the entire world pause. As of now, however, all strategic nuclear weapons remain under the control of President Yeltsin and the General Staff.

Currently, the strategic forces are relatively well financed and adequately trained to perform their mission, and their modernization efforts are continuing. Although reductions are continuing as well, we are concerned about full implementation of the Strategic Arms Reduction Treaty (START). This is an area of continuing concern for us as we are also reducing our capabilities to monitor strategic force activities, a factor I have highlighted in my classified statement.

Russian conventional forces, on the other hand, are suffering under extraordinary pressures. The military continues to relocate, restructure, and reduce its forces, limited by a falling budget and an economy that has contracted by almost 40 percent over the past three years. Readiness and force modernization are particular problems for the Russian General Staff. For example:

Overall force readiness suffers from limited training and serious conscription shortfalls. The military is almost a million conscripts short of authorized levels and, as a result, officers comprise over 50 percent of the total force. This problem shows no sign of abating.

Many systems remain in research and development (R&D), though budget cuts have led to a precipitous drop in equipment modernization—almost 70 percent since 1990. Major obsolescence problems will develop around the turn of the century for large portions of the military.

The recently released Russian military doctrine provides a general blueprint for future force development. Whether they can live up to it remains to be seen. The results of future resource battles—particularly the future focus of weapons R&D and the availability of funds for production—will be critical indicators of the post-2000 capabilities of the Russian military.

MIDDLE EAST

In the Middle East where I've just visited, the peace process holds out a hope for substantial improvement in Arab-Israeli relations. However, many of our own security concerns in the region exist independent of any settlement of the Arab-Israeli problem. The deployment and use of long-range missiles in the Iran-Iraq war and during Operation DESERT STORM, coupled with the ever-spreading technology for nuclear, chemical, and biological weapons, is of real concern to us. Iran has embarked on a nuclear program, and we now know that Iraq was close to developing a nuclear weapon before DESERT STORM. Other countries will likely point to Israel's reported nuclear arsenal as one of the reasons to seek their own weapons of mass destruction.

There are other security problems in the region. Beyond the long-term problems associated with Islamic extremism, the key military concerns are Iran and Iraq, who both vie for dominance of this oil-rich region which is so vital to our and the world's economy. Both countries are also attempting to reconstitute their military capabilities. Currently, Iraq is limited by both United Nations (UN)-imposed sanctions on weapons purchases and by internal instability, while Iran suffers from severe economic constraints. Neither country is currently in a position to project significant military forces beyond its borders.

Depending on the future of sanctions, Iraq could have the capability of reinvading Kuwait and attacking into Saudi Arabia by the late 1990s. However, its forces would have a number of important vulnerabilities. Iran will continue its purchases of combat equipment through the 1990s, but debt problems and the lack of hard currency will reduce the amounts of these purchases.

By the end of the decade, Iran will have an improved air, naval, and coastal cruise missile capability for interrupting shipping in and around the Persian Gulf if unopposed by the West; however its ground force's ability to project power is limited by geography and no capability to move significant numbers of troops by sea.

SOUTH ASIA

In South Asia, we believe neither India nor Pakistan sees war as in its best interest; both are suffering severe economic conditions and have seen outside military support cut back since the end of the Cold War. However, with their military forces in close contact, the possibility of severe miscalculation will continue to exist. We will monitor this situation very closely because of their mutual pursuit of nuclear weapons and missile delivery systems.

CHINA

China's military is one very much in transition. A beneficiary of the country's tremendous economic growth, the military can expect significant budget increases by the end of this decade. Despite such increases, however, even by the turn of the century, the Chinese military will continue to be comprised primarily of 1960s and 1970s vintage weapons.

Purchases of late-generation aircraft such as the SU-27, as well as SA-10 anti-aircraft systems will undoubtedly be accompanied by future purchases from Russia and result in a military of gradually increasing effectiveness. But realistically, any significant improvement in power projection capability is not expected to occur until the next decade.

Of particular longer-term concern are Chinese purchases of military technology from the Russians and others. As the Chinese gradually increase their capacity to assimilate technology and produce their own advanced weapons, we could see rapid advances in their military capabilities. This concern is exacerbated, of course, by Chinese arms transfers to unstable regions or regimes.

GENERAL INSTABILITY

Also pertinent to this discussion is a pattern of general instability that has surfaced over the last several years. On the accompanying chart is a map of the world's "hot spots" as they existed at the time the Berlin Wall came down. On the second chart is a current portrayal of worldwide "hot spots." The increase in the number of troublesome areas is a reflection of long-suppressed hatreds now being allowed to play themselves out in the absence of the tempering effect of the bi-polar world.

The U.S. military has been called upon previously, and will be called upon again, to rescue U.S. citizens or contribute to peace enforcement operations in a variety of regions. Whether in countries where we are already deployed, or in regions where deployment is only contemplated, such low-intensity conflicts threaten U.S. forces not with military defeat, but with the prospect of possibly prolonged operations and escalating casualties. For example:

In Somalia, the impending withdrawal of U.S. troops will most likely be met with only disorganized Somali elements and bandits. However, over the course of the withdrawal a more serious threat could arise, especially if inter-clan fighting increases. If there is no political reconciliation, over time the entire UN peacekeeping effort might have to be scaled back, and could unravel entirely.

In Bosnia, any large-scale peace-enforcement operation would face a combination of regular and irregular forces. Although these forces would be equipped with some heavy weapons and aircraft, the principal threat they pose would be in the form of widespread and difficult-to-track guerrilla operations.

In Haiti, we see no conventional threat, but the possibility of widespread, small-scale attacks would increase over time.

Unfortunately, with regard to worldwide stability, the future is not bright. Many, if not most, of the current conflicts reflected on the accompanying chart show no sign of abating and are likely to continue for the foreseeable future. Moreover, this decade is likely to see many other states and regions in which historic and ethnic hatreds erupt into conflict. The human cost will be immense; and it will be on television.

This array of trouble spots and continuing problems, coupled with intelligence reductions, have compelled us to balance our attention to these regions with the risk of being unprepared to fully support U.S. involvement. My classified statement describes the factors we consider as we allocate resources among these varied and demanding challenges.

FUNCTIONAL PROBLEMS

Let me now switch from this regional orientation of future threats and instabilities to a functional one. We must, of course, be most concerned with the proliferation of technology associated with weapons of mass destruction. There is little doubt that those who want to acquire technology for nuclear, biological, or chemical weapons will eventually be able to do so. Worse, by the turn of the century, a number of countries that pose new regional threats will have the capacity to deliver these kinds of weapons against their neighbors with surface-to-surface missiles; our assessment is that no new countries, however, will be able to reach the United States with such missiles.

CONVENTIONAL WEAPONRY

In the conventional weapons arena, the slowdown in worldwide defense spending has had some healthy after-effects. Defense cuts in the major weapons-producing countries have led to an overall slowdown in the weaponization of technology. Weapons purchases are being cut back, developmental programs are being slowed, planned system sophistication is being reduced, and in some cases, systems are being canceled entirely. This trend will continue for the next several years, though there are some new, highly capable systems being fielded and R&D on some very advanced systems continues. Whether these systems will ultimately be produced is uncertain and will be closely related to some of the major political developments mentioned previously.

One thing is obvious: worldwide defense industries are in the midst of a tremendous restructuring that is being reflected in deployed systems. Because of defense cuts, upgrades to existing systems rather than new purchases will occupy a much

more prominent place in the market. Couple defense cuts with economic integration and the result is an increase in the hybridization of weapon systems. Obviously, this poses a whole new series of challenges for the Intelligence Community.

A final note in the conventional weapons arena: while systems development is certainly slowing, we can't neglect the high-quality weapons already available to any country that can pay. A wide array of advanced anti-ship cruise missiles, precision attack munitions, advanced air defense systems, and many other weapons have the potential to complicate U.S. operations and increase casualties. Further, less technically advanced systems could also be effective against U.S. or coalition forces, depending on the situation. In particular, such systems as command-detonated mines and shoulder-fired surface-to-air missiles could continue to be used with devastating effect in peace enforcement operations.

SUMMARY

In summary, the issues of greatest concern to Defense Intelligence for the next several years will be North Korea's continuing military buildup, political/military developments in Russia, and the worldwide proliferation of technology associated with weapons of mass destruction.

Beyond these key issues, generally speaking, most of the world's major militaries will spend this decade in a period of transition; the question is, transition to what? Some countries will be reducing their militaries; others will be reconstituting them; and still others will be rethinking their military needs. The end results of these processes are currently neither predictable nor preordained. Indeed, they will not have run their course until after the turn of the century.

I'd like to end where I began—with a cautionary note about future uncertainty. With respect to long-term, major military threats to U.S. interests, a relatively benign international environment is possible, given the right combination of political developments and decreases in threat perceptions. On the other hand, less benign futures, though they may not be evident now, are also entirely possible.

I also want to comment on the ongoing draw-down in Defense Intelligence and our ability to adequately address all of the problems just mentioned. We fully appreciate the need for cuts, and Defense Intelligence is in the midst of steep drawdowns and consolidation. But intelligence capabilities, like military readiness, can become hollow.

As we look to the future, we face a far more complex world than the one that existed previously. The major, direct threats to the security interests of the United States have undoubtedly abated, but there are mid-range and long-range uncertainties that continue to be at the forefront of U.S. national security policy. These challenges have one thing in common: they all promote a seemingly insatiable desire for information.

As security policy adapts to the challenges of the post-Cold War world, Defense Intelligence doesn't have the luxury of deciding which military issues it will cover. If it did, Somalia would not have made the cut in 1992. Consider the range of countries already addressed in this statement and then consider all the other countries in today's headlines. Imagine the complexities associated with maintaining data bases on all aspects of their military forces. Also note the issues not covered in this statement; terrorism, narcotics, counterintelligence, and a host of other transnational issues that impact on military developments. Which countries or issues can Defense Intelligence stop covering? What should Defense Intelligence stop doing?

In considering these questions, I'm faced with one unalterable fact: whether it's regional military analysts steeped in the history, religion, or ethnic composition of a particular part of the globe, or technical analysts versed in the development of specific foreign weapons systems, or collection capabilities that support either ongoing military operations or national-level analysis, few assets are easily interchangeable, and none are quickly replaceable. Once lost, they cannot be recovered without prolonged delay and extraordinary expense.

As I indicated above, the world is in transition. Perhaps someone is confident what the future holds; I'm not. And it remains my belief that in such a world, the success of our national security policy and military strategy is more dependent on intelligence than ever before to identify risks and resolve crises before they escalate into conflict. However, just as intelligence has become an increasingly important tool to manage national security risks, reductions in intelligence spending have required us to also manage risk as we also allocate shrinking intelligence resources. This concludes my statement.

STATEMENT OF LT. GEN. JAMES R. CLAPPER, DIRECTOR,
DEFENSE INTELLIGENCE AGENCY

General CLAPPER. Thank you, sir.

Mr. Chairman, Senator Warner, distinguished Members of the Committee. I perhaps should apologize on behalf of both of us if there is too much glare coming up there from the table.

Director WOOLSEY. The General and I are both follically challenged, Mr. Chairman.

Chairman DECONCINI. Believe me, I understand.

General CLAPPER. Follically deprived.

[General laughter.]

General CLAPPER. Sir, I will forego replowing the ground which I think the DCI has covered authoritatively and comprehensively and I would just say that I find myself in alignment with his statement.

I would, though, just like to take a few minutes to cover what I think are some key points. First, the post-Cold War period is clearly one of transition. If I had to pick a theme for the next decade it is that of increased uncertainty. We no longer have many of the constraints which were an unappreciated side effect of the bipolar world. Now all sorts of rivalries and frictions previously constrained by the bipolar contest are emerging.

We in the U.S. will continue to be faced with decisions in about whether to become involved in these rivalries, either simply to rescue U.S. citizens who get caught up in them, or more expansively, more broadly to seek and enforce the resolution. Accordingly, as we have seen in the past year, we will feel more and more pressure in this country to use military force in what have been in heretofore unconventional ways.

As of the end of the last fiscal year, we had over 308,000 military personnel in 53 countries, and over 80,000 of these supported international peacekeeping efforts in one way or another.

These factors—new missions, new threats, and new coalitions—increased the pressures on intelligence to provide better support both to our decisionmakers and to our operating combatant forces.

This past year we have reallocated resources for nine intelligence task forces in Defense Intelligence, providing dedicated support to U.S. and U.N. troops in areas in like Bosnia, Somalia, Iraq and Haiti. We established three special battle damage assessment cells. We redirected some half a million man hours just within my agency, the Defense Intelligence Agency, of work, in addition to our so-called routine work. We deployed national intelligence support teams—and I say we, the Intelligence Community—composed of specialists from the Community to support six major operations. And we have just activated another one this past week in Korea.

In Defense Intelligence we have produced some 187,000 intelligence graphics, targeting materials and the like, for the JCS and the unified commands, the largest non-wartime production rate I have ever seen.

Last year the DIA processed 15½ million feet of U-2 film, one-third more than the year before.

I mention these anecdotal snapshots, of course this in the face of the profound resource reductions we have been taking, as the ex-

amples of the peace dividend, at least as I have been experiencing it.

So we are clearly in a world of change, but we in military intelligence are no longer managing the change, we are really in the mode of managing risk—risk that we won't provide policymakers the best intelligence to give them a proactive edge as they make critical judgments; risk that we won't be able to provide military forces the intelligence they need to limit casualties and, of course, succeed in their missions.

This intelligence risk that I am talking about increases the pressures on us—and I mean here all of us—not only in the Executive branch, but in the Congress as well—as the stewards of intelligence, to confront the possibility that the U.S. may suffer national security failures in the future and that we collectively bear a special responsibility as we make critical judgments, both from a substantive analytic perspective, as well as a resource allocation perspective.

I have heard Members of this distinguished body talk about the need for more, not less intelligence, to meet the demands we face throughout the end of the decade. And I have heard an overwhelming majority of my uniformed colleagues from the warfighting community call for more, not less, intelligence.

But there is the belief held by many that we can afford to cut intelligence capabilities because we no longer confront the most demanding but less likely scenario of a nuclear holocaust. I would tell you that based on my 30 years in the intelligence business, including a tour as the senior intelligence officer at the Strategic Air Command at the height of the Cold War, at no time during the last 30 years has intelligence been more important or more challenged than it is now. These challenges are clearly different, but they are certainly no easier to meet. They include watching the conditions on the Korean Peninsula that the DCI has discussed, the future political landscape of Russia and the newly independent states, the increasing trend of supplier states to proliferate technology for weapons of mass destruction and their delivery systems, and the myriad of other threats to U.S. interests that the DCI and I both detailed in our prepared statements.

In the face of all this, I think the importance and value of intelligence can only increase. Both the DCI and I cover the situation in North Korea in our statements, but I would emphasize here that in my judgment, North Korea will be the critical major military threat for the next few years. I served two very intense years in the mid-80's as director of intelligence for U.S. Forces Korea, and have studied Korea very hard ever since then, and so I say it with that background.

The activities on the peninsula and the lessons that we have learned during DESERT STORM about the intelligence required to meet new warfighting demands have compelled us to take a very hard look at our ability to support military operations. These new demands on intelligence, in terms of the volume of fine grained, detailed analysis, provided quickly to support conventional warfare, are at least as challenging as the intelligence to hold strategic mis-siles at risk.

In my classified statement I tried to illustrate the magnitude, complexity, and level of detail of the task involved in preparing wartime databases using Korea as a demanding base case.

Russia is a different type of intelligence concern as Mr. Woolsey has just described. Their nuclear arsenal is the mainstay of their military power and I believe they will continue to modernize it. As the DCI said, there are still 27,000 or so warheads under the control of President Yeltsin and the general staff.

In contrast, their conventional forces, I believe, have not yet bottomed out. They have profound readiness, quality of life, and pending weapons system obsolescence problems. But in the face of the perceptions of reduced threats, we have cut many of the billets and systems that used to work the Soviet problem. And those cuts have a definite impact on the ability of the military intelligence community to stay abreast of changes in Russia and the newly independent states, at least at the level of detail that we used to have during the Cold War.

I would also be remiss if I didn't say a word about the threat posed by the proliferation of weapons of mass destruction. While no additional countries will be able to reach the United States with missiles this decade, proliferation of missiles and weapons of mass destruction are a particular concern and a very tough problem for intelligence. The number of countries involved in the acquisition of nuclear, chemical and biological weapons, as well as their delivery systems, will continue to expand. Countries who want the technology badly enough will eventually get it. And those that participate in these activities are becoming increasingly resourceful at masking such activities.

In summary, I would end where I began, with this issue of uncertainty. We are in a world of transition and a relatively benign future is entirely possible but certainly not guaranteed. A very much less benign future is also possible. We clearly are confronting a lot more mysteries, things that aren't predictable or even knowable. We certainly recognize the need for cuts, and I acknowledge that many of these cuts now under way and that we will take, have forced us to find better ways of doing business. But I would also be remiss if I didn't sound a cautionary note about reaching the point of diminishing return and that we not allow our intelligence capabilities to become hollow.

We have a unique ability in this country not only to acquire and derive intelligence, but also to use it as an instrument of national power that no other country in the world can come close to.

In conclusion, Mr. Chairman, I would like to quote a Member of this Committee, the esteemed Senator from Nebraska, who said, and I quote, "Our extraordinarily capable intelligence structure is both priceless and a bargain."

This concludes my statement, Mr. Chairman, and I, too, am available to answer your questions either here or in closed session.

Chairman DECONCINI. General, thank you very much.

We have a very sizeable turnout today, and I am going to limit time for the questioners to eight minutes on the first round. We would appreciate it if you could respond to the questions as precisely as you can, and if they must be taken up in a classified session, let us know and we will do that.

First of all, Director Woolsey, what is the likelihood that—addressing your statement regarding the Former Soviet Union, Russia—what is the likelihood that Yeltsin will still be President of Russia a year from now and that Zhirinovskiy will take his place? And what is the likelihood then that right wing resurgence will reverse the steps towards the political liberalization that the Yeltsin government has undertaken successfully or unsuccessfully, as the case may be?

Director WOOLSEY. Mr. Chairman, it is hard for me to go into too much detail about our views in that in open session. Let me say two things quickly, and then ask, if I might, George Kolt, our National Intelligence Officer for Eurasia and the Former Soviet Union, to say a brief word. George.

Mr. KOLT. We believe that President Yeltsin is in good shape now and that whatever his situation is in terms of his health, he is basically in solid condition and will, barring unforeseen circumstances, would continue on certainly to fulfill his term.

Chairman DECONCINI. What is his political health? Is he likely to be there a year from now in his job?

Director WOOLSEY. He's been elected President, and under the new Russian constitution, his position would be solid in terms of his holding his office, just as it would be for the French President on whom the Russian constitution's—more or less modeled.

Chairman DECONCINI. Excuse me, isn't the election next year for President?

Director WOOLSEY. For President?

Chairman DECONCINI. I thought it was 1995.

Mr. KOLT. No, it's 1996.

Director WOOLSEY. 1996.

Chairman DECONCINI. 1996. Well then, what today is your judgment as to his reelection capability?

Director WOOLSEY. In 1996? Well, I don't know whether he would be a candidate or not, Mr. Chairman.

Chairman DECONCINI. Well, I understand that.

Director WOOLSEY. But he remains, I believe, the most popular politician in Russia, although certainly the gains of the very badly named Liberal Democratic Party, Mr. Zhirinovskiy's party, during the election were substantial. Let me ask, if it is all right, that Mr. Kolt—

Chairman DECONCINI. Yes, you may, and let me ask this question for whoever cares to address it, did the Agency misjudge the popularity of the National Party, Mr. Zhirinovskiy's party's popularity and success in the last election?

Director WOOLSEY. I don't believe so, Mr. Chairman, but we are not really in the election estimating business. Outcomes of elections in which free voters can make their choice in a ballot booth, which is—was now, really for the first time in a long time, the case in Russia, are in the categories of mysteries rather than secrets. In a sense, we are in the business of finding out other people's secrets and analyzing them for the benefit of the United States. How people are going to vote in a free election is something that we have our hunches on, but they are not necessarily going to be any better than that of a good university faculty or the newsroom of a good newspaper.

Chairman DECONCINI. But you do make predictions for policy—

Director WOOLSEY. Precise predictions on election outcomes, no, we don't. I think—George is going to be the best person to speak to this, but I think we have all along had a very healthy respect for and concern about the strength and potential power of the nationalistic Slavophile, Russophile side of Russian society, which is what that party really represents. George, do you—

Mr. KOLT. To take the last question first, sir, I think we did see a surge in Zhirinovosky's support—

Chairman DECONCINI. You did see it? And you did pass it on to—

Mr. KOLT. Yes, that was passed on. We did not, I think, see the surge as carrying this high as it did, but that it was going up—

Chairman DECONCINI. There was no question.

Mr. KOLT. There was no question.

Chairman DECONCINI. In your analytical review.

Mr. KOLT. That's correct. That's correct.

Regarding your first question, really, the future of President Yeltsin and Mr. Zhirinovosky. As Director Woolsey has indicated, according to the political system in Russia, President Yeltsin should stay in office, until 1996, and it would take a political cataclysm, therefore, to get him out.

We often concentrate on the negative when we look at things. We should remember that in December of last year the Russian people voted for a constitution which creates, I think, a more workable political system. There were also parliamentary elections which can serve as a barometer of public opinion. In making his decisions right now, President Yeltsin is taking into account the results of these elections and this has already brought a certain level of cooperation within the parliament and between parliament and the executive. There is the danger, of course, that if President Yeltsin or the government takes too populist a course, Russia could slip into inflation, ever increase—rather I should say, ever increasing inflation, which could undermine some of the good things which have happened in the past and eventually create that cataclysm. But as of right now it is a course towards consolidation of forces, which can augur well.

Chairman DECONCINI. Director Woolsey, I am going to go to another subject matter that I think a number of Members are going to want to discuss with you and we are planning a classified hearing on the subject matter, and that is North Korea. You devote a lot of your statement to that and I thank you for that explanation and the public disclosure that you have made.

On page 6 of your prepared statement, you state that, quote, among other things, "we believe that North Korea could already have produced enough plutonium for at least one nuclear weapon." Do you assume therefore that North Korea has actually weaponized this material? Do all components of the Intelligence Community share that view? And what would be the likeliest delivery vehicle for a North Korean weapon?

Director WOOLSEY. The view in the Intelligence Community on this issue is not unanimous, Mr. Chairman. There is a majority

and minority view. In order to explain what those views are and the reasons therefore, I think we should be in executive session.

Chairman DECONCINI. Can you discuss publicly at all or at least speculate on the capabilities that they may have? I mean, there have been a lot of articles, a lot of newspaper reports speculating. I wonder if you can concur in any of those or disavow any of them? I don't have them in front of me, but I am sure you are aware of them. I am just trying to get out that information, not anything that is proprietary, of course, but that with which the public can feel comfortable that we know it and are doing something about it.

Director WOOLSEY. I can say a bit on this, Mr. Chairman, without getting into whether or not the North Koreans do or do not actually have a nuclear weapon at this point. The simplest delivery vehicle is, of course, something in which weight does not matter—a truck or whatever. But going beyond that, I think most people that any early nuclear weapon in the hands of North Korea or any other state would first and foremost be delivered by an aircraft and in the North Korean's case, in such circumstances that might well be an aircraft such as their MIG-23s.

It takes some degree of engineering expertise and technological sophistication to design weapons with a yield to weight ratio such that carriage by a ballistic missile would be feasible and I think on that point as well as on how the views divide on that particular issue too, within the Intelligence Community, of course we are prepared to go into with you but would prefer to do it in executive session.

Chairman DECONCINI. Senator Warner.

Vice Chairman WARNER. To follow up the important questions on North Korea, I would like to go back again to page 6 and read one sentence here, because I think it is important that the American public understand, as you and I do, we need to get a clearer public understanding of what you mean by this sentence. "Even with the NPT and full IAEA safeguards, North Korea will not be barred from producing, reprocessing and stockpiling significant amounts of plutonium." Now if this is the case, why are we negotiating with North Korea? It is to get full compliance with something that won't stop what concerns us. Clarify that.

Director WOOLSEY. Well, it—under the Non-Proliferation Treaty and the IAEA safeguards regime, a country is not barred from producing plutonium.

Vice Chairman WARNER. I understand that.

Director WOOLSEY. But it still would, once it is produced, be held under circumstances and in ways that if the country is in compliance with the treaty, would certainly restrict its use.

Let me ask, if I might, Senator Warner, Dr. Gordon Oehler, the Director of our Non-Proliferation Center, to say a word on this.

Vice Chairman WARNER. Sure.

Dr. OEHLER. Yes. I think—the hope is that they would remain in the IAEA and that material would be under safeguards and not diverted into a weapons program.

I might add that the North and South signed an agreement a couple of years ago which has not been implemented, which both sides agree not to possess nuclear weapons, of course, but not to possess reprocessing facilities as well. So that agreement, if it is

permitted to carry forward, would be more stringent on the reprocessing of plutonium.

Director WOOLSEY. And that is the next sentence in the statement deals with the North-South agreement.

Vice Chairman WARNER. Well, I just wanted to make that eminently clear.

Are there any diplomatic agreements which North Korea has agreed to which would bar North Korea from processing significant amounts of plutonium?

Director WOOLSEY. The 1991 North-South Non-Nuclear Agreement.

Vice Chairman WARNER. You think that would? All right.

Now, back to the question on President Yeltsin, and that is Zhirinovsky. What is your assessment of the potential strength that he may acquire in the coming year?

Director WOOLSEY. Well, as a leader of a major faction in the legislature—a leader of a major faction in the legislature, he will have some substantial influence over the legislature's, the dumas lower house's position on a range of matters, and he will have an excellent pulpit from which to address the nation.

He will not have nearly as much power, if I might say so, as let's say a prominent legislator might have in the Congress, because the power of the Russian legislature under their constitution is substantially limited. Their constitution is more similar to the French than it is to our own in this regard and the Presidency is quite powerful and the legislature's role is considerably weaker than, for example, it is in this country.

But from the point of view of influencing public opinion, and being before the voters, he will certainly be able to do that. On the other hand, this may not be a gentleman for whom acquaintance wears well, as far as the Russian people are concerned.

George, do you want to add anything?

Vice Chairman WARNER. How do you judge then the new legislature as compared to the old one? Stronger?

Director WOOLSEY. Well, it has a larger share of reformers in it than the old legislature. Although much of the press attention in this election was over the first round, the party list election for one-half of the duma and focused substantially on Mr. Zhirinovsky's party's success there, and it was certainly a success, his party did not do nearly as well in the single member constituency elections that are more analogous to the types of elections which we have here, which elected the other half of the duma. And the problem really is that the several parties, the communists, the agrarians, and the Zhirinovsky party, the so-called Liberal Democrats, together constitute a very substantial share of the duma. On the other hand, they don't agree on everything. All are of the communist or former communist associated parties, such as the agrarians, I would say, and the nationalists, such as Zhirinovsky, are rather unified in their opposition to some of the economic reforms that President Yeltsin and his allies support.

But there are other things on which they have substantial disagreement.

George, you might be able to augment that.

Mr. KOLT. I would just like to support what Director Woolsey said. I think through its initial actions, the duma is showing itself as imbued with a more pragmatic and cooperative spirit than the last Supreme Soviet was. In part, of course, this is in response to the gestures towards it that President Yeltsin is making.

To illustrate, the last Supreme Soviet, in its waning days, spent some time kicking out as chairman of committees anybody who was not aligned with a hard line view and did kick most of them out.

This duma started out by making sure that all the major factions were represented in the chairmanship of committees, and sorted them out fairly, in fair fashion. Secondly, Mr. Rygkin, who is the chairman and who does come from the Agrarian party and formerly from the Communist party, made it a point to have as his first deputy somebody from Russia's Choice faction which is the largest—Gaidar's faction, which is the largest faction in parliament. This does not mean that it is going to be easy to work with this parliament with many disparate interests.

Vice Chairman WARNER. Well, let me just follow up quickly. We have seen resignations of significant persons in the reform movement, and you see an inflation rate, what is it, 15% per month, what is it about?

Director WOOLSEY. 20%.

Vice Chairman WARNER. 20%.

Mr. KOLT. Yes.

Vice Chairman WARNER. How long can a nation sustain that type of monthly increase in inflation before they begin to rebel against these reform movements?

Mr. KOLT. You know, that is an unanswerable question. I think it falls in term of a mystery. And it is. But you are right to point to a major problem that this current government must deal with, and it is not an easy issue. The inflation rate was brought down towards the last part of last year, but there were inflationary pressures still at play. In part, the government brought the inflation down by going into arrears on debts that it owed. They must now be repaid. That is going to be an inflationary spurt. I don't know how long that 12% is sustainable. I think—

Vice Chairman WARNER. This is my last question—

Mr. KOLT. I think what would not be sustainable if they get into an ever increasing rate of inflation going into hyperinflation.

Vice Chairman WARNER. General Clapper, you made the statement that intelligence is more important today than ever before in the history of this country. One of the reasons for that is with our rapid advancement in technological weapons, those weapons more and more are dependent upon the overhead systems and other collection systems we have for intelligence, am I not correct?

General CLAPPER. Yes, sir.

Vice Chairman WARNER. Do you think this Administration is according proper weight to your budget and that the CIA, given what you have just said?

General CLAPPER. Sir, I think if we—we don't take—or if the rate of reduction is not increased over what we are now—the slopes we are now on, both from the standpoint of manpower reductions, which have been mandated both by the Congress and in my case

by the Department, and assuming that we can plan around that continued slope, I think we can do that.

In the case of the program that I manage, the General Defense Intelligence Program, we have made a conscious decision to try to invest in automation and enhanced communications so that we get the most out of the production capability that we have and that we work on what I consider the major deficiency from DESERT STORM which was moving intelligence around.

Vice Chairman WARNER. Let me quickly finish in the one minute I have left.

Director Woolsey, compare those rate of reductions for your agency and the Intelligence Community, with the rate of reduction, say, in the Department of Defense. Are you not declining at a faster rate or more deeply overall?

Director WOOLSEY. In terms of the military in the Intelligence Community and the military in the Department of Defense, Senator Warner, each of those will go down over the decade of the 90's by approximately a third. Just almost right on 33%. The civilians in the Intelligence Community will go down, including those in General Clapper's organization and the CIA and NSA and the others, will go down by between 21 and 22% during the decade of the 90's. We—

Vice Chairman WARNER. How does that compare with the Department of Defense?

Director WOOLSEY. Well, I don't know what the rate is for the civilians in the Department of Defense. One benchmark however is that in the national performance review, the target for other agencies that were beginning to assess personnel reductions is 12%. So the Intelligence Community is, I would say, substantially ahead in terms of making personnel reductions.

Vice Chairman WARNER. Ahead meaning that you are taking great reductions than other agencies and departments of the government, is that correct?

Director WOOLSEY. In terms of personnel, absolutely.

Vice Chairman WARNER. And I cannot reconcile that with General Clapper's overall opinion that never before in the history of this country is our intelligence more important.

Director WOOLSEY. Well, we are trying to do that on a relatively gradual slope of 3% per year net reductions and we are trying to do it at the same time, as General Clapper said, we substitute computers and artificial intelligence programs and improved communications and the like, to some extent for personnel. That doesn't mean we are neglecting human intelligence or espionage.

Vice Chairman WARNER. You well know the history that no amount of man made machines can substitute for what HUMINT has been, and time and time again, you and your predecessor have addressed the shortage of our resources for HUMINT.

My time is up.

Director WOOLSEY. It is a difficult and challenging task, Senator Warner.

Chairman DECONCINI. Point of clarification, and this is just for the record, not to be argumentative, but for point of clarification. Did not the Congress set as a goal reducing the intelligence budget over a five year period by 17%? Isn't that the budget that we set?

And then didn't Defense and OMB raise that goal to something in the neighborhood of 22 or 23%, isn't that what your goal is now? On personnel?

Director WOOLSEY. Let me say one word—oh, on personnel?

Chairman DECONCINI. On personnel.

Director WOOLSEY. Let me say one word on this and then ask General Clapper too.

Once a reduction comes, Mr. Chairman, down here sort of at my level, on the working level, we don't really allocate as between how much of it came from Congress and how much of it came from the Executive branch. Some of this has been, these percentage reductions in personnel have been legislatively mandated, some of them have been made in response to suggestions or negotiations with the Executive. In personnel we have been on a fairly steady 3% decline per year—

Chairman DECONCINI. Which is going to bring you where?

Director WOOLSEY. Which is going to bring us down in this range of 21 to 22% by 1999.

Chairman DECONCINI. By 1999, 23%.

Director WOOLSEY. It's 23% for the intelligence agencies that are part of the Defense Department and the CIA, and then a lesser percent for those in the other parts of the intelligence—Department of Treasury's people and the like.

Chairman DECONCINI. Isn't it all true, and maybe the Vice Chairman and other Members here of the Armed Services Committee can correct me, isn't that approximately what the Defense reduction is, too, over the same period of time.

Director WOOLSEY. I don't know the answer to that on the civilian side.

Chairman DECONCINI. General, do you know?

Director WOOLSEY. General?

General CLAPPER. Sir, you are quite right. The Congressional mandate was 17½% for civilian employees to have been completed by the end of FY97. OSD, as part of the general drawdown of the Department of Defense mandated that that same people, established through FY97, mandated by the Congress, would be extended through FY99.

Chairman DECONCINI. Which brings it up to about—

General CLAPPER. About 21½%.

Chairman DECONCINI. About 21½%.

General CLAPPER. Now, in the case of the Department of Defense, this is compounded by the profound reductions we are taking in military billets, which of course is not entirely under the control of the Intelligence Community and the DCI. That's driven largely by the service reductions which we also suffer as well.

Chairman DECONCINI. What is that? Do you know that percentage that is?

General CLAPPER. For us, sir, that is going to be on the order of about 30%.

Chairman DECONCINI. 30%. Do you know what that is on the military side of the Defense budget? Is it 23 to 24—

General CLAPPER. Well, approximately, we're on a par—in other words, the military intelligence community will be drawn down in relative proportion to the rest of the department.

Chairman DECONCINI. Thank you.

Senator Wallop.

Senator WALLOP. Thank you, Mr. Chairman.

At the risk of sounding a little bit like a cold warrior, I would like to try to focus a little bit not on what we can't do much about—we've never been able to choose Russia's leader, the Soviet Union's leader or anybody else. I am more concerned by what that leader has available should the leader choose to exercise that power, and I am more concerned by policy statements that seem indicate a resurgence of Russian imperial intentions and potentially aggressive behavior.

Now it is my understanding that the Russians, General Clapper, are continuing to modernize their Strategic Nuclear Forces at a fairly vigorous pace, and given the overall state of the economy that has been described by you and Director Woolsey, and the military, what is to explain this continuing focus on strategic forces?

General CLAPPER. Well, I will try and answer it and maybe George might want to chime in. But in my own view, I think there is a sense of greater Russia, of the tradition, the heritage, the history of Russia, and to the extent that Russia is going to exert itself or have reason to claim status as a major world power, I think the ingredient for that is their strategic forces, as Russia inherited them from the Former Soviet Union. So whatever other—bearing mind, there are a lot of things they are not going to be able to do, they are not going to be able to modernize. but I think they will attempt to make modest upgrades—

Senator WALLOP. Conventionally modernize you mean.

General CLAPPER. Sir?

Senator WALLOP. Conventionally modernize.

General CLAPPER. Conventionally, yes, sir. I think a lot of that they are going to forego. But for their strategic forces, both their land based ICBM force and their submarine borne ballistic missile force, they will continue to sustain those forces and maintain their readiness and modernize them. It's the SS-25's and the TY-PHOONS and the DELTA-4 missiles, which is what they are allowed to have under the provisions of START anyway.

Senator WALLOP. Let me ask you this. It is my understanding they are continuing to develop new ICBM's and SLBM's. Do we have—do you have a report that you can give us generally on that status or is that best reserved for a closed hearing.

General CLAPPER. Well, sir, it is a key question because there is evidence around that there is interest in sustaining R&D on a wide variety of weapons systems. The issue, of course, is to what extent they will be able to enter any of that into serious production. My own view is that the Russians, for economic reasons, are going to be seriously constrained on the number of weapons systems they can actually field and produce. And in the case of their conventional weapons, I think a lot of it is going to be driven by how much sales they are able to generate, since they are hungering for hard currency. But I think they will make modest improvements as permitted under START for those systems that they will be permitted to field.

Senator WALLOP. And they did, did they not, adopt a new military doctrine last year which heavily emphasizes nuclear forces and abandoned the old no first use pledge?

General CLAPPER. Yes, sir, they did. But again, I don't find that illogical given the extreme situation they are in where they do not have a ready, large, Warsaw Pact type legion of motorized rifle divisions. So the way to compensate for that, at least both psychologically and politically, I think, is to temper the no first use.

Senator WALLOP. But I just wanted to point out that this predated Mr. Zhirinovsky.

General CLAPPER. That's right.

Mr. KOLT. May I make a point on that, sir?

Senator WALLOP. Yes.

Mr. KOLT. I think General Clapper stated quite rightly, if I can paraphrase, that Russia is determined to remain a great power and will maintain significant military capability. At the same time I find it hard to characterize a country as imperialist which has withdrawn back into its own country, close to a million forces over a period of about five years; that has cut its procurement by some 80% over the same period—military procurement by 80%. And whose military doctrine states that it will continue and complete the withdrawal of forces from outside of its own borders within two years and would only station forces outside its borders by mutual consent with the country where they are stationed.

Senator WALLOP. But that is a little bit strained when you start listening to them talk about the near abroad and the presence of Russian nationals in neighboring countries. I mean, I guess I am not accusing them and I didn't intend to accuse them of being imperialist, as such, but certain some of what you are hearing is not describable as a country that is totally going to withdraw.

Mr. KOLT. I think that some of what you are hearing is right, but comes from different quarters. It is interesting to note that today the Foreign Minister Kozyrev arrived in Kyrgyzstan and his first statement was to apologize to Kyrgyzstan for some of the fascist statements—his words—being made in Russia today. So certainly there are forces advocating that, but that has not been the policy of the Russian government.

Senator WALLOP. Let me just quickly shift to the last question, and again either Director Woolsey or General Clapper. General Clapper, do you still agree with the Intelligence Community view that no new countries will be able to threaten U.S. territory with ballistic missiles before the turn of the century? I am assuming you are saying with indigenously developed missiles. Could they not by other means acquire an ability to threaten U.S. interests abroad or U.S. interests at home with ballistic missiles?

General CLAPPER. Yes, sir, I think that's—

Director WOOLSEY. That's exactly right, Senator Wallop.

Senator WALLOP. Could the Chinese missile, the CSS-2, with a range in excess of 3,000 kilometers, or the Korean NO DONG, be something that could quickly become a threat to U.S. interests if delivered into the hands of other countries?

Director WOOLSEY. Any of those missiles of the thousand kilometer or more range could certainly reach U.S. forces stationed abroad, from countries such as North Korea or a county to which

China might sell a longer range ballistic missile. And also countries that have two stage missiles can work on three stage missiles. but in terms of a new country indigenously developing a missile of the range required to hit the continental United States from that same country, we do not believe that will occur within the decade.

Senator WALLOP. I don't quarrel with that, but that is the same old argument as to what constitutes a strategic missile. If it can hit you, it is strategic as hell, no matter how far or how short a distance it had to travel.

Director WOOLSEY. U.S. bases abroad, certainly, U.S. allies. These will all be at risk. Some are today and some will be very soon from ballistic missiles in the hands of some very unattractive countries.

Senator WALLOP. And neither we nor our allies have yet developed an adequate missile defense, and missiles remain, among other things, a principal threat to us and our allies.

Director WOOLSEY. Right.

Senator WALLOP. Thank you, Mr. Chairman.

Chairman DECONCINI. Senator Lugar.

Senator LUGAR. Mr. Chairman, I wanted to examine with the witnesses their comments about Russia and Ukraine. I appreciate that for purposes of your general statement, it was your intent to be even handed, and I don't mean to push you into being alarmist. but in the statement on page 11 you note that, "Despite the December election, we believe that President Yeltsin will push ahead with reforms, but the pace will be slower as political pressures force compromise. Our major concern is that looser fiscal and monetary policies aimed at easing the pain of reform will unleash forces that could bring Russia again to the brink of destructive hyperinflation."

Indeed, the current danger is that reform could be stalled if the central bank insists on continuing or even increasing credit flows to those large state enterprises that are inefficient and non-productive in order to maintain employment levels. As opposed to an unemployment compensation system that would give the government and the people the courage to disband unproductive enterprises and cease subsidization for purposes of make-work employment, the central bank seems inclined to promote a "social safety net" through continuing credit to non-productive state enterprises that will likely increase inflation and worsen social unrest.

Would resort to that course of action by the central bank produce results other than the 20% to 30% inflation rate per month that characterized the Russian economy early in 1993, as opposed to a dip to around 12% noted last December in response to a tighter credit policy? Indeed, the savings of ordinary Russians have already been diluted, if not depleted, by inflation and the loss of value of the currency, and the resulting pain was part of the Zhirinovsky phenomenon. Can one arrive at any other conclusion that at some point down the line—six to nine months—the Russian economy could easily run off the tracks? In other words, I don't think we have the luxury of simply arguing that increased inflation will merely slow the reform process; it seems to me that under such inflationary conditions, real reform will be nearly impossible and that the Russian economy will likely reach a turning point later this year.

Director WOOLSEY. If the trends of inflation being headed back up are not interrupted by second thoughts regarding high levels of spending, Senator Lugar, I think you're quite right. What I had in mind by reforms continuing is at least Mr. Chubays continues in the government, the minister in charge of privatization, and he has been somewhat successful in moving that program along. So it is, I think, a mixed picture. But let me ask Mr. Kolt to say a quick word on this.

Mr. KOLT. I think it is a mixed picture. Certainly, as I indicated, if they slipped into a hyperinflation it would be a very dangerous situation. But what others point out, they look at the industrial production charts for Russia and they say they cannot be allowed to continue either. They say that 12% inflation, monthly inflation, is more sustainable than a jump in unemployment to about 30 to 35% of the work force.

And as far as their mixed trends, Mr. Shokhin, who is the economics minister, has himself stated that it is going to be a very hard path to walk between maintaining some production, putting some funds into production, and slipping into every higher inflation. It is a very difficult situation. Everybody admits that. But I don't think one can jump to the conclusion that it is automatically going to go back.

Senator LUGAR. Well, I would just suggest that the chart on production is very reminiscent of the Polish chart in 1989 and 1990 in which production inevitably went down, because the things being produced were not needed. To continue to measure production of the unnecessary is folly. Clearly the Russians have to take that hit; there is not a choice. The question I am asking is: Do we see that? The Russians may not—they may simply go over the cliff. But from our intelligence standpoint we need to be able to add it up and to say that this chart is worthless with regard to production. Russia's inflation is virulent and divisive, so that they may not take our remedial advice. But at the same time, we need to understand the implications of hyperinflation which I think are very dire with regard to the Russian political system down the road.

Director WOOLSEY. The risk of hyperinflation is real, is important. If it occurs it would be a—or even begins to occur, it would be a very heavy blow at democracy and the new political structure that President Yeltsin and his allies are trying to move towards. No one should pretend that this last election was anything other than a blow at reform. It was a definite blow. But the reformers are not out of the picture and there is a vigorous debate going on in Russia and there is at least some chance that they can, together with President Yeltsin, make enough progress over the course of the next few months to have things work out better than our worst fears. But our fears are greater now because of the movement of some of the reformers out of the cabinet and the concern about spending and inflation on that. I think, Senator Lugar, you are absolutely right.

Let me see if Mr. Kolt wants to add.

Mr. KOLT. The only thing I would say is that there is a range of reformers. None of them can escape economic realities, which you point out rightly. But I would not say it is just one camp or nothing else. Elections have consequences. People have to make ad-

justments. That is important as well. And as far as the chart which I showed, if there were some areas in which goods that are needed, where production would be going up, I would be less worried. But it is across the board that it has been going down.

Senator LUGAR. Let me just touch on Ukraine for a moment. You mentioned on page 13 of your testimony that the parliamentary elections in March and a presidential election in June could serve as barometers of how well or poorly Ukrainians are facing up to their multiple serious problems. Well, indeed they could. That is a mild understatement. But are any alternatives coming up in the March elections, quite apart from whether they get to June, that would lead any government to believe it could deal with the problems that you have outlined, i.e., 90% inflation in the month of December, quite apart from other dilemmas. In other words, it seems to me that whether it is news coverage or intelligence coverage, everyone is very muted with regard to the fact that Ukraine, during calendar 1994, may split up, may in fact not make it through the year.

Do you have any comment about that?

Director WOOLSEY. Needless to say, Senator Lugar, we can be much blunter about this in an executive session. Let me see if Mr. Kolt has a—

Mr. KOLT. To sound a positive note, I think the trilateral agreement which was reached in Moscow, which took a lot of courage on the part of Mr. Kravchuk, is a step forward for Ukraine, for Russo-Ukrainian relations. So that is—I think that is a ray of hope—

Senator LUGAR. Well, of course, we are grateful for that. And it is to be hoped that there will still be a government in Kiev in June or thereabouts, following the election of a new parliament, one that might continue to exercise authority during the period when the trilateral agreement is to be implemented. I suppose, as Director Woolsey has said, the question of the longevity of the Ukrainian government or, for that matter, that of the Ukrainian nation, must be addressed elsewhere. But developments are conspiring to call into question the continuing existence of the Ukrainian nation; yet we keep edging up to this situation by saying that we will be on the look-out for indicators suggesting the fragmentation of that state. I fear that we could end up with a first-class catastrophe on our hands in the event that—well, of course, we are grateful for that and if somehow there is still a government in June or thereabouts, and quite apart from a few years if takes to implement that, well, that would be all well and good. I suppose as Director Woolsey has said, this may be addressed somewhere else. But I think it is a very, very serious dilemma and I am a little bit afraid of sort of edging up to it by saying there are going to be indicators. We could have really a first class catastrophe in this situation.

Director WOOLSEY. We are very much prepared to address this in detail, Senator Lugar, but when we address it here, we address it not just for this Committee, but for the world and including those whose behavior we are assessing, which leads into kind of a feedback loop that we would just as soon avoid.

Senator LUGAR. Thank you.

Chairman DECONCINI. Senator Kerrey of Nebraska.

Senator KERREY of Nebraska. Mr. Chairman, I do want to thank you both, you and Senator Warner, for holding this sort of back to basics hearing, particularly to do so in the open, because in addition to the statements that General Clapper made, I assume you are referencing me and not Senator Exon. He may have said the same thing.

In addition to that, I am aware that people are constantly, across the board, the taxpayer-citizens are, whether it is health care, welfare, education, defense, whatever, they basically boil their concerns down to one question and ask, am I getting my money's worth. And so it seems to me that one of the most important things for us to do in a back to basics evaluation is to, number one, identify the threat, and then ask the question, what capacity do we have, both to monitor the threat and to predict it. I mean, it is a very difficult thing.

Senator Lugar's questioning just now, it seems to me, connects to your effort on page four of your testimony, Mr. Woolsey, where you say the task for intelligence in the post-Cold War era is clear and you identify four things that are there, the first of which is to support policymakers working hard to nurture promise and hope, to protect the gains of the past five remarkable, indeed revolutionary years. I understand that is intentionally vague, but it also produces some dissatisfaction.

I feel some dissatisfaction and some anxiety there because I don't think that we have narrowly defined the threat sufficiently. And I am genuinely concerned about that. In my judgment the top priority threat is of a dimension that endangers the independence and freedom of our nation. That is always a possibility. It is still there. Perhaps it is smaller than it used to be, but it is a threat, and we typically planned for threats not in 1994 and 1995, we are planning for threats in the year 2005, which is awfully difficult to predict. We are trying to plan for that unforeseen possibility.

We also have the threat that perhaps American lives could be lost, and we of course vary our concern depending upon the numbers that could be threatened, which is what I think that Senator Wallop was focusing on, the possibility of a ballistic missile of some kind, however you define it. I quite agree with him, if it hits you, it doesn't really matter. You feel like it has been fairly strategically placed. So that that is a legitimate threat.

And then you get into the rather murky area of economic threats that are not necessarily a threat to our life but might feel life threatening if it is my job, my loss of market, and indeed, there is the potential of environmental change that could possibly cause a rather substantial threat as well.

So it seems to me that we as policymakers, if we're going to try to nurture the hope and promise that is out there, we have got to do a pretty good job of very narrowly and conservatively identifying what those threats are and then get engaged in a discussion of our capacity both to predict and monitor, because we may not have the capacity to predict or monitor. And we may need to say that here is an area where we are not going to even pretend as if we have a capacity to predict and monitor.

Let me give you an example. We had, again as a consequence of the Chairman and Senator Warner doing so, an open hearing on

the North American Free Trade Agreement. We did not get a prediction of potential political unrest in Chiapas after the treaty was approved. No such prediction was made. Well, the question occurs, should you have been able to predict it? I think it is a close call, frankly, and there are—there are areas of the world where we could find ourselves with serious political and economic problems where it is not a close call at all and we have got to be prepared to say when someone is alarmed at our inability to predict it, we've got to be prepared to say well, we didn't intend to predict it. That is not a threat that we regarded as a serious enough threat and thus we are not engaged in the task of making that prediction. We are not engaged in the task of monitoring that particular threat.

It does seem to me very important for us to do that, otherwise I feel we are going to be all over the map, quite literally. I mean, I appreciate the world tour that you gave us, and I find it to be very reliable and very dependable and very interesting, but I must say that I had a recent world tour given to me by a currency trader in New York City that I find to be equally reliable and interesting and dependable since his life, his economic interest is at stake depending upon the outcomes of various elections.

It may be in fact that the answer to Senator Lugar's question does not lie with the DCI. It may be that we should go ask a currency trader in New York City to predict what happens if you allow hyperinflation to continue. I mean, I do quite agree with the evaluation. It doesn't make much sense for us to track the output of things that the people of Russia don't need anyway as an indicator of how well their economy is doing. I mean, that one question and exchange that occurred earlier is very revealing of our own inability to predict and monitor.

It becomes very important for me, as I try to ask and answer the question, you know, what are the threats that endanger the freedom and independence of the United States of America? What are the threats that endanger 10 lives, 100 lives, 1,000 lives, 100,000 lives, what are those threats out there.

The question that I wanted to get into today, and it is not likely that I will after I have spoken this long in my opening question, was whether or not we ought not to be purchasing the FEWS system as opposed to this Defense Support system that we have in place, and I wanted to ask General Clapper whether he felt confident that we have got the capacity to protect ourselves against ballistic missiles in the field. Whether or not we have got the capacity out there, if we do have to engage in an effort to protect our independence and freedom, to collect that indispensable intelligence. That is what will determine whether or not we win, because in the end, our opinions on the matter very often are irrelevant. What matters in the end is do we have the capacity to win.

And I must say, I suspect that an awful lot of the language of the testimony came as a consequence of it being open, but I am also, given my own confusion on the subject, concerned that one of the reasons it may be intentionally vague is that we have not narrowly enough focused on the threat and defined what that threat is and then followed on and tried to discover whether or not we even had a capacity to predict or to monitor.

General CLAPPER. Yes, sir, if I might just respond to that just from perhaps a somewhat parochial perspective of military intelligence.

Senator KERREY of Nebraska. Fine.

General CLAPPER. An example that comes to mind—

Senator KERREY of Nebraska. Take your time. I ran out of time, so you can—you might want to yield to Mr. Woolsey.

General CLAPPER. Whose time am I using?

Chairman DECONCINI. General, you have one minute to answer that question.

General CLAPPER. But the example or the vignette that came to mind as you were speaking was Somalia. In my agency, we had essentially written off Somalia. I had zero analysts working on Somalia about three years ago. Our attaches were kicked out in 1991. They don't communicate too much, so there is not much to listen to and there is not much that is of interest to take pictures of. So we had kind of just gotten out of the business of paying any attention to Somalia. Hardly a threat to the United States.

Well, all of a sudden, we have 29,000 troops who are on the brink of landing in Somalia and we were scuffling in my agency to put together the orders of battle of the 47 clans and subclans at the time that we could identify which could pose a threat to those forces once they landed.

If the task were simply to divine threats to the United States or United States interests, that would be relatively simple. It is when we have to define threats in things that the United States gets interested in, like the humanitarian situation in Somalia. And that is basically what drove or motivated or stimulated my commentary earlier about the need to maintain a base of knowledge, a base of expertise so that you can respond.

We in intelligence don't derive, really, what those interests are out there that we must support. So our responsibility, I guess, as stewards is to be able to respond and to be, if I can use the term, resilient.

Senator KERREY of Nebraska. Mr. Chairman, I have expressed my concern in my now-obviously-too-long-statement, but I don't think we—in this discussion, this hearing today, I don't think we have sufficiently and conservatively narrowly drawn and answered the question, what are the threats, what is the nature of the threat, and where and when are we going to both attempt to predict and monitor and where and when are we going to declare to the American people and everybody else that might be concerned that we are not going to attempt to predict and monitor.

Director WOOLSEY. Senator Kerrey, you are absolutely right. We have not and we have not tried to. You can't do that in open session very well. What we—what we try to do in the Intelligence Community, as General Clapper suggested, is first of all maintain a worldwide capability so that one can respond promptly when something comes up.

The other thing that is important to realize is that intelligence activities that take place in one part of the world, including in such fields as human intelligence, often have little to do with the country in which they are based. We used to in the days of the Cold War, each CIA station overseas would probably do some reporting

on the political situation in its country because it was worried about the communist party there. Today that is not true. Many, many stations don't do any reporting at all on the country in which they are in. What they are looking for there is terrorism, proliferation, matters of that sort, which have an international flavor. We have narrowed down quite a bit.

Chairman DECONCINI. Director Woolsey, we are going to have to proceed.

Senator Metzenbaum.

Senator METZENBAUM. Director Woolsey, many Americans really don't understand much about militant Islam, but every so often it seems to rear its head and when it does, it seems to create problems for American people or America's security interests. I would like you to tell us, is it an orchestrated international force? Are the Islamic leaders of Iran tied in with the Islamic fundamentalists in various other countries, or is militant Islam role primarily independent in each country? Can you tell us something about that?

Director WOOLSEY. There are several things going on under the rubric of what is sometimes called Islamic extremism or militant Islam, Senator Metzenbaum. First of all, there are some countries—and I suppose I would put Iran and now to a great extent Sudan up front in this list—who seek to internationalize the struggle against their enemies, whether those be moderate regimes in Arab states such as Egypt, or whether it be against us, and they seek to internationalize it using a—the language and the enthusiasm which can sometimes be present in religious movements.

Now Islam itself is a magnificent religion. It is and much of its tradition is peaceful and humanistic. So what is happening to some extent is that the government of a country such as Iran is seeking under the cover of supporting Islamic fundamentalism beliefs, to accomplish political objectives and even terrorist objectives which that government wants to support.

At the same time that that is going on, there are in a number of countries a relatively large population—in Islamic countries—a large population of young people, often without jobs, and sometimes the lure of letting off their frustrations by identifying with some of the language of religion but still using it almost as a sort of a self-starting mechanism to justify violent acts, takes place as well.

Senator METZENBAUM. My question is, is there an interrelationship between Islam—

Director WOOLSEY. There is sometimes, but there are also things that occur spontaneously. We believe, for example, that Iran worked hard to radicalize the National Islamic Front that effectively dominates the government of Sudan, that they are working hard through militant or extremist Islamic movements to destabilize Algeria today. But then there are also more or less spontaneous acts such as we believe was the case for Kansi when he reportedly saying some things about being hostile to the U.S. government because of its position in international matters, decided to kill some of our people. We don't believe that Kansi was directed by or part of some, you know, managed international terrorist organization. And to some extent the terrorists who took part in the World Trade Center bombing in New York present an intermediate case.

There are local groups, some of which, being far distant from their homes, actually pull together Shiia and Sunni Islamic extremists who perhaps back in their own countries would have some real sense of hostility to one another, but when they are in a western country, they may almost spontaneously work together. This is a very complex phenomenon and it is not one which can be put either into the rubric of being a single orchestrated movement out of a country nor is it just a series of individuals getting an idea on their own. There are elements of both.

General CLAPPER. Sir, if I might add, I was in Egypt last week and met with President Mubarak's national security advisor who I thought made a good point that bears on your question—a lot of the terrorist acts and terrorist activities which are conducted under the name of Islam really have nothing to do with Islam. They are only citing that, but they have other motives and other agendas. It is purely anti-western and anti-capitalism. They may cite Islam as their cause, but that may or may not have anything to do with it and it certainly isn't centrally controlled by a central monolith.

Senator METZENBAUM. Let me switch from Islam to industrial spying. Last November you said at the Executive Club of Chicago that the CIA is not going to be in the business of spying on foreign corporations for the benefit of domestic businesses. You went on to say, "we intend to pay careful attention to those who are spying on American companies and bribing their way to contracts that they cannot win on the merits." And your statement today makes clear that U.S. intelligence is in the business of learning when foreign companies engage in industrial espionage or bribery. In fact, I found your statement rather interesting, because you say we are assessing how some governments violate the rules of the game in international trade, and then you go on to say, "it means however, that we are paying careful attention to those countries or businesses who are spying on our firms," and you add, "and to those governments and foreign companies that try to bribe their way into obtaining contracts that they cannot win on the merits."

The thing I found particularly interesting was that you said that, "most such companies never realize that they have received our assistance and even state publicly that they do not need it. This is fine with us," you say. "It is in the nature of the intelligence business."

Now my question really is, when the company doesn't want it and actually may be a bit unhappy that you are providing that industrial intelligence to them, what is the national interest? Why are we providing funding to do this if the company says we don't want it, we're embarrassed by it—

Director WOOLSEY. We are not providing industrial intelligence to companies, Senator Metzenbaum. We absolutely are not. The whole point of both the Chicago speech and this statement was to make that crystal clear. We do not engage in industrial espionage for the benefit of American corporations.

What that says is essentially, I think, a rather big distinction between defense and offense. When—we do not go out and steal the plans of foreign corporations in order to give them to American companies so that American companies can do a better job in the

marketplace. We do keep rather careful watch to see whether or not foreign governments or corporations may be engaged in bribery.

What happens at that point is that the Intelligence Community reports that potential bribery or existing bribery to the National Security Council, to the intelligence consumers in Washington, and rather frequently the Secretary of Commerce or the Secretary of State or one of his representatives, will get in touch with that foreign government and deliver what in the diplomatic trade is called a demarche. They will go to, let's say, the president of a foreign country and they will say something like this. We have very good reason to believe that your telecommunications minister is on the take and is either about to award a contract to a non-American firm or has just awarded a contract to a non-American firm as a result of bribery. The United States frowns upon this a good deal.

When something like that happens, rather frequently a contract is rebid, or it is reassessed within that foreign government, and an American corporation ends up doing a lot better in that market than it otherwise would have. It doesn't know and we do not tell it, that we are involved. We don't go and work with that corporation or tell it what we have done. We deal with the government of the United States, and the government of the United State, if it chooses based on our information to deliver a demarche and to level the playing field for American companies, as far as I am concerned, that is a legitimate, useful and very positive use of the Intelligence Communities assets and efforts.

Senator METZENBAUM. Well, as you know, Director, I have some concerns that at some point our government is going to be embarrassed by reason of industrial espionage conducted by the Central Intelligence Agency. There is no time to discuss it at this point, but I think that particularly where an American company itself may be embarrassed and really doesn't want that help, I am not sure that that is really what the American people would want to be spending our tax dollars—

Director WOOLSEY. Senator Metzenbaum, as I have said here and I have said time and again, the Central Intelligence Agency does not engage in industrial espionage for the benefit of American corporations.

I feel about this exchange a little bit the way I feel about an article in the Economist magazine some months ago. I said that this industrial espionage was an area that was fraught, indeed in later testimony, loaded with difficulties and problems in legal problems, foreign policy problems, and I could not at that point say that—make the clear statement that I did today because this whole issue was still being reviewed by the National Security Council. But I did signal about as well as one possibly can that we were not going to get involved in industrial espionage, and the Economist wrote an article saying Woolsey might order the CIA to engage in industrial espionage. I mean, I don't know how I can say it any clearer than I have today.

Senator METZENBAUM. I think my time has expired.

Chairman DECONCINI. Senator Glenn.

Senator GLENN. Thank you.

General Clapper, in 1990, Senator Warner and I sponsored a provision in the unclassified version of the FY91 Intelligence Author-

ization Bill asking that the Director of DIA produce an unclassified review of proliferation developments, similar in style and format to DIA's annual publication, "Soviet Military Power." We were told that this couldn't be done in an unclassified version. DIA has, however, published a classified annual review of proliferation trends.

I am aware that there are political implications to publicly releasing this information, but I think making a lot of this information public is to our advantage. I say that for this reason—this isn't just to try and open things up. We depend on public opinion world wide to control some of our nuclear proliferation problems. IAEA, with all its safeguards, isn't safe and doesn't guard anything. It is an information gathering group that puts information out to the public, and we then hope world opinion brings nations to heel.

I would like to put in a word to hope that you could put out an unclassified proliferation report to the extent you can. I think that would be very helpful to us in trying to cut down on proliferation.

General CLAPPER. Senator Glenn, I agree with you, and if we receive the policy direction from the Department to do that, we'll do our best to put it out. It will be a challenge. My concern obviously, and I think the DCI shares it, is that as we do that, we protect sources and methods; and, of course, there are policy implications when you finger in public certain countries that engage in—

Senator GLENN. Ten years from now, what do you think will be the most important weapon of mass destruction? Will it still be nuclear weapons, or will it be chemical or biological weapons?

Director WOOLSEY. Could well be biological, Senator Glenn.

Senator GLENN. Is the Intelligence Community adequately tasked to look into that area? Do you have enough money to look into this threat and keep tabs on it?—because I agree with you.

Director WOOLSEY. We are looking at it very hard. Nuclear weapons are, of course, a very serious proliferation problem, but they require a good deal more infrastructure, particularly to obtain the fissionable material, than biological weapons. Biological weapons can be extraordinarily lethal and rather small and you have the same kind of problem of distinguishing dual use material or technology that you have with chemical weapons. So if is—I think it might be the one of the three that is the most troubling.

Senator GLENN. Back to your budget again. I don't see how you are going to do all the things you must do adequately if we keep whacking away at your budget. I know I am preaching to the choir on this one. But General, you said you'd knuckle under. I know, in effect, you're saluting smartly and saying, well, we are going to "automate and communicate." If you're not already automating and communicating, to use your own words, something is wrong over in your shop, so that is not going to solve the problems of a reduced budget as I see it.

I would like your personal opinion as to whether you are going to be able to do the job that has to be done—and this is a personal opinion now, not the Administration position—a personal opinion as to whether your budget is being cut too much.

Director WOOLSEY. Let me start on that, Senator Glenn. What you will receive here within a very short time from the Administration, will be our budget request for the Intelligence Community. I regard it as a very lean request this year. But it is one that I think

under the circumstances of the way various programmatic changes have taken place in the Defense Department—and we can go into this in executive session—I think it is one that would let us do the job.

I think it is clear that over the last number of years in real terms the overall intelligence budget has been declining rather sharply and as inflation continues to eat way at funding, which is level in nominal terms, I think if that continues into the future, it would create serious difficulties. But I think what you will see this year I believe will be, I will characterize as a lean but adequate budget from the point of view of the Intelligence Community as a whole.

General Clapper can say what he wants about the DIA side.

General CLAPPER. Well, Senator Glenn, I would—and I guess I have to characterize this as a personal reaction to what your question implies, and I have expressed my concern within the Department in writing about our ability to provide sufficient intelligence within Defense to support two major regional contingencies, which is basically the underpinning of the bottom up review and the force structure that is envisioned in that.

To its credit, the Department didn't shoot the messenger, and Dr. Perry's and Dr. Deutch's reaction was to commission an expansive and exhaustive study to quantify what for me was an intuitive concern. I was the chief of Air Force Intelligence during DESERT SHIELD and DESERT STORM and I know how we were straining at the gills to support one major regional contingency¹ and it seemed to me intuitively obvious that as we take these cuts and as we have discussed earlier, that it is going to be extremely daunting if not impossible to support two major regional contingencies of the magnitude of a DESERT STORM in light of these cuts.

The Department has taken that on and has launched a study to qualify, as best we can, what that means in terms of potential intelligence shortfalls. And I would like sort of to take the opportunity to pay particular tribute to Secretary Paige who has been a tremendous supporter of me in what might be construed as raining on the parade.

Director WOOLSEY. Senator Glenn, could I add one quick point to that?

Senator GLENN. Sure.

Director WOOLSEY. This past year, Bill Perry and I have run over 20 detailed reviews, most of them lasting many hours, of the component parts of both the national and tactical intelligence communities—the national programs which come under my responsibility, including those that are in the Defense Department, and the tactical programs which are dealt with wholly within the Defense Department.

We looked at those programs together for the first time. We undertook a very vigorous budget scrub of them and a very vigorous effort to improve the common planning practices between the Defense Department and the Intelligence Community in an effort to eliminate overlap and redundancy. I think that has been useful. And I am delighted, if he is confirmed by the Senate, Bill and I will continue to be able to work together in this way.

But I think some of the things we were able to do this past calendar year are sort of one time adjustments. I think that one—and that goes along with what I said a minute ago about I think the budget this year is lean but adequate. But I think I would be concerned to see future real declines in intelligence, given the uncertainties we have expressed here.

Senator GLENN. Okay.

Have you evaluated a trade embargo against North Korea?

Director WOOLSEY. Yes. We looked at that issue very carefully.

Senator GLENN. Will it be effective?

Director WOOLSEY. I would rather talk about that in executive session if I could, Senator Glenn.

Senator GLENN. All right, fine. I think my time is just about up.

Chairman DECONCINI. Thank you.

Just to follow up on Senator Glenn's question, because I think it is a valid question, asking for personal views of budgets. Is it safe to say, both of you, when you submitted your request whether to OMB or wherever it goes, General Clapper, it was more than what is going to be proposed in the budget?

Director WOOLSEY. Well, it is not true for the Intelligence Community as a whole, Senator DeConcini.

Chairman DECONCINI. Is it for the agency?

Director WOOLSEY. Because—or for my agency, because we have a rather different way of doing this in the Intelligence Community. For the last 13 years, the Intelligence Community's budget and the Defense budget have been more or less considered together by the President and the Office of Management and Budget, and there was a bit of a separate review this year, but what was approved was what we came in with. And what we came in with was done by, as I said, Defense and Intelligence together. So what we really did was try to work in such a way that we could make the reductions and restructuring ourselves.

Chairman DECONCINI. At the request level?

Director WOOLSEY. At—well, based on essentially informal discussions with OMB as to an understanding of what—

Chairman DECONCINI. Of what limit, where are the lines going to be?

Director WOOLSEY. Essentially.

Chairman DECONCINI. Is that in essence the same thing?

General CLAPPER. Well, sir, at a little lower level. I kind of work in the engine room shoveling coal. And when I start the process within the program that I manage, the General Defense Intelligence Program, I would have to tell you that from the start point until it goes through the process, both within the Administration and the Congress, the answer to your question is yes, it is less—

Chairman DECONCINI. That is really what I wanted to—

General CLAPPER. It is less than what I started out with.

Chairman DECONCINI. It has been my experience on the Appropriations Committee that so often that answer is yes, and it is nothing to apologize for. I think that is the job of anybody who is head of an agency.

Director WOOLSEY. Certainly less than what we—the entire Intelligence Community, less than what we were planning for in Sep-

tember. But by the time December came around we worked things out.

Chairman DECONCINI. Let me just address the Ukraine-Russia-U.S. trilateral agreement recently enacted. Can you comment, Director Woolsey, or perhaps the General also, what is the likelihood that Ukraine will adhere to this commitment, and is Russia likely to adhere to the commitments under the START agreement and do we have the capability to monitor compliance with this agreement, such as whether or not, as I understand the agreement, they will be targeted towards other targets than those at which they are now targeted, mainly in the United States?

Director WOOLSEY. Let me just touch on those and then turn it over to General Clapper and Mr. Kolt. I think we need to do a very thorough assessment on START, but my overall understanding would be that we believe we can do an adequate job of monitoring the START agreement itself, but this added agreement about targeting is really not a verifiable agreement. It is essentially an understanding between President Yeltsin and President Clinton.

As far as the prospects of the trilateral agreements being approved in Russia and Ukraine, we believe the chance it would be approved in Russia are really quite good. In Ukraine, there is a political struggle going on on this subject. President Kravchuck has said that he is willing to work with the Rada and we certainly see that there will be disagreements about it and where it will come out it not entirely clear, but I think we are hopeful on it.

George may want to say a word on that.

Mr. KOLT. Well, in essence, the Rada on the particular trilateral agreement would have to take negative action on it. So far it has limited itself to—or rather some members of it have criticized, but the Rada has not acted on it. I think that the hope is that the trilateral agreement with the economic and security benefits that ensue to Ukraine will improve the chances of a positive political evolution in that country, and by so doing greatly improve the chances of the agreement actually being carried out.

Chairman DECONCINI. How quickly will that be done? In the trilateral agreement some of the details of it which are being reported in the press now, Ambassador Pickering yesterday before the Foreign Operations Subcommittee talked about some confidential agreements between Russia and the Ukraine that he couldn't go into which Senator Leahy, the Chairman, and we are going to discuss under a different environment.

My question is, you know, can we monitor that with our current capabilities, in your judgment?

Director WOOLSEY. The withdrawal of warheads side of this—

Chairman DECONCINI. We can monitor.

Director WOOLSEY. We believe we can, yes, Mr. Chairman. On any other aspects, it is a sort of a complex web of agreements of various kinds involving START and the rest. I think we probably ought to try to sort it out in executive session. But the withdrawal of warheads side of the trilateral, yes.

Chairman DECONCINI. That is the 1,800 nuclear warheads?

Director WOOLSEY. Yes. That's the—

Chairman DECONCINI. That can be monitored with certainty or proof.

Director WOOLSEY. Well, thing—

Chairman DECONCINI. Well, take that word away, but with relative accuracy, shall we say.

Director WOOLSEY. I think we have reasonably good confidence, yes, that we could monitor the withdrawal with overheads.

Chairman DECONCINI. And correct me, that agreement also says that those that are not immediately destroyed or eliminated or move back to Russia, that they will be retargeted?

Director WOOLSEY. That aspect of retargeting. I see. I thought—

Chairman DECONCINI. Now can we with relative confidence monitor the fact that they have been retargeted?

Director WOOLSEY. I was speaking before about the—only—I thought you meant the targeting agreement, understanding between the United States and Russia. But on the retargeting—I can't think of any way to say anything on this in open session, Mr. Chairman. I would rather do it in closed.

Chairman DECONCINI. All right.

Do you have any comments, General on that matter?

General CLAPPER. No, sir. I agree with George Kolt, though. I think it is in Ukraine's best economic interest to comply with the trilateral agreement.

Chairman DECONCINI. Let me just quickly ask you about the situation in Mexico. It appears the uprising in Chiapas has become as significant problem for the Mexican government. Director Woolsey, how has this uprising undermined the Salinas government, if at all, and what are the implications on the forthcoming election as this relates to it and what does the Intelligence Community—was the Intelligence Community aware of this possibility or that there was unrest here or other places prior to the uprising?

Director WOOLSEY. Well, the Zapatista National Liberation Army, EZLN, Zapatistas, we do not believe pose a serious threat to Mexican stability, but the uprising has certainly somewhat roiled the politics. We think the Zapatista membership may be as high as, oh, four to five thousand. The leaders of it seem to be educated and a number are from other parts of Mexico, have a sort of theory, a sort of a Maoist set of beliefs. But the rank and file are primarily indigenous Mexicans from Chiapas, which is Mexico's poorest state, seemed to be motivated principally by their really very difficult lot in life.

And President Salinas rather quickly abandoned these counterinsurgency efforts—there were allegations to human rights abuses—and has begun negotiations under Mr. Gamacho who formerly was the city mayor of Mexico City and also was a runner-up for the PRI party in the—as a presidential candidate. He is engaged now in beginning negotiations with the group. It is too early to tell, I think, how it is all going to come out. But I think it is at least noteworthy that allowing for Senator Kerrey's notation that sometimes currency traders are pretty good intelligence analysts, the financial and economic markets have largely shrugged this off, so far.

Chairman DECONCINI. What about did you have some indications that this was fomenting or could be this—

Director WOOLSEY. Not really to speak of, other than generally understanding the poverty in that particular part of Mexico. This is an example of the kind of thing, a regional matter in a country that is very heavily an open society, where we would not have been, you know, trying to collect intelligence. We knew a little something about the situation along that border because there is a Guatemalan insurgency from around there and it was a treated for—

Chairman DECONCINI. Will there be significant implications on the forthcoming elections as a result of this, in your estimation today?

Director WOOLSEY. It's difficult to say. I think prior to this the PRI would have thought to have been very heavily favored in the elections and may well still be, but again elections estimates is not something we really try to do that much.

Chairman DECONCINI. General Clapper, does the Mexican military have the capability of effectively dealing with the uprising, in your judgment?

General CLAPPER. Well, they have. I gather there has been some angst and some criticism in Mexico about whether or not the Mexican military was tactful enough with the insurgents.

I would comment sir, to be very blunt, we were kind of asleep at the switch. We were just not focusing on Mexico and I think that is kind of a commentary on some deliberate decisions we make about where to put the emphasis.

Chairman DECONCINI. Priorities.

General CLAPPER. We are pretty thin on Mexico.

Chairman DECONCINI. Fair enough. Senator Warner.

Vice Chairman WARNER. Thank you, Mr. Chairman. Mr. Chairman, I think you agree with me, this has been an excellent hearing.

Chairman DECONCINI. I do.

Vice Chairman WARNER. I think back to the days when we joined this Committee and Director Casey used to testify, we were lucky if we understood half of it.

Chairman DECONCINI. I don't know that he ever testified in the open. Perhaps he did; I don't remember.

Vice Chairman WARNER. But we have come a long way.

Director WOOLSEY. I am tempted to mumble in response, Senator Warner.

Vice Chairman WARNER. You haven't lost the Casey art when you need it. You fall back on it every now and then.

[General laughter.]

Director WOOLSEY. Thank you, I think.

Vice Chairman WARNER. I don't mean to speak disrespectfully.

I went to visit Somalia. You may know, Senator Levin and I, at the request of Chairman Nunn and the Ranking Member of the Armed Services Committee, went out to Somalia to study in some detail, the tragic loss that this country suffered in terms of death and wounded among our brave military people. And our Committee will eventually go into some great detail, but I think it is wise that we await the withdrawal under the President's plan, and then go into some detail.

But in the meantime, I judge from your brief assessment here, that this country could well return to the situation in which the world found itself some 18 months to two years ago. Is that correct, Mr. Woolsey?

Director WOOLSEY. Well, one would hope that it would not be as bad as the situation with mass starvation. But clan warfare and the use of hunger as a weapon has occurred in Somalia for many, many years, and certainly the possibility exists that it will return following the departure of the UNISOM forces.

Vice Chairman WARNER. What lessons have we learned with respect to your responsibility, that is, the intelligence area? We, as General Clapper stated, simply had no assets there to deal with it immediately, prior to our entrance?

Director WOOLSEY. We had no diplomatic relations, so we had to move in as the military did and as General Clapper's Defense Intelligence people did, quite quickly.

I would say this, that as a result of our having been in Somalia before, and as a result of pulling people out of other responsibilities at the CIA who knew about Somalia and people who spoke—some who spoke the language and the rest, I think we were able very quickly to assemble an extraordinarily fine group of people to work very closely with the military.

One relatively new development in CIA-military relations is that we now have a two star general as a deputy to the—an Assistant Deputy Director to the Deputy Director for Operations, General Lajoie. And we have put together a series of agreements between the Pentagon and the Intelligence Community so that when we do get into a situation such as that where there are hostilities and there is a U.S. commander, effectively the CIA station chief reports to the military commander. We become part of his assets.

The work in Somalia that the Intelligence Community—that the Intelligence Community did I think was heroic in several meanings of that word, and was really quite professional, both from the point of view of understanding where things might go and in terms of supporting military operations. There has been, of course, press commentary wondering why Aideed could not be found in Mogadishu.

And first of all it is true that, for example, satellite reconnaissance is not of much use in dealing with a city of a million people with lots of back alleys.

But the point is that intelligence collection using human beings is normally a rather long term thing. An intelligence informant or agent is called in the trade an asset, and that word is descriptive. It normally is someone who is recruited and then used to obtain intelligence, often for a long time, a long time in the future.

Trying to conduct a manhunt in real time in a city of a million people heavily controlled by his sympathizers was an extremely difficult undertaking and not the kind of thing—

Vice Chairman WARNER. And heavily armed, I might add.

Director WOOLSEY. Heavily armed. And even under those circumstances a reasonably good track was kept of location. Now it does not help in some of the things—when there was an effort made to arrest him, it doesn't help much I suppose to say he was in such and such a building yesterday, or in such and such a build-

ing one hour ago. And that is another very difficult intelligence problem. But those difficulties aside, I am really very proud of the job that both the military and civilian intelligence agencies did in support of our troops in Somalia.

Vice Chairman WARNER. Well, Director, I may have to at some point take some disagreement, because I am concerned that before we put at risk the men and women of our armed forces, that we had better be satisfied with a level of intelligence which ensures to the best we can their own safety. We won't go into open session here. At some point I will make known my views in greater detail.

Director WOOLSEY. We certainly agree with that, Senator Warner.

Vice Chairman WARNER. Let us turn to Bosnia where tragedy continues to unfold day after day. Senator Lugar and I and Senator Nunn and others visited in the territories around the area of conflict, although some of us did get into the area of conflict at various times, but the point is there was concern that this was going to result in a spillover. Macedonia, to a greater extent up in Croatia. What is the level of threat of this conflict spilling beyond its borders such that it would involve for a variety of historical reasons primarily, Greece and Turkey?

Director WOOLSEY. I will say a word on that and then General Clapper might want to add some thoughts.

I don't think Serbia, given the state of its economy and its—and the impact of the sanctions—they had to add 18 zeros to the face of their currency over the last three years—is really in a position to desire a two front war to support the Bosnian Serbs in Bosnia and at the same time try to turn south to assert itself elsewhere. But Serbia already controls Kosovo, and the issue may not be entirely in the Serbs hands.

If conditions get to be bad enough for the Kosovar, the Albanian minority in Kosovo, one cannot entirely discount the possibility of some type of disruption starting there, and because there are also Albanians not only in Albania but also in Macedonia, the risk of some kind of problems of that sort spreading to the rest of the Balkans, including Greece, Turkey, Bulgaria, is very real. I think that is one reason why both the previous Administration and this one have taken a firm diplomatic position with respect to Kosovo. I think it is the reason why President Clinton ordered the small U.S. detachment into Macedonia. And so, it remains a very, very difficult and risky situation. But it is difficult to say from one day to the next when something might happen in Kosovo that could lead to broader involvement.

General Clapper, do you want to add?

General CLAPPER. Sir, I really don't have anything to add to that. I agree that that is a latent possibility and our efforts have been—

Vice Chairman WARNER. Well, let me approach, General, given your background with the Air Force, the use of air power and in specific, U.S. air power as a part of an overall coalition of forces. To what extent do you think air power could be effective in bringing about a cessation of these hostilities, or indeed, bringing about opening up of certain territories so that food and other provisions can be given to the needy.

General CLAPPER. Well, sir, I think that—and again, I am expressing a personal opinion—

Vice Chairman WARNER. We ask our senior military before this Committee and the Armed Service Committee to give their personal opinions and we are prepared to accept it on that basis.

General CLAPPER. I think this would be to sustain a consistent control of the situation on the ground through air power alone would be very, very difficult. I know there has been a lot of discussion about using air power to take out artillery that is besieging Sarajevo, for example. Assuming you can find it—

Vice Chairman WARNER. You might get some on the first day, but on the second and the third—

General CLAPPER. The first day, we'd probably have a profound impact on folks, but I think there are other—after that, it would be getting—it would become exceedingly difficult to sustain effective air power attacks to control the situation on the ground without the presence of ground forces.

And of course, there are other implications there. What happens to the UNPROFOR troops that are on the ground whom the Serbs have already said they would go after if there were air strikes.

Vice Chairman WARNER. In other words, they would become at much greater risk.

General CLAPPER. Yes, sir, exactly.

Vice Chairman WARNER. And those targets that would be pursued by air could easily, because they are movable—primarily artillery and mortar—

General CLAPPER. Yes, sir. In the case of mortars, you can launch mortars and they can be moved—

Vice Chairman WARNER. Five minutes.

General CLAPPER [continuing]. Off almost before they have impacted. And then they move the mortar into the woods or into a building with a Red Cross on top or into a school or hospital, and we've seen examples of that—I just think it would be a very difficult proposition to sustain. Again, a personal opinion; not necessarily company policy.

Vice Chairman WARNER. And the artillery could be quickly co-located with known areas of civilian population.

General CLAPPER. As it has been.

Vice Chairman WARNER. As it has been.

General CLAPPER. Yes, sir.

Vice Chairman WARNER. So I think our President has been very cautious and judicious thus far in how he has dealt with this situation. I hope he continues to follow that judicious policy. It is a tragic unfolding of strife among human beings which none of us can fully understand, but the root causes are almost beyond comprehension. It is a civil war of incredible magnitude.

Mr. Chairman, I close out with one last question here, and that is that I think the President took the proper stance with respect to NATO and specifically that we move in a gradual manner in determining the criteria by which the former Warsaw Pact countries could, at some point in time, gain admission. If we were to be a party to accelerating this timetable to try and urge that, say, Poland were to be admitted within the coming year, Mr. Director,

how would that affect the rather sensitive political balance in Russia today?

Director WOOLSEY. Well, there would certainly be resistance in Russia and it would certainly be a matter of great attention and heavy criticism, especially from the hard liners in Russia, such as Mr. Zhironovsky and others. Having said that though, I would emphasize, Senator Warner, that that doesn't answer the question of what we should do. We are not in the position of recommending policy in the Intelligence Community, and the United States, often in its history, sometimes quite courageously, has chosen to do things that are difficult or cause criticism in other countries. But I think one should appreciate that the resistance, even among the moderates in Russia, would be substantial and as one moved to the harder line parts of the political spectrum, it would be intense.

Vice Chairman WARNER. Last question would be to what extent is Russia involved in the thinking with respect to the conflict in Bosnia? They have had a long association with certain elements in Serbia and is it not a fact that they would be in disagreement were we to take some of the various options that have been suggested to bring about a cessation of this conflict?

Director WOOLSEY. I can't illuminate that question very much, Senator Warner. What we do in the Intelligence Community is tell the rest of the Executive Branch and the Congress what we believe the Russian views are and action is likely to be, and as far as how much that is weighed, it is really not a—

Vice Chairman WARNER. Well, let me rephrase the question. The President has advocated lifting the arms embargo against Bosnia. What would the likely reaction be of Russia?

Director WOOLSEY. Well, in order for it to be lifted by the Security Council, it would have to receive at least the abstention or the unanimous consent of the five permanent members and—

Vice Chairman WARNER. Correct; the Security Council.

Director WOOLSEY [continuing]. The likelihood at this point of Russia supporting that seems quite limited. Security Council motions come and go and votes occur, and a bit like a legislature, things change for unexpected reasons. But right now it would appear as if there would be substantial Russian governmental opposition to that in the Security Council.

Vice Chairman WARNER. Mr. Chairman, thank you very much.

Chairman DECONCINI. Gentlemen, we have kept you a long time and Senator Glenn has some additional questions. I don't—I apologize for not considering this before. Do you need a five minute break or would you like to finish?

Director WOOLSEY. No, that's all right. That's fine.

Chairman DECONCINI. Is that all right with you, General? Senator Glenn.

Senator GLENN. I just found out I am going to have to leave and go to another commitment. But I am very concerned about the People's Republic of China. The French have stopped selling nuclear materials and know-how around the world. The Germans have stopped some of their technology transfer. And who fills in this gap in world trade now? To a large extent, China. We know what they did with Pakistan. We know some of the rumors about assistance

to Iran, Syria, Iraq, Libya—not only with nuclear weapons and technology and equipment—but also with regard to missiles.

I voted against MFN for China on the basis of what they are doing in the proliferation area. Would you comment on what they are doing in that area?

Director WOOLSEY. We can go into this more in Executive Session, Senator Glenn. Basically we—we watched China's military modernization very closely and the aspect of that that most concerns us right now are their efforts to export some of this extremely potent weapons technology into other regions, and particularly the Middle East.

Having said that, I think I would say that China's history for strategic reasons, of cooperation with Pakistan, is considerably greater than with some of the other states in that part of the world to whom it sometimes makes sales. And some of these sales may well occur for some types of equipment, some types of material, may well occur without the central control or even knowledge of the regime in Beijing. Others of course, other sales would have to have that knowledge at the center.

The U.S. government is now attempting to work with China to see if we can help curb proliferation, and there are—and we can talk about this in Executive Session—there are some successes and there are some failures. But it is not the kind of problem that North Korea poses, which is a country that is systematically and intentionally committed to spreading this kind of technology. It is a more complicated difficulty than that and it is one in which I believe it is not hopeless that we can make some progress with China. But there are some incidents of which you and I are both aware which are not pleasing ones.

Senator GLENN. A trade embargo against North Korea—will it work?

Director WOOLSEY. That came up earlier. I can't think of any way to talk about that in open session. We'd like to talk about it in Executive Session.

Senator GLENN. My concern is with North Korea's nuclear weapons. I am not concerned so much about whether they have one, two or three. We have thousands. We could plow North Korea from the 38th Parallel clear to the Yalu if we wanted to and they know that. But what does concern me is that if we let a nation develop nuclear weapons that has agreed not to develop nuclear weapons, it just means we are a paper tiger when it comes to dissuading nations from developing weapons of mass destruction. That is the reason I think we have to be very tough with North Korea, even if it means trade embargoes.

Director WOOLSEY. I understand. I think it is both because of their own potential deployments and because of the example, the precedential value within the NPT that the President is working very hard to check what the North Koreans are doing. But this is a very, very difficult matter.

Senator GLENN. The U.S. and Russia recently reached an agreement regarding the retargeting of missiles. Can we monitor that?

Director WOOLSEY. Not really, Senator Glenn, not without total and really full cooperation and visits and that sort of thing. But in a sense, given the new nature of the Russia regime—at least the

Russian president—and new constitution and the rest, this is still, I think, a useful thing, because for example, in the case of some hypothesized accidental occurrences, the absence of a target deck in a computer, even if it could be reinstalled intentionally within a matter of a few minutes, is still a useful thing to do.

But in terms of verification, let's say, from space of something like that, no, we couldn't do that.

Senator GLENN. Yes, or any other way.

When I walked back in you were talking about Bosnia and Senator Warner was talking about his views on that subject. I just make a comment on this, it is not a question. My view is in any wartime situation, you try to get to the decisionmakers, so they can turn the war off. And to me, to go out and bomb some conscripts at an artillery site where they can run quickly, you don't hit anybody. And we've had testimony from you before in closed session about the number of artillery tubes that you think they have deployed, and all I can say here in open session is, we're going to bomb for a long time before we get all their artillery tubes and their people.

If we're going to use air power, it seems to me you try to go for the decisionmakers. We have precision guided munitions that we could really bring this home pretty fast to the decisionmakers. But I think to go out to the end of the octopus' tentacles and not get to where the decisions are being made is a foolish waste of power. Whether it is World War II, or Vietnam or Korea, or anyplace else, you must try and bring the war home to the decisionmakers so they'll turn it off.

Director WOOLSEY. Senator Glenn, you are the last person in the Congress and possibly the last person in the world with whom I would disagree about the effectiveness and use of air power.

Senator GLENN. Thank you.

Chairman DECONCINI. General Clapper, on that subject matter, last spring—I think it was April—General McPeak testified before the Defense Appropriations Committee on the use of air power. I don't have his statement here, but my recollection is he said that he thought it could be effective with little or no risk of the loss of an airplane or American personnel. He didn't say it would end the war or that we didn't need ground forces to make it more effective or what have you, but that is what I recall him saying.

Were you part of that assessment? Were you tasked to give any information?

General CLAPPER. No, sir, I was not. I am aware of what General McPeak said, and I guess that is something he and I could debate.

Chairman DECONCINI. Yeah. I understand. I just—

General CLAPPER. Respectfully.

Chairman DECONCINI. And I appreciate that respectfully, to a four star general and the chief of the air force.

Let me ask you, Mr. Woolsey, do you monitor military activities—do we monitor military activities in Macedonia and Serbia?

Director WOOLSEY. Yes.

Chairman DECONCINI. Yes, In Macedonia in particular, is there a threat to the republic of Greece based on Macedonia's military capabilities today?

Director WOOLSEY. Threat to Greece from Macedonia?

Chairman DECONCINI. Yes, from Macedonia.

Director WOOLSEY. I don't believe a substantial one at all, Mr. Chairman, but I confess this is not a subject I have reviewed with care. I may want to get back to you on that.

Chairman DECONCINI. I would appreciate it. And regarding the sanctions on Serbia, you—the Agency also monitors those?

Director WOOLSEY. Yes.

Chairman DECONCINI. And what is your frank assessment of the effectiveness of them?

Director WOOLSEY. Well, there is some leak—

Chairman DECONCINI. How much is getting through? A lot, a little, none at all?

Director WOOLSEY. There is some leakage. Serbia in general and Belgrade in particular being right at the crossroad, the crossroads of the Balkans, and have borders, land borders with so many countries, it is a very difficult matter to maintain sanctions. But I might say that the neighboring states, some of them at great cost to themselves, have generally done a good job of observing the sanctions regime. There are from time to time in different countries substantial leakage by truck. But the effectiveness can be in part measured by what has happened to the Serbian economy. Adding 18 zeros, I believe, is an increase of a quadrillion, approximately, in their—and we don't see many inflation rates around that range.

Chairman DECONCINI. Would you characterize it or could you characterize it on, you know, a scale of one to ten? Would you think it is two or three? The reason I ask is that I have been there and I saw more trucks going in through Macedonia, saw more ships coming from Bulgaria and Romania and down the river there than I could hardly believe. Now we have taken some actions, we have given them some boats, we've sent Customs personnel over there to try to train them, but even with our Customs people there at least last April, it was pretty clear to me that there was a lot going through there.

Director WOOLSEY. It's improved a bit in the last year. When I first started looking at this which was right around the time you were there in last spring, there was a great deal of leakage.

Chairman DECONCINI. So you think that has tightened up?

Director WOOLSEY. It has tightened up some and the inflation—

Chairman DECONCINI. Including the Macedonian border?

Director WOOLSEY. Yes. For a time, yes. Now whether that is permanent or not we are not sure, but there has been over the last few months, sporadically, there has been some improvement on the Macedonian border.

Chairman DECONCINI. In your opinion—last question for that area, last question for this hearing, from me at least—in the area of Kosovo—do you have an assessment of the Serbian military and political trigger point, when they might take action if they do take forceful action towards the Albanian population in Kosovo?

Director WOOLSEY. Very difficult to say, Mr. Chairman.

Chairman DECONCINI. First of all, they do have a substantial military presence in Kosovo, is that correct?

Director WOOLSEY. They have not only military, but they control the police and security services.

Chairman DECONCINI. It has not diminished over the last six months?

Director WOOLSEY. No, if anything, they have tightened up. And they sit on top of a restive Kosovar population. One aspect of Kosovo is that it is generally open to the outside world geographically, principally from the north. Entry into it either via Macedonia or Albania is extremely difficult along almost sort of mountainous gorges. So although ethnic Albanians populate much of that entire area, the exchanges in traffic and the like between Albania and Kosovo or between Macedonia and Kosovo are, as I said, for geographic reasons quite—quite difficult. And both because of its geographic access and because of its—right now its maintenance of the security services and the military, the Serbs have a very strong capability to deal with dissidents.

Of course, if very large scale violence breaks out, that could be much more difficult for them. But right now they are dominating I would say rather effectively with their security forces and military a somewhat restive population.

Chairman DECONCINI. General Clapper and Director Woolsey, thank you for the time that you have devoted to this. I know you have a lot of demands for your time. It is important for our Committee to have an open meeting, to make available to Members and to the public as much information as we can. It is their tax dollars we allocate to intelligence. We realize the sensitivity of some of the questions that were asked here, and we will pursue some of those later in a closed session.

The Committee will stand in recess subject to the call of the Chair.

Director WOOLSEY. Thank you, Mr. Chairman.

General CLAPPER. Thank you, sir.

[Thereupon, at 5:19 p.m., the Committee stood in recess, subject to the call of the Chair.]

U.S. SENATE,
SELECT COMMITTEE ON INTELLIGENCE,
Washington, DC, December 8, 1993.

Hon. R. JAMES WOOLSEY,
Central Intelligence Agency, Washington, DC.

DEAR DIRECTOR WOOLSEY: The Select Committee on Intelligence will hold a hearing on threats to the U.S. and its interests abroad on Tuesday, January 25, 1993, beginning at 2:30 p.m. We request that you testify. The Committee has also asked the Director of the Defense Intelligence Agency to appear with you.

The hearing will be in two parts: (1) an open session in Room SH-216 of the Hart building to receive an overview on the current threats and threats projected through the end of the decade to the U.S. and its interests abroad, followed by (2) a closed session in Room SH-219 of the Hart building to receive an assessment of the Intelligence Community's capabilities to monitor and evaluate the threats discussed during the open session, with identification of any specific areas in which those capabilities fall short of needs.

In addition to whatever other threat-related matters you may wish to address, we ask that you specifically address threats to the U.S. and its interests from the former Soviet Union, China, and countries in other regions of particular concern (including the Middle East, North Korea, Somalia, Haiti, and Bosnia) and from transnational concerns (including proliferation of weapons of mass destruction, terrorism, and illegal drugs).

Please provide the Committee by January 21, 1994 with a copy of your written statement for the open portion of the hearing and your written statement for the closed portion of the hearing. Your staff may contact Mr. Don Mitchell of the Committee staff with any questions concerning the hearing.

We appreciate your assistance in this matter.

Sincerely,

DENNIS DECONCINI, *Chairman.*
JOHN W. WARNER, *Vice Chairman.*

U.S. SENATE,
SELECT COMMITTEE ON INTELLIGENCE,
Washington, DC, December 8, 1993.

Gen. JAMES R. CLAPPER, Jr., USAF,
Director, Defense Intelligence Agency, Washington, DC.

DEAR GENERAL CLAPPER: The Select Committee on Intelligence will hold a hearing on threats to the U.S. and its interests abroad on Tuesday, January 25, 1993, beginning at 2:30 p.m. We request that you testify along with the director of Central Intelligence.

The hearing will be in two parts: (1) an open session in Room SH-216 of the Hart building to receive an overview on the current threats and threats projected through the end of the decade to the U.S. and its interests abroad, followed by (2) a closed session in Room SH-219 of the Hart building to receive an assessment of the Intelligence Community's capabilities to monitor and evaluate the threats discussed during the open session, with identification of any specific areas in which those capabilities fall short of needs.

Attached is a copy of our letter to the Director of Central Intelligence outlining several particular subjects to be addressed. In addition to addressing whatever other threat-related matters you may wish to address, we ask that you address the military-related aspects of the subjects outlined in that letter.

Please provide the Committee by January 21, 1994 with a copy of your written statement for the open portion of the hearing and your written statement for the closed portion of the hearing. Your staff may contact Mr. Don Mitchell of the Committee staff with any questions concerning the hearing.

We appreciate your assistance in this matter.

Sincerely,

DENNIS DECONCINI, *Chairman.*
JOHN W. WARNER, *Vice Chairman.*

U.S. SENATE,
SELECT COMMITTEE ON INTELLIGENCE,
Washington, DC, February 10, 1994.

Hon. R. JAMES WOOLSEY,
Director of Central Intelligence, Central Intelligence Agency, Washington, DC.

DEAR DIRECTOR WOOLSEY: We would like to thank you for testifying at our January 25 hearing on the current and projected national security threats to the United States. Your willingness to address this important issue in open session was greatly appreciated and made an important contribution, not only to the work of our Committee, but to the American public's awareness of U.S. national security interests.

We are submitting the attached questions for the record. The unclassified responses to these questions will be an important part of our hearing transcript which we hope to release as expeditiously as possible. Accordingly, we would appreciate it if you would respond in writing to these questions no later than March 1, 1994.

If you have any questions, please do not hesitate to contact Don Mitchell of our Committee at 202/224-1700. Again, we thank you for your participation in the hearing and appreciate your cooperation in this matter.

Sincerely,

DENNIS DECONCINI, *Chairman.*
JOHN W. WARNER, *Vice Chairman.*

Enclosures.

QUESTIONS FOR THE RECORD

Zhirinovskiy vs. Yeltsin

(1) What is the likelihood that Yeltsin will still be President of Russia one year from now? What is the likelihood that Zhirinovskiy will take his place? What is the likelihood that a right wing resurgence will reverse the steps towards political liberalization taken so far by the Yeltsin government? How might this resurgence express itself politically: obstructionism in parliament; popular unrest in the streets; or a revolt by the military?

Prospects for Regional Crisis

(2) Instability in Central Asia could be accelerated by growing Uzbek involvement in other nations, a sharper than anticipated deterioration of economic conditions, the growth of radical Islam, and the intervention of foreign groups. What are the prospects for a region wide crisis during the next 4 years, and what would be the implications for U.S. security interests?

Transfer of Technology from the Former Soviet Union

(3) What general trends has the Intelligence Community noticed of scientists, technology, and conventional and unconventional military sales to other nations? To date, has there been any intelligence that Soviet nuclear materials, or BW, CW, or ballistic missile related materials or technology, have found their way to the international black market? What are the implications of these trends for U.S. national security?

Denuclearization

(4) Denuclearization in the former Soviet Union has involved U.S. obligations regarding the provision of reactor fuel to the former Soviet republics. How safe and secure are these reactors? Are there any continuing concerns regarding the integrity of these power plants or the expertise of the personnel running them?

China's Future Leadership

(5) When the current generation of leaders in China passes from power, what is the likelihood that there will be a radical change in the policies of the new leadership? What are the prospects that the new leadership would take positions on issues—such as proliferation and human rights—that are of greatest concern to the U.S.?

China-Israel Relationship

(6) Israel and China have a long history of close defense industrial relations. Does this relationship include the sharing of technology related to weapons of mass destruction and missile technology? Does the China-Israel relationship raise concerns that U.S. state-of-the-art technology provided to Israel may be transferred to China through the Israelis?

China and Human Rights

(7) Are reformists as opposed to the application of human rights as hard-liners? Or are their differences only about tactics—such as the timing and tactics for suppressing political challenges? Does our intelligence indicate that prison labor is still widespread in China?

Private Sector Support to China's Military

(8) There is public reporting that the People's Liberation Army (PLA) is running private enterprises in Canada and the United States. If true, this would suggest that American investors may be inadvertently supporting the military modernization of China. Is there any validity to these reports?

The PLO and the Peace Accord

(9) Who would be the likely successor to Yasser Arafat if he were removed from power and how would this impact the success of the peace process?

(a) How is implementation of the Gaza-Jericho agreement affecting the leadership struggles within the Palestinian community? Will the PLO prevail over rejectionists, both secular and religious? What are the prospects that HAMAS could be considered a viable alternative to the PLO by Palestinians?

(b) How is the PLO coping with such new challenges as its return to Gaza and Jericho, and how is it adapting to the changing social and political environment there?

(c) In general, how are the local forces—including PLO supporters and detractors—responding to the implementation of autonomy and the changing role of the PLO leadership?

Saddam's Hold on Power

(10) What are the prospects for the survival of Saddam's regime for another year? What would be the characteristics and policies of likely successors to Saddam? What are the prospects for political stability and Kurdish reintegration into Iraq after Saddam?

Compliance with Sanctions Against Iraq

(11) What role do sanctions, and the attendant economic hardship and diplomatic isolation, play in determining Saddam's survival? Are Jordan and Turkey complying with the economic sanctions against Iraq?

Prospects for a New Islamic Republic in Algeria?

(12) What are the prospects that the current military-dominated regime in Algeria will hold power through this year? What are the prospects that in the next two or three years the current regime will collapse, and be succeeded by a radical Islamic regime? What is the likelihood that a new Islamic regime in Algeria would be a radical regime, threatening U.S. interests in North Africa and Europe, and opposing the Arab-Israeli peace process?

Qadhafi's Hold on Power in Libya

(13) Last Fall there were press reporters that there had been a coup attempt against Libya's Muammar Qadhafi. Is there any truth to these reports? What is the likelihood that Qadhafi will be in power one year from now? What would be the likeliest characteristics and policies of Qadhafi's successors?

Pursuant of Militant Islamic Agenda in Sudan

(14) In the last several years, Sudan has become a radical Islamic state that strongly opposes U.S. policies throughout the Middle East and the Horn of Africa. What are the prospects that the Khartoum regime will actively sponsor or support terrorist attacks against U.S. interests? What are the prospects that current tensions between Sudan and Egypt could result in an armed conflict?

U.S. Technology to North Korea?

(15) There has been press reporting that North Koreans working in Japan are sending back to North Korea U.S. origin technology. Is there any validity to this allegation?

Intelligence Community's Ability to Warn of Attack

(16) What is the likelihood that the U.S. Intelligence Community will be able to provide persuasive, timely warning of North Korea's military intentions to attack the South? If so, within weeks or days? What are the current indications and warning of likelihood that North Korea will go to war with South Korea?

Prospects for Reform Under Kim Chong-il

(17) It is expected that Kim Il-song's passing will accelerate change in North Korea.

(a) After his father is gone, what are the prospects that Kim Chong-il will meaningfully reorient the inner circle's priorities and bring about significant economic and political reform?

(b) What are the prospects that North Korea's military will overthrow Kim Chong-il once he succeeds his father?

(c) If the military were to seize control, how different would this successor military regime be from the rule of the two Kims? What is the likelihood of greater democracy and market reforms? How would South Korea be likely to react?

Prospects for Stability After U.S. Withdrawal

(18) The Clinton Administration has announced its intention to withdraw U.S. troops from Somalia by March 31. What is the Intelligence Community's assessment of what will happen in Somalia after the U.S. troop withdrawal? Is it likely that widespread famine will return to that nation?

Prospects for the Success of a Political Solution

(19) Is there a realistic possibility that the various negotiating efforts currently under way will lead to a political solution to the fighting in Somalia prior to the March 31 U.S. troop withdrawal?

Continuation of U.S. Military Mission After U.S. Withdrawal

(20) After the U.S. troop withdrawal, how likely is it that the U.N. peacekeeping mission in Somalia will continue and be successful?

The Permanence of Democratic Reform in Latin America

(21) During the last decade, we have witnessed a resurgence of democratic government of Latin America. Democratic cycles in this region, however, have generally proven temporary in the past. Does the Intelligence Community believe that the forces of democracy will continue to consolidate their hold in the 1990s? What will

be the determinants of their success? What are the prospects for democratic reform in Venezuela and Peru?

Prospects for Additional Free Trade Agreements in Latin America

(22) Following the passage of NAFTA, what are Latin American countries' expectations as to the pace of additional free trade agreements with other countries in this region?

Controversy Over Intelligence Community's Assessment of Aristide

(23) As you know, there was a great deal made in the press about the Intelligence Community's assessment of President Aristide. What can you tell us about this assessment and your general views about this controversy?

Prospects for Famine in Haiti

(24) How real is the threat of famine in Haiti? What is the potential for the resumption of mass migration of Haitians to the U.S?

Castro's Hold on Power

(25) What is the likelihood that Fidel Castro will still be in power one year from now?

(a) What is the likeliest scenario for Castro to leave his leadership position in Cuba—peaceful democratic transition, military coup, popular uprising, voluntarily?

(b) If Castro's hold on power should diminish significantly, what are the prospects that he would lash out against the U.S. through conventional militarily means or terrorism (e.g., random bombings, the use of biological agents, etc.)?

Cuba After Castro

(26) After Castro relinquishes power, how contentious will be the process of national reconciliation among pro- and anti-Castro elements on the island and within the Cuban exile community? How prepared will the new Cuban leaders be to face the extraordinary economic and social problems they will face? How much support would exile political leaders find on the island?

Effectiveness of U.S. Embargo Against Cuba

(27) How effective is the U.S. embargo against Cuba? What part of Cuba's economic decline can be attributed to its economic system, what part to the embargo?

Cuba's Trading Partners

(28) Who are Cuba's largest trading partners? Is Russia conducting subsidized trade with Cuba?

Status of the Democratic Transition in El Salvador

(29) Please give us your assessment of the current situation in El Salvador and the prospects for a successful democratic transition.

Prospects for a Viable Peace

(30) What is the Intelligence Community's assessment of the chances that negotiations will lead to a viable peace agreement for Bosnia?

Potential for Expanding the Conflict

(31) Many fear that the conflict in Bosnia could "spill over" into surrounding areas and lead to a greater Balkan war which may involve NATO allies Greece and Turkey. What is the Intelligence Community's assessment of the likelihood of the war in Bosnia leading to a wider conflict in the Balkans? Do the Serbs have territorial designs on other lands that they might turn to in the near future?

Assessment of the "Lift and Strike" Option

(32) As the Bosnian Serbs continue their disruption of U.N. relief efforts and the international community refrains from significant military intervention, among the options for consideration is the "lift" component of the "lift and strike" option to allow the Bosnian Muslims to defend themselves. What impact would this have on the balance of power between the Serbs and Muslims?

Impact of Sanctions on Serbia and Montenegro

(33) What impact have the U.N. sanctions had on Serbia and Montenegro? Is it likely that these sanctions will, in time, lead to a change in the aggressive policies of Serbia?

Russia's Biological Warfare Program

(34) In April 1992 Russia took the unprecedented step of acknowledging publicly that the Soviet Union and subsequently Russia had maintained a clandestine offensive biological weapon (BW) program after 1972 in violation of the Biological and Toxin Weapons Convention to which it was a signatory. President Yeltsin pledged to terminate the program and initiated specific measures to do so. Does the Intelligence Community have reason to believe that much of Russia's offensive BW infrastructure is still in place?

Capabilities for Monitoring Nonproliferation Agreements

(35) How well can the Intelligence Community monitor compliance with current and projected arms control agreements that relate to proliferation, such as the Nuclear Nonproliferation Treaty, the Biological Weapons Convention, a multilateral chemical weapons agreement, a Comprehensive Test Ban Treaty, and the Missile Technology Control Regime?

Threat of Accidental or Unauthorized Ballistic Missile Launch

(36) Some have advocated limited deployment of strategic defenses to protect against the possibility of an accidental or unauthorized launch by another nation.

(a) In your opinion, how great a threat is posed to U.S. national security by an accidental or unauthorized ballistic missile launch and specifically by which nations?

(b) How effective a means of addressing this concern would it be to share our permissive action link (PAL) technology and destroy-after-launch devices (that are used in the space program) with the nations that have these strategic missiles capable of reaching the U.S.?

Syria's Support for Terrorism

(37) What is the nature and extent of Syria's support for Hizballah and other terrorist organizations? Does the Intelligence Community believe that President Assad is knowledgeable and supportive of this activity?

Growing Vulnerability of the U.S. to International Terrorism

(38) The United States experienced an unprecedented level of international terrorist activity last year, including the attack at CIA headquarters, the World Trade Center bombing, and a plot uncovered by the FBI to bomb the U.N. Headquarters building in New York.

(a) Do you believe that these incidents represent the beginning of a new trend with the U.S. becoming a target of international terrorists?

(b) Is there any evidence that foreign governments may have been involved in these attacks? What about Hizballah or other terrorist organizations with links to such countries as Iran and Libya?

Iran's Role as a Sponsor of Terrorism

(39) In testimony before other committees you have publicly identified Iran as the leading state sponsor of international terrorism. Please describe Iran's involvement in international terrorism, including its relationship with terrorist organizations such as Hizballah, HAMAS and the Palestine Islamic Jihad (PIJ).

(a) At what level are terrorist operations reviewed and approved by the Iranian government?

(b) What is the Iranian motivation for supporting international terrorism, and what is your assessment of the prospects for influencing Iranian behavior as long as the current regime remains in power?

The Possible Use of BW/CW by Terrorists

(40) Are there any indications that terrorist organizations have or are seeking to obtain BW or CW agents? Does the Intelligence Community believe that there is a serious prospect in the future that terrorist organizations will use such weapons? If so, what steps are being taken to enhance our ability to monitor this threat?

Possibility of Continued Terrorism by the PLO

(41) Do we have any evidence suggesting that the PLO, despite its recent commitments, is involved in terrorist activities?

The Bush Assassination Attempt

(42) Does the Intelligence Community's analysis support the Kuwaiti government's claim that Saddam Hussein dispatched a team of assassins to kill President Bush during his visit to Kuwait in 1992? Do we have information suggesting that the Iraqi government continues to be involved in international terrorism?

Improvements in Counternarcotics Policy

(43) What can the Intelligence Community do to improve the degree of success of our nation's counternarcotics efforts?

Impact of NAFTA on Illegal Drug Movement

(44) Will the trade liberalization resulting from NAFTA be likely to have a significant impact on the impact on the amount of illegal drugs entering the U.S. from Mexico?

Drug Supply Reduction in the Near Term

(45) What is the likelihood that measures to constrict supply—eradicating crops, interdicting drug shipments, or striking at trafficker organizations abroad—will reduce significantly the supply of cocaine and heroin that reaches the U.S. over the next several years?

Trends in Demand for Illegal Narcotics

(46) Has the Intelligence Community detected any diminution in the world-wide demand for illegal drugs? What does this imply for the illegal drug trafficking organizations?

Major Trends in Drug Organizations

(47) How do you see the major illegal drug trafficking organizations employing their money and political influence in the future? What are their objectives and how do they affect major U.S. foreign policy objectives?

International Cooperation Between Drug Cartels

(48) There is a steady flow of reports of international deals and even alliances between major narcotics trafficking organizations—Operation Green Ice, for example, revealed ties between the Sicilian Mafia and the Colombian cartels. Where is this trend going and what effect is it likely to have on the U.S.?

Possible Communication of Pollard's Life Sentence

(49) In March of 1987, Jonathan Jay Pollard was sentenced to life imprisonment for passing classified information to the Israelis. There have been calls for President Clinton to commute Pollard's life sentence for espionage, and former Secretary of Defense Les Aspin has stated that Pollard has attempted to continue passing along classified information from prison. What is your assessment of the potential damage to U.S. national security if Pollard were released from prison?

Intelligence Support for ABM Treaty Change

(50) The Administration is currently negotiating with the Russians to liberalize provisions of the ABM Treaty limiting anti-ballistic missile (ABM) weapons to allow the testing of a new missile designed to intercept theater-range missiles. Was the Intelligence Community consulted by the Administration before it put this proposal on the negotiating table as to its ability to monitor this proposed change to the ABM Treaty? Are you confident that the Intelligence Community can adequately monitor such modifications to the ABM Treaty?

Economic Intelligence

(51) How great a threat to U.S. interests is foreign business competition? What specifically is the Intelligence Community doing to meet this issue?

Prospects for Peace in Angola

(52) During the time leading up to the September 1992 Angolan elections, it was popularly believed that the Angolan people were tired of the lengthy civil war. The talks between UNITA and the Angolan government have recently resumed, yet sporadic fighting between the two sides continues.

(a) What is the likelihood that a lasting peace can be negotiated between these people with such a bloody history?

(b) Where are the two sides obtaining the weapons and the logistical means to continue the war? Do both sides have sufficient stockpiles of weapons, food, and cash to continue fighting for several years?

Prospects for Russian Troops Remaining in the Baltics?

(53) What are the prospects that Russia will reverse its policy of withdrawing its troops from the Baltic nations? What are the prospects that ethnic tensions could explode into a full scale conflict?

Role of Islam

(54) Islam is resurgent in the republics of the former Soviet Union and elsewhere in Central Asia. What are the prospects that worsening economic and ethnic problems could make Islam a rallying point for political opposition over the next decade? What are the implications for American interests?

Iran's Nuclear Program

(55) On pages 17 and 18 of your prepared statement, you state that "* * * left to its own devices, Iran will take at least 8-10 years to build its own nuclear weapons, but that it will try to short cut this process by buying nuclear material and ballistic missiles." What success has Iran had in acquiring nuclear material and ballistic missiles from other nations? How has Iran's acquisition of Russian submarines affected Iran's force projection capabilities in the region?

Intelligence Community Support to BW/CW or Nuclear Incident

(56) What is the Intelligence Community's capability to support a government response to a chemical, biological, or nuclear weapon terrorist incident in the U.S.? Have any such incidents occurred in the last several years that have not been publicly disclosed? If so, describe the incidents.

Militarization of U.S. Non-Proliferation Policy?

(57) You make note of the growing threat to U.S. national security interests posed by the proliferation of weapons of mass destruction and their delivery systems. Some have argued that the U.S. should aggressively utilize our military forces to destroy shipments of such material in transit to their destination—in essence to militarize our nation's non-proliferation efforts. Would the Intelligence Community be able to provide adequate intelligence support to such an effort of U.S. policy makers should decide to pursue such an objective?

Prospects for a Peaceful Transition in South Africa

(58) This April, South Africa will hold elections which will most likely result in a new government headed by Nelson Mandela.

(a) What is the Intelligence Community's assessment of the likelihood that this historic transition in South Africa will be generally peaceful? Are the chances for violence greater from the far left or the far right?

(b) The South African Defense Forces are supposed to be largely integrated with former members of the African National Congress' MK troops to the elections. Is this a realistic time frame? Can these two vastly different forces—in terms of discipline and tactics—effectively function cohesively in the near term?

The situation in Kashmir

(59) As you know, given the traditional hostilities between India and Pakistan and the introduction of nuclear weapons in the region, President Clinton has identified the conflict over Kashmir as one which "can threaten to take on murderous proportions."

(a) What is the CIA's estimate of the potential for this conflict to escalate?

(b) Do you believe a resolution to the Kashmir conflict would make denuclearization of the region more easily attainable?

Economic espionage

(60) Is industrial espionage and bribery by foreign companies really a national security issue? Or is it a true U.S. national security concern only when foreign governments or intelligence services engage in such improper conduct?

(a) Isn't there a real risk of adverse foreign reactions when sensitive U.S. intelligence methods are used to spy on foreign companies for purposes other than the traditional ones of preventing narcotics trafficking or arms proliferation?

(b) Won't other countries view the CIA's actions as motivated by a desire for greater U.S. profits, and therefore be tempted to take the French route of using their intelligence services to spy on our firms?

Human rights

(61) Human rights concerns are an increasingly important element in U.S. foreign policy. Do you view other countries' human rights abuses as a national security threat that warrants the attention of U.S. intelligence? Or do you see that as a tangential issue that is only important to interest groups like Amnesty International and Americas Watch?

(a) What role should a country's human rights record play in U.S. decision on how to work with that country's intelligence service?

(b) Do you prohibit U.S. agencies from assisting foreign intelligence units that engage in human rights abuses? Or do you work with them anyway, 'when you have to, and just try to persuade them not to be so heavy-handed?

(c) Americas Watch has written to members of this Committee citing accusations that CIA-trained units in Haiti, Honduras and Peru became human rights abusers. Are there, in fact, some skeletons in CIA's closet from the 1981-1989 period in this regard?

Inevitability of proliferation

(62) General Clapper made the statement that "there is little doubt that those who want to acquire technology for nuclear, biological, or chemical weapons will eventually be able to do so." Yet several countries have ended their nuclear weapons programs because they found that the threats to their security did not warrant the expense and risks involved in such programs. Do you see the proliferation of weapons of mass destruction as inevitable—and non-proliferation policy therefore merely a matter of holding back the tide? Or do you believe proliferation can be stopped or reversed in places—making non-proliferation policy a more worthy tasker and consumer of intelligence resources?

Intelligence support for major regional contingencies

(63) The Pentagon's "Bottom-Up Review" has established that the U.S. military must be able to fight two major regional contingencies at the same time. With the current and projected downsizing in the military (as well as in intelligence), does the Intelligence Community currently have adequate resources to support two major regional wars?

Prospects for war between India and Pakistan

(64) What is the Intelligence Community's assessment of the likelihood that India and Pakistan will go to war in this decade? What is the likelihood that such a conflict would involve nuclear weapons?

Status of China's nuclear testing program

(65) On October 5 of last year, China broke the de facto international moratorium on nuclear testing and conducted a nuclear test. What is the likelihood that China will conduct additional nuclear tests in 1994? What are the prospects that China would adhere to a Comprehensive Test Ban?

Possible transfer of M-11 missiles to Pakistan

(66) China's agreement to abide by the guidelines and parameters of the Missile Technology Control Regime (MTCR) went into effect in March 1992. Does the Intelligence Community have any reason to believe that China has transferred M-11 missiles, launchers, and related equipment to Pakistan since China made this commitment? Do you have intelligence—or do you assume—that senior officials in the Chinese government would appear the transfer of the M-11s to Pakistan? Has China's proliferation-related activity significantly diminished—or has China merely made its transfers more covert and relied increasingly on deception?

China's adherence to the NPT

(67) China formally acceded to the nuclear Non-Proliferation Treaty (NPT) on March 9, 1992. Since China's March 1992 accession to the NPT, has contact continued with specialists associated with Pakistan's nuclear weapons program—suggesting China continues its long and close relationship to that program? Doesn't this strong and continuing scientific exchange represent "indirect" assistance to Pakistan's nuclear weapons program which raises concerns about China violating the NPT?

Rejection of IAEA demands

(68) Recently North Korea rejected a number of IAEA demands regarding inspection procedures at its two key declared nuclear sites. To what specific procedures did North Korea object? Were these procedures permitted during the most recent IAEA inspections (August 1993) or during any previous inspections? How do you interpret this latest response, especially in view of previous Administration statements that North Korea had agreed to "undertake inspections necessary to maintain continuity of safeguards?"

Impact of sanctions on North Korea

(69) The Administration said on January 21 that it will "look to alternate means of resolving this dispute" if North Korea does not comply with IAEA demands. These presumably include economic sanctions—either limited or comprehensive—on

the North Korean economy and on North Korean government actions. What is the likelihood of a North Korean economic collapse (with or without sanctions)?

Need for regular inspections?

(70) Assuming eventual North Korean compliance with the IAEA demands, what assurance does a one-time inspection of the seven declared sites give that North Korea is not continuing to develop nuclear weapons? Absent regular inspections, including the so-called "special inspections," can there be a credible "continuity of safeguards"?

Need for high-level discussions with North Korea?

(71) In your view, under what circumstances should the U.S. resume high-level discussions with North Korea? How can we best persuade North Korea to comply with its full obligations under the safeguard agreement, including the so-called "special" inspections?

Foreign bribery

(72) In your prepared statement, you wrote: "Frequently we are able to help the U.S. government obtain quick redress when such foreign bribery occurs or is about to occur, to the benefit, measured in billions of dollars, of American companies. Most such companies never realize that they have received our assistance and even state publicly that they do not need it. This is fine with us. It is the nature of the intelligence business." During 1993, how many instances of this type of redress have occurred and what has been the benefit in 1993, measured in billions of dollars?

The environment as a national security concern

(73) Do you believe that pollution, global warming, tropical deforestation and related issues should be considered threats to U.S. national security? If so, what role should the intelligence play in collecting information about international environmental issues?

Conclusions of the environmental task force (ETF)

(74) The Intelligence Community recently completed an assessment of the potential value of using intelligence sensors to collect environmental data. Could you summarize for the Committee the conclusions of the Environmental Task Force (ETF)?

Intelligence community support for civilian research

(75) How can the Intelligence Community support the civilian environmental research community while protecting intelligence sources and methods?

Competing for satellite access

(76) In tasking satellites, how would requests for data from environmental scientists compete with traditional national security requirements? Is there sufficient vacant capacity available to support a substantial amount of environmental intelligence collections?

Morton Halperin

(77) Earlier this year, Morton Halperin requested that the Administration not nominate him for a senior position at DOD. Perhaps the most serious allegation made against Dr. Halperin was that there was intelligence reporting that he was involved with terrorists. Is there any evidence to support this allegation? Does the Intelligence Community have any information that would raise questions about whether Dr. Halperin should be granted a security clearance?

CENTRAL INTELLIGENCE AGENCY,
Washington, DC, April 8, 1994.

Mr. DON MITCHELL,
Select Committee on Intelligence,
U.S. Senate, Washington, DC.

DEAR MR. MITCHELL: Please find enclosed the responses to 77 questions posed to us following the 25 January hearing on current and projected threats to U.S. national security. At your request the ADDI has reviewed the responses to your questions for the record, particularly those originally classified Confidential, to determine which could be declassified. He has declassified a number of them but has concluded that a number of responses should remain classified—these focus on:

Prospects for leadership in country X; especially the current leader.
Prospects for ongoing peace negotiations such as in Bosnia.

Prospects for some political movements such as Islam.

His decision is based on the fact that the CIA should not be commenting on such sensitive issues in public. We have divided the responses into classified and unclassified packages as you requested. If there is anything else I can do please call.

Sincerely,

COLIN JELLISH,
Intelligence Community Issues Division.

Enclosure.

Question 2. Prospects for Regional Crisis.—Instability in Central Asia could be accelerated by growing Uzbek involvement in other nations, a sharper than anticipated deterioration of economic conditions, the growth of radical Islam, and the intervention of foreign groups. What are the prospects for a regionwide crisis during the next 4 years and what would be the implications for U.S. security interests?

Answer. Uzbekistan is in some ways the keystone of Central Asia: it borders all of the other states, which are home to substantial Uzbek minorities. If Tashkent fails to control unrest or, at the very least, confine it to Uzbekistan, the region could be engulfed in ethnic conflict and interstate wars, with the focal point being Uzbekistan's borders, almost all of which cut through ethnically mixed areas. Should the Uzbek violence be instigated or strongly influenced by Islamic forces probably would try to use these opportunities to expand their influence in Central Asia.

Events in Central Asia could have a number of ramifications for the West, both in terms of larger geostrategic interests and immediate calls for assistance:

Ethnic unrest in Kazakhstan would most likely be centered in the north, where nuclear warheads in the country are located. We do not judge, however, that security or control of the nuclear warheads would be seriously jeopardized by violence in the area.

The continuing violence in Tajikistan and the possibility of violence elsewhere will increase pressure for international support for peacekeeping operations, especially from the UN and CSCE.

Continued instability would make Central Asia an even more attractive transit point for drug and arms smugglers.

Question 4. Denuclearization.—Denuclearization in the former Soviet Union has involved US obligations regarding the provision of reactor fuel to the former Soviet republics. How safe and secure are these reactors? Are there any continuing concerns regarding the integrity of these power plants or the expertise of the personnel running them?

Answer. Despite the ongoing efforts of Eurasian nuclear officials to improve the safety of their 15 operating nuclear power plants, these plants continue to pose a much greater risk of releasing a substantial amount of radioactive materials from an accident than do Western reactors due to a number of deficiencies. About half of the Soviet-designed reactors currently operating in Eurasia have serious design deficiencies, including a lack of containment and inadequate core cooling systems, that would be too expensive to fix. Moreover, all of the 15 nuclear power plants currently operating in Eurasia face serious safety threats as a result of inadequate operator training, poor fire protection, and faulty equipment. These deficiencies are being exacerbated by Eurasia's deepening debt crisis, which has prevented plant officials from carrying out regular maintenance, installing new safety equipment, and even paying workers' wages.

Although these problems are hindering operations at all Eurasian nuclear power plants—which are located in Russia, Ukraine, Lithuania, Kazakhstan, and Armenia¹—the safety environment in these countries vary widely. Russia inherited the bulk of the former Soviet Union's nuclear power expertise and is probably the only state in the region that has sufficient indigenous technological and financial resources to safely run and regulate its nuclear power sector. Even in Russia, however, cash shortages on occasion have forced officials at several nuclear plants to delay fuel purchases and to reduce power production, while workers at other plants threatened to strike over wage arrears.

Ukraine probably faces the greatest nuclear safety problems of the Eurasian states. Like the other non-Russian Eurasian states, Ukraine lacks the technical and financial resources to safely operate its nuclear power plants and is heavily reliant on Russia.

¹ The nuclear power plant in Armenia has been shut down since 1989 and is not counted in the Eurasian totals; Armenian officials, however, are planning to restart the plant in the next 12–18 months due to the country's serious energy shortages. (U)

Similar problems plague Lithuania, Kazakhstan, and Armenia, which each have one nuclear power plant.

Lithuania, which relies on its Chernobyl'-style nuclear plant at Ignalina for about 80 percent of its electricity, has even less nuclear power expertise than Ukraine.

Kazakhstan also suffers from a lack of nuclear expertise and relies on ethnic Russians to run its Soviet-designed breeder reactor near the Caspian Sea. Unlike Ukraine or Lithuania, however, Kazakhstan is not heavily reliant on the plant, which is used primarily to desalinate the local city's water supply.

Armenia's plans to restart its sole nuclear power plant—which was shut down following the earthquake in 1988—raises serious safety concerns. Among these concerns are the plant's design deficiencies, the location of the plant in an earthquake prone region, the questionable condition of the plant after being idle for five years.

Question 7. China and Human Rights.—Are reformists as opposed to the application of human rights as hardliners? Or are their differences only about tactics—such as the timing and tactics for suppressing political challenge? Does our intelligence indicate that prison labor is still widespread in China?

Answer. The Chinese leadership appears unified in its position that Western pressure to alter its human rights practices constitutes interference in China's internal affairs. While there may be some differences in tactics between reformers and hardliners, all members of the leadership place a premium on stability and resist calls to open China's political system and observe Western-style civil liberties. Nevertheless, both groups recognize China's economic progress—and, indirectly, Communist rule—could be threatened by losing MFN, and have made some concessions, including releasing a few prisoners of concern to the United States and talking with the International Committee of the Red Cross about prison visitation.

Chinese law requires all prisoners to work if they are able, but questions about alleged exports and the status of investigations should be addressed to the U.S. Customs Service, which handles the investigations.

Question 8. Private Sector Support to China's Military.—There is public reporting that the People's Liberation Army (PLA) is running private enterprises in Canada and the United States. If true, this would suggest that American investors may be inadvertently supporting the military modernization of China. Is there any validity to these reports?

Answer. Several PLA and military-industrial organizations have established or are seeking to establish representative offices in North America, but we have no information on these firms' efforts to recruit foreign investors. Indeed, they appear to focus on acquiring technology, marketing military factories' civilian-oriented goods, and channeling money from such commercial activities for military modernization. On the basis of the scope of commercial activity—including agriculture, clothing production, and tourist services—conducted by Chinese military organizations, we believe it likely that some North American firms have invested in such operations, but we have no evidence that establishes the case. The profits generated by all military-affiliated commercial activities—which Hong Kong press reports indicate may have exceeded \$5 billion in 1992—indirectly support military modernization by funding other necessities such as troop welfare, allowing more of China's official defense budget to be spent on upgrading equipment.

Question 17. Prospects for Reform Under Kim Chong-il.—It is expected Kim Il-song's passing will accelerate change in North Korea.

(a) After his father is gone, what are the prospects that Kim Chong-il will meaningfully reorient the inner circle's priorities and bring about significant economic and political reform?

Answer. There is very little information about Kim Chong-il's attitudes toward reforms other than his public statements. While he appears willing to permit limited reforms—such as the restricted use of material incentives and the establishment of tightly controlled “special economic zones”—he is being careful to ensure such innovations do not undermine the North's socialist system. Kim's public writings, for example, highlight that he is adamantly opposed to broad-based economic reforms or other changes that could undermine regime stability. Indeed, Kim Chong-il is at the forefront of the movement to eradicate “bourgeois” and capitalist ideas and behavior in the North. There is no evidence Kim is considering experimenting with greater political freedoms or the political system.

Question. (b) What are the prospects that North Korea's military will overthrow Kim Chong-il once he succeeds his father?

Answer. A 20-year grooming process has given the younger Kim a strong power base in the Korean Workers' Party (KWP). Kim Chong-il manages most of the day-to-day affairs of the party and the government, running the gamut from personnel assignments to the economy and foreign affairs. Moreover, Kim is Supreme Commander of the Korean People's Army (KPA), where he has complete authority by

virtue of his position as chairman of the National Defense Commission—a post formerly held by his father. Information on attitudes within the North Korean military is too limited to enable us to gauge the depth of dissatisfaction with Kim Chong-il.

Question. (c) If the military were to seize control, how different would this successor military regime be from the rule of the two Kims? What is the likelihood of greater democracy and market reforms? How would South Korea be likely to react?

Answer. A military successor regime would almost certainly be totalitarian and dictatorial. Its primary goals would be to ensure order, maintain a strong defense against South Korea and, over the longer term, reinvigorate the economy. Greater democracy for North Korea under such a regime would not be in the cards. Any military government would almost certainly continue the current regime's draconian social controls—albeit without the personality cult the two Kims have created. Although there is no information about how military leaders view economic reform, the North's deteriorating economy increases the likelihood of significant modification of Kim Il-song's *chuche*—self-reliance—doctrine, and the new leadership might seize the break with the past to begin meaningful economic reform. South Korea initially would be extremely concerned that military leaders in the North might launch an invasion of the South. If, however, the new leadership in P'yongyang over time proved to be more predictable than Kim Chong-il, Seoul would probably consider the change in government to be an improvement.

Question 21. The Permanence of Democratic Reform in Latin America.—During the last decade, we have witnessed a resurgence of democratic government to Latin America. Democratic cycles in this region, however, have generally proven temporary in the past. Does the Intelligence Community believe that the forces of democracy will continue to consolidate their hold in the 1990s? What will be the determinants of their success? What are the prospects for democratic reform in Peru and Venezuela?

Answer. Overall, prospects for consolidating democracy appear good in most of the region, although in a few cases the outlook is more problematic.

Progress is most striking in countries with long—albeit sometimes interrupted—traditions of civilian rule such as Chile, Uruguay, and Costa Rica.

Colombia, Bolivia, and Argentina are renovating democratic institutions and opening politics to heretofore neglected groups.

Even in previously war-torn Central America, El Salvador is making substantial progress integrating former insurgents into the political system.

Several factors point to continued forward movement in strengthening democracy:

Local polls show that a strong majority of Latin Americans favor representative government and free, competitive elections.

Increasingly assertive nongovernmental organizations, such as think tanks in Argentina and Chile, human rights and civic groups in Peru, and energetic media in Brazil, are more effectively expressing popular demands for better government.

There is a growing recognition that corruption is the single greatest impediment to effective government, and—as the impeachments of presidents in Venezuela and Brazil attest—Latin Americans seem determined to hold politicians accountable for mismanagement and venality.

Determinants of success

The continued viability of democracy will be determined in part by whether civilian leaders can solidify public confidence by fostering sustainable economic growth, while simultaneously demonstrating increased governmental responsiveness in narrowing the gap between rich and poor. Strengthening the institutional underpinnings of democracy will also be critical. Finally, a fundamental ingredient in nurturing democracy will be a skillful handling of civil-military relations. (U)

Democratic reform in Peru

Peruvian democracy is likely to continue slowly regaining the strength it lost in April 1992, when President Fujimori closed the Congress and suspended the constitution.

Since then, Fujimori has presided over a redemocratization process that has included elections for a unicameral Congress and ratification of a new constitution in a national referendum.

In any case, Lima has gone far to redress the problems that helped to undermine Peruvian democracy during the 1980s, allowing Fujimori or a successor to focus more on long-term democratization issues. (U)

Several problems, however, will continue to limit the development of Peruvian democracy.

Fujimori's approach to governing for political support, will continue to divide Peru's political elites and at times disrupt the government balance of powers. (U)

Democratic reform in Venezuela

Venezuela's political system has become more democratic over the last five years in ways that are not easily reversed.

State governors are now elected directly rather than appointed by the President. Half of Congress was chosen by name, rather than anonymously by party slate, for the first time in 1993 balloting.

New political movements have broken the two party dominance that characterized Venezuelan politics since 1958.

Free and fair elections were held last December, despite two coup attempts the previous year and serious military concern over the leading candidate's leftist backing. (U)

Despite progress, however, much remains to be done. President Rafeal Caldera will have to renew and strengthen institutions that are viewed as corrupt and ineffective.

Question 22. Prospects for Additional Free Trade Agreements in Latin America—Following, the passage of NAFTA, what are Latin American countries' expectations as to the pace of additional free trade agreements with other countries in this region?

Answer. Latin American countries generally have applauded NAFTA's passage, believing it underscores the increasing commitment of the United States to the region. Chile and Colombia have been the clearest about wanting either to join NAFTA or to negotiate a bilateral free trade agreement with the United States.

President Gaviria of Colombia has said that he would like a commitment from the U.S. either to begin bilateral free trade negotiations or to give his country high priority for accession to NAFTA before he leaves office in August 1994.

Statements from Argentina and Venezuela indicate a preference for keeping their options open on free trade with the United States.

Argentina has asked to be considered for an FTA with the U.S., but is also pursuing relations with its regional trading bloc partners—Brazil, Paraguay, and Uruguay—in MERCOSUR.

Brasilia has proposed creating a South America Free Trade Area (SAFTA) over the next decade that would link MERCOSUR, the Andean Pact, Chile, and other countries.

Question 24. Prospects for Famine in Haiti—How real is the threat of famine in Haiti? What is the potential for the resumption of mass migration of Haitians to the U.S.?

Answer. More widespread food shortages could develop over the next several months if humanitarian aid fails to reach most of its targeted beneficiaries, drought or other climactic disasters dramatically reduce crop yields, or black-market fuel used for food distribution and public transportation dries up. The rate of emigration has increased somewhat in recent months and may rise further. From October to January, the average number of Haitians picked up by the U.S. Coast Guard or detained after making landfall in Florida was around 245 per month. In February, the Coast Guard interdicted 345, and another 64 were caught after they reached Florida.

Question 28. Cuba's Trading Partners.—Who are Cuba's largest trading partners? Is Russia conducting subsidized trade with Cuba?

Answer. We cannot determine whether the terms of the most recent Russian-Cuban trade agreement include subsidies, or if so, what those subsidies might be. We lack details of the bilateral trade arrangements, such as shipping and insurance costs. Moreover, the two sides will adjust 1994 delivery amounts in response to changes in world commodity prices in a bid to equalize the value of bilateral trade flows.

Cuba would be hurt, but not mortally wounded, if Russia severed trade relations. In 1993, Russia imported 1.9 million tons of Cuban sugar, valued at some \$420 million—just over half of Havana's total exports. If Moscow halted purchases of Cuban sugar under official trade protocols, Cuba would be able to find other buyers, albeit at the minor cost of additional commissions to sugar brokers who would be used to find new customers.

Moscow and Havana have not yet resumed work at projects in Cuba that would involve use of some \$380 million in Russian financing. This includes \$30 million for works related to mothballing of the nuclear power plant under construction at Juragua.

Question 29. Status of the Democratic Transition in El Salvador.—Please give us your assessment of the current situation in El Salvador and the prospects for a successful democratic transition.

Answer. El Salvador has made important, if sometimes halting, progress in consolidating peace and building democratic institutions since the civil war officially ended one year ago.

To comply with peace accord mandates, the government has purged the officer corps of alleged human rights violators and created a new national civilian police force and a civilian intelligence service. Although the new security institutions have had some logistical and budgetary problems, their deployments are continuing.

El Salvador is gearing up for general elections on 20 March, the first contest in which politicians from across the political spectrum are participating. Candidates from the ruling ARENA party, the Christian Democratic Party, and a coalition including the FMLN are vying for the presidency, legislative assembly seats, and control over municipal governments. Some 3,000 UN and other foreign observers will try to ensure a fair and violence-free election day. UN officials are optimistic that, despite problems in validating documentation of several hundred thousand new voters, 90 percent of eligible citizens will be registered to vote.

All sides appear committed to the political process, but some difficult challenges for the new administration in El Salvador remain.

The government has lagged in transferring land to ex-combatants and in enacting judicial reform, issues that could spark protests in coming months.

For their part, some FMLN groups reportedly retain arms caches despite requirements to disarm under the peace accord.

Among the greatest challenges is building a competent civilian police force and coping with burgeoning crime. The murders of more than a dozen FMLN and ARENA members in recent months have stirred up fears of a resurgence of death-squad activity. A UN-Salvadoran team is investigating the violence and is scheduled to provide recommendations to the new administration in June.

Question 33. Impact of Sanctions against Serbia/Montenegro.—What impact have the U.N. sanctions had on Serbia and Montenegro? Is it likely that these sanctions will, in time, lead to a change in the aggressive policies of Serbia?

Answer. U.N. sanctions, in force since mid-1992, have severely damaged the Serbian economy.

Inflation in January was almost 65 percent daily, or about 313 million percent for the month.

Industrial production has fallen by nearly 56 percent since 1992, leaving up to 70 percent of the population unemployed.

To prevent the collapse of the monetary system Belgrade in late January introduced a new stabilization program, including a "super" dinar ostensibly backed by hard currency, tighter monetary and fiscal policy, increased taxation, and stricter supervision of the financial sector. The program has dramatically reduced inflation and, at least temporarily, stabilized the new currency.

Serbians have adjusted to the dire economic environment by obtaining foodstuffs from rural relatives, deferring payment of bills for essentials, increasing reliance on foreign remittances and dwindling hard currency reserves, and changing their diets.

While the new stabilization program has brought some supply and price rationality back to the market, it has not reduced the large gap between wages and high-priced goods brought about by the decline in industrial production.

Question 36. Threat of Accidental or Unauthorized Ballistic Missile Launch.—Some have advocated limited deployment of strategic defenses to protect against the possibility of an accidental or unauthorized launch by another nation.

(a) In your opinion, how great a threat is posed to US national security by an accidental or unauthorized ballistic missile launch and specifically by another nations?

Answer. We see no prospect of a purely accidental Russian missile launch.

The Russians maintain procedures for detecting and overriding an unauthorized launch command and for destroying the missile with machineguns if it is launched, indicating that they believe such an event is possible. All Russian ICBMs and SLBMs have use-control devices to protect against unauthorized launch, physical security systems, alarm systems to reveal unauthorized activities by lower echelons, requirements for two-man operations, and tight control over unlocking codes. Although none of these systems is fail-safe, cumulatively they would delay any unauthorized group from using nuclear weapons and give higher authorities time to override the launch command or intervene with security troops.

Intervention against a field-deployed mobile ICBM would be more problematic than against a silo-based missile because the launcher would be harder to locate.

The technical ability to launch these missiles—including those in Ukraine, Kazakhstan, and Belarus—resides principally, if not exclusively, with the Russian General Staff.

On balance, as long as Moscow maintains current security practices, the possibility of an unsanctioned launch is remote.

Should Russia disintegrate politically, the prospect of any weaknesses in its nuclear control resulting in an unauthorized launch would increase.

China's missile force relies on a combination of operational procedures, loyalty, physical security, and technical controls on launchers. The missiles probably are secure under current political conditions. Launch units maintain a low level of alert, and the release process for authorizing a missile launch is cumbersome.

Nonetheless, we do not know if personnel below the national command authority would be able to gain access to launch enabling codes and communications equipment.

Question. (b) How effective a means of addressing this concern would it be to share our permissive action link (PAL) technology and destroy-after-launch devices (that are used in the space program) with the nations that have these strategic missiles capable of reaching the U.S.?

Answer. Russia already has the technological know-how to develop and deploy permissive action links on warheads and destroy-after-launch devices on missiles. The Russian military probably judges that its use controls on missile launchers are sufficient and that destruct-after-launch devices could make missiles more vulnerable to enemy sabotage. It has deployed use-control devices on warheads associated with other delivery systems.

China has shown interest in acquiring US technology to improve the security of its weapons, but any cooperation would be limited by a desire to maintain the secrecy of Chinese nuclear weapon designs and the size of the missile force.

Question 37. Syria's Support for Terrorism.—What is the nature and extent of Syria's support for Hizballah and other terrorist organizations? Does the Intelligence Community believe that President Assad is knowledgeable and support of this activity?

Answer. We have no evidence that Syria has staged an international terrorist attack since 1986. Currently, however, Syria does provide support and safehaven for a number of groups that have engaged in international terrorism. The most prominent of these groups are Ahmed Jabril's Popular Front for the Liberation of Palestine-General Command (PFLP-GC), several factions of the Palestine Islamic Jihad (PIJ), and Lebanese Hizballah. In addition, these and other groups—including the Japanese Red Army, Dev Sol, and the Kurdistan Workers Party—maintain facilities in areas of Lebanon's Bekaa Valley that are in the Syrian military's area of operations.

Syrian President Asad supports Syria's contacts with and support for these militant and terrorist groups and uses these links as negotiating tools when dealing with the country's neighbors. Syria has at times modulated the activities of these groups as part of its negotiating strategy. Since mid-1993, for example, Damascus has pressed Hizballah not to attack Israeli targets outside Israel's security zone in southern Lebanon.

Question 38. Growing Vulnerability of the United States to International Terrorism.—The United States experienced an unprecedented level of international terrorist activity last year, including the attack at CIA Headquarters, the World Trade Center bombing, and a plot uncovered by the FBI to bomb the UN Headquarters building in New York.

(a) Do you believe that these incidents represent the beginning of a new trend with the U.S. becoming a target of international terrorists?

(b) Is there any evidence that foreign governments may have been involved in these attacks? What about Hizballah countries as Iran and Libya?

Answer. An overwhelming amount of intelligence and open-source reporting shows that the United States Government is resented—and not infrequently hated—by militant Muslim groups and individuals throughout the Islamic world. This distaste is generated by things as unquantifiable as a belief that US policies are “anti-Muslim and pro-Israeli” and a resentment of “Western values,” and as specific as the arrest, indictment, and “persecution” of Egyptian Shaykh Umar Abd al-Rahman for conspiracy to commit terrorist acts in the United States. Given what the available evidence shows to be a growing level of anti-U.S. animosity among Muslims—both in the United States and beyond—the likelihood of anti-US terrorism probably is growing.

We have no evidence that definitively links any state sponsor, or any previously known international terrorist group, to any of the three terrorism-related events in the United States that are cited in this question.

Question 39. Iran's Role as a Sponsor of Terrorism.—In testimony before other committees you have publicly identified Iran as the leading state sponsor of international terrorism. Please describe Iran's involvement in international terrorism, including its relationship with terrorist organizations such as Hizballah, HAMAS and the Palestine Islamic Jihad (PIJ).

(a) At what level are terrorist operations reviewed and approved by the Iranian government?

(b) What is the Iranian motivation for supporting international terrorism, and what is your assessment of the prospects for influencing Iranian behavior as long as the current regime remains in power?

Answer. Iran's intelligence service executes terrorist attacks, or oversees attacks by its surrogates, directed primarily against Iranian emigres who are opposed to the clerical regime in Tehran. In 1993, for example, Tehran was responsible for the murder in Europe of members of the Mujahdin-e Khalq (MEK) and the Kurdish Democratic Party of Iran (KDPI), as well as supporters of the former Shah. In the 1990s, Iran and its surrogates also have struck targets that included Israeli, US, Saudi, and Pakistani citizens, and Iranian agents have surveilled US diplomatic missions and personnel.

There has been no lessening of Tehran's commitment to terrorism since President Rafsanjani won power in the summer of 1989. Under Rafsanjani, for example, the Iranians or their surrogates have assassinated several prominent oppositionists, including Mohammed Hossein Naghdi (MEK) in Rome, Italy, in March 1993; Mohammed Hossein Arbab (MEK) in Karachi, Pakistan, in June 1993; the KDPI leader and three of his lieutenants in Berlin, Germany, in September 1992; Captain Abbas Gholizade, a supporter of the former Shah, in Istanbul, Turkey, in December 1992; and former Iranian Prime Minister Shahpour Bakhtiar in Paris, France, in August 1991. Currently, Iranian agents are imprisoned in France, Germany, and Switzerland for murdering opponents of the clerical regime who were living in Europe. Also under Rafsanjani, the lethal pursuit of British author Salman Rushdie—by the Iranian services, their surrogates, and individual Muslims inspired by Iranian rhetoric—has continued apace.

There is no evidence that the Senior Iranian leaders—Rafsanjani and Supreme Leader Khamenei—intend to halt the assassination operations used by their intelligence service to defend the clerical regime against its overseas opponents. In addition, there is no evidence that suggests that these leaders are unaware of the lethal operations; we have acquired no evidence that an Iranian intelligence or military service has ever carried out an unauthorized or "rogue" lethal operation.

Iran also continues its longstanding practice of supporting and arming radical Islamic groups around the world. At this point, Lebanese Hizballah remains Tehran's main and most lethal surrogate and receives Iranian funding, propaganda support, and military training and equipment. Since the current Arab-Israeli peace talks began in late 1991, moreover, Tehran aggressively has been courting both secular and Islamic Palestinian groups—the so-called "rejectionists"—and has built ties to the Popular Front for the Liberation of Palestine-General Command, several factions of the Palestine Islamic Jihad, and HAMAS. Since the Israel-PLO accord, Iran has been pressing the rejectionists to unify in order to better oppose the accord. Further afield, Iran supports several North African Islamic extremist groups and is backing several radical organizations in Turkey, including the Kurdistan Workers Party and the pro-Iranian Turkish Islamic Jihad (TIJ). In October 1991, the TIJ claimed responsibility for murdering US Air Force Sergeant Victor Marvick.

Question 40. The Possible Use of BW/CW by Terrorists.—Are there any indications that terrorist organizations have or are seeking to obtain BW or CW agents? Does the Intelligence Community believe that there is a serious prospect in the future that terrorist organizations will use such weapons? If so, what steps are being taken to enhance our ability to monitor this threat?

Answer. Most state sponsors of terrorism—Iran, Libya, Iraq, and Syria—have active chemical and biological warfare programs. To the best of our knowledge, however, none of the state sponsors have shared this expertise with their terrorist surrogates.

Nonetheless, CTC believes that, if a terrorist group decided to acquire a biological or chemical capability, it could easily obtain from open sources the knowledge needed to produce toxic materials. From these sources, information is readily available on the amount of an agent necessary to attack different targets, the antibiotics and vaccinations needed to counter certain agents, and the companies from which materials for producing CB agents can be procured.

The terrorists' own reluctance probably is the primary reason that there has not been a terrorist CB/BW attack to date. From the terrorists' perspective, it makes little sense to take the risks associated with chemical and biological agents as long

as they are satisfied that the use of conventional weapons is generating sufficient lethality and publicity and promoting their political agendas.

We must note, however, that our reporting on the intent of terrorists to acquire a CB/BW capability is fragmentary at best. There is a strong possibility that we would not have adequate warning to prevent a terrorist CB/BW attack.

The Inter-Agency Intelligence Committee on Terrorism (IICT)—comprising 31 agencies—has a subcommittee on CB/BW issues that meets quarterly to review intelligence reporting and analyze emerging technologies that relate to the terrorist CB/BW threat. The IICT's subcommittee also provides collection requirements and coordinates assessments on the threat of CB/BW terrorism.

Question 41. Possibility of Continued Terrorism by the PLO.—Do we have any evidence suggesting that the PLO, despite its recent commitments, is involved in terrorists activities?

Answer. Several member organizations of the PLO oppose the Gaza-Jericho accord and are attempting to use terrorist operations to undermine the agreement. For example, two headline PLO members, George Habash's Popular Front for the Liberation of Palestine (PFLP) and Nayif Hawatma's Democratic Front for the Liberation of Palestine (DFLP), have pledged to oppose the accord through all possible means. The PFLP and the DFLP belong to an association of ten PLO and non-PLO groups—the so-called "rejectionists" or "Group of Ten"—which opposes the accord. Since September 1993, the Israelis have blamed the PFLP for several attacks in the occupied territories (OT), and the DFLP has claimed responsibility for a number of fatal attacks on Israelis there.

Some elements in Yasser Arafat's own Fatah organization continue to attack Israeli targets despite Arafat's orders to cease such operations. The Fatah Hawks, an intifada gang associated with Arafat's organization, abided by the Fatah-declared cease-fire that followed the signing of the Israel-PLO accord on 13 September 1993. In late 1993, however, a leader of the Fatah Hawks told the press that his groups would resume attacks because of Israel's ongoing security crackdowns on the group in the OT. Since then, the Hawks have been implicated in numerous attacks on members of Israel's security forces and Palestinians it deems to be collaborators. On 29 October 1993, for example, five Hawk militants were arrested for killing an Israeli settler in the West Bank.

To date, we have no evidence that Arafat is behind the Hawks' attack or that he condones them; indeed, Arafat and other senior Fatah officials publicly have condemned the attacks. Arafat and his senior lieutenants have little or no control over the Hawks, the PFLP, or the DFLP.

Question 42. The Bush Assassination Attempt.—Does the Intelligence Community's analysis support the Kuwaiti government's claim that Saddam Hussein dispatched a team of assassins to kill President Bush during his visit to Kuwait in 1992? Do we have information suggesting that the Iraqi government continues to be involved in international terrorism?

Answer. The CIA believes that all available intelligence and FBI reporting unequivocally support the Kuwait Government's claim that Saddam Hussein sent a team of operatives to murder former President Bush with a car bomb during his visit to Kuwait between 14 and 16 April 1992. Moreover, in the CIA's estimate, the same reporting and our longterm examination of Iraq's terrorist *modus operandi* indicate that the responsibility for the lethal plot rests at the highest levels of the Iraqi Government; that is, with Saddam Hussein himself.

Multilateral counterterrorist cooperation during the Gulf war substantially degraded Iraq's terrorist capabilities outside the Middle East/Persian Gulf region by reducing the size of Baghdad's intelligence presence overseas. Those remain impaired but are improving, and the services remain able to attack inside Iraq and—as shown by the plot against former President Bush—within the territory of most of its contiguous neighbors. In addition, Baghdad is refurbishing its principal terrorist proxy, the Arab Liberation Front (ALF). The ALF primarily is a Palestinian organization, but its leadership and rank and file includes a large number of Iraqi nationals. Iraq also continues to maintain client relationships with the Abu Nidal Organization (ANO) and Abbu Abbas's faction of the Palestine Liberation Front (PLF).

Question 44. Impact of NAFTA on Illegal Drug Movement.—Will trade liberalization resulting from NAFTA have a significant impact on the amount of illegal drugs entering the United States from Mexico?

Answer. Lowered trade barriers between Mexico, the United States, and Canada—although expected to boost the already high level of cross-border movement—are unlikely to alter greatly the way drug traffickers do business in the three countries. Traffickers will continue to utilize the long common borders the United States shares with Mexico and Canada to ship cocaine, heroin, and marijuana in bulk on

large trucks and in small quantities by passenger car and individual courier. Still a growing volume of commercial road traffic among the three nations could strain U.S. border security capabilities and lower the risks for smuggler of all types of contraband.

There is little to suggest, however, that the volume of drugs flowing from Mexico into the United States and Canada will increase significantly as a result of NAFTA. This is particularly true of Colombian cocaine transshipped through Mexico, whose consumer market in North America appears to have leveled off. Mexican cultivation of marijuana, meanwhile, has fallen dramatically in the past few years, owing largely to the aggressive police and military eradication programs and a variety of environmental factors. In addition, improved antinarcotics cooperation between Mexico and the United States should help tighten law enforcement against international drug traffickers.

Question 45. Drug Supply Reduction in the Near Term.—What is the likelihood that measures to constrict supply—eradicating crops, interdicting drug shipments, or striking at trafficker organizations abroad—will reduce significantly the supply of cocaine and heroin that reaches the United States over the next several years?

Answer. Significant reductions in current levels of supply require a multinational effort sustained over many years to insure that declines in the drug trade in some countries are not undermined by growth elsewhere. While eradication, interdiction, and enforcement activity against trafficker organizations have all had some degree of success, most narcotics production occurs in areas outside of effective government control and corruption is an impediment to a sustained attack against traffickers in a number of nations.

Nonetheless, if the United States substantially reduced or discontinued its anti-drug efforts abroad, cocaine and heroin supplies here and in other countries would rise, perhaps dramatically, in the short run. This expansion would be reflected in a decline in wholesale prices. Longer term effects would depend on how suppliers and consumers responded to lower prices.

Question 46. Trends in Demand for Illegal Narcotics.—Has the Intelligence Community detected any diminution in the world-wide demand for illegal drugs? What does this imply for the illegal drug trafficking organizations?

Answer. The global demand for cocaine and heroin continues to rise and markets for illicit drugs are growing in size and number. In Western Europe, cocaine use is still increasing, while heroin consumption seems to be leveling off after use of both drugs grew rapidly during the 1980s. In Asia, heroin and opium consumption in China, southeast Asia, and Southwest Asia are rising because of the growing amount of drugs moving through the region. Narcotics use in the former Soviet Union and Eastern Europe is also expanding because of growing amounts of drugs moving through these regions and the increasing involvement of local criminal organizations in the trade.

Because narcotics trafficking is extremely lucrative, growth in the worldwide market for illicit drugs is fueling both the geographic expansion of organized criminal activity and increasing ties among international criminal organizations. These developments are, in turn, facilitating the entry of new suppliers into markets traditionally dominated by other distributors—for example, the entrance of Latin American cocaine trafficking organizations into the heroin market—and raising the prospects for violence as competing groups vie for newly developing markets.

Question 47. Major Trends in Drug Organizations.—How do you see the major illegal drug trafficking organizations employing their money and political influence in the future? What are their objectives and how do they affect major U.S. foreign policy objectives?

Answer. Drug traffickers will continue to rely primarily on corruption and political influence to protect themselves from arrest and incarceration and to safeguard their operations. They will seek to coopt security force officials to prevent or gain forewarning of antidrug operations, bribe lawmakers to influence antidrug legislation, and corrupt judicial officials to blunt the impact of law enforcement efforts. Traffickers will also utilize their covert contacts in the media to press public relations campaigns designed to legitimize their status, discredit officials committed to the antidrug effort and their policies, and create suspicions about U.S. counternarcotics motives.

These tactics not only complicate U.S. efforts to constrict the flow of drugs, but also inhibit the development of democratic institutions, a key U.S. foreign policy objective. Narcotics corruption, such as payoffs to judges and financing of election campaigns, subverts the democratic process and reinforces public concerns about the fairness and honesty of government. Drug traffickers pose a threat to public security; their use of violence and intimidation can create a climate of instability, undercutting public confidence in elected civilian administrations. Finally, traffickers in

a number of countries collude with insurgents, providing the guerrillas an important source of income that can be used to support anti-U.S. terrorist activity.

Question 48. International Cooperation Between Drug Cartels.—There is a steady flow of reports of international deals and even alliances between major narcotics trafficking organizations—Operation Green Ice, for example, revealed ties between the Sicilian Mafia and the Colombian cartels. Where is this trend going and what effect is it likely to have on the U.S.?

Answer. The already sizeable involvement of “traditional” organized crime in the illicit drug business is growing. Colombian trafficking groups are providing Italian organized crime groups with cocaine for the expanding European markets and in return are receiving heroin which is then smuggled to the United States. Colombian, Italian, Israeli, and other organized criminal groups are establishing footholds in the former Soviet Union in cooperation with local gangs. Although these relationships currently appear to be limited to transportation and route security, it is likely that enterprising crime groups in the former Soviet Union will find ways to insert themselves into more profitable narco-trafficking activities such as production and wholesale distribution.

These flourishing relationships are likely to have a more significant impact on U.S. foreign relations than on drug availability in the United States. The multi-billion dollar profits earned from the drug trade enhance the resources available to organized crime groups to buy elections, politicians, and government officials—subverting democratic processes and undermining fragile governments. One early casualty of this trend could be U.S. efforts to encourage the introduction and implementation of badly-needed economic reform in the former communist bloc—Western crime syndicates, taking advantage of local privatization efforts are already purchasing land and businesses as investments or to launder proceeds from drug sales and to facilitate the transit of heroin and cocaine. While the growing involvement of sophisticated criminal organizations in drug trafficking will complicate U.S. counternarcotics operations, the effect on the aggregate supply of cocaine and heroin that reaches the U.S. market will probably be negligible.

Question 49. Possible Commutation of Pollard's Life Sentence.—In March of 1987, Jonathan Jay Pollard was sentenced to life imprisonment for passing classified information to the Israelis. There have been calls for President Clinton to commute Pollard's life sentence for espionage, and the former Secretary of Defense, Les Aspin, has stated that Pollard has attempted to continue passing along classified information from prison. What is your assessment of the potential damage to U.S. national security if Pollard were released from Prison?

Answer. The Intelligence Community believes that Pollard is a continuing security risk. As you have stated in the question, despite his acknowledged responsibility to refrain from revealing classified information, Pollard has many times attempted to reveal classified information up to the Top Secret Codeword level.

While Pollard has stated many times in public that he regrets his conduct and the harm that his conduct may have caused, during interviews with law enforcement agents Pollard stated that he did not feel that his conduct was illegal or immoral. Further, early in the post-plea bargain debriefings, Pollard said he would do it all over again if given the chance.

Pollard is not a violent criminal. However, he retains the ability to harm our national security because of his intelligence, his power of recollection, his history of significant emotional instability, his history of drug abuse, and his overriding loyalty to another country.

Pollard has demonstrated the inability or unwillingness to comply with terms of his Plea Agreement. He has demonstrated that he is not a man of his word when it comes to protection against further disclosure of U.S. secrets. This, in combination with the breadth of his knowledge, the depth of his memory, and the complete lack of honor that he has demonstrated he continues to be a threat to national security.

Question 51. Economic Intelligence.—How great a threat to U.S. interests is foreign business competition? What specifically is the Intelligence Community doing to meet this issue?

Answer. The threat to U.S. interests does not come from foreign business competition per se, but from foreign governments violating the rules of the game in international trade or foreign firms participating in bribery or other questionable business practices.

The role of the Intelligence Community is to inform U.S. policymakers about what is really happening and to help illuminate the playing field. To do this, the Intelligence Community is aggressively tracking, analyzing and reporting on questionable business practices by foreign governments or, where appropriate, by foreign firms so that informed policymakers can decide what effective action to take. In cal-

endar year 1993, policymakers were alerted to 51 such cases involving competition for contracts totaling roughly \$28 billion.

Issues receiving the Intelligence Community's attention include such activities as foreign government lobbying for their firms, bribes paid to influence foreign decisionmakers, linking financial aid to contract awards, and the use of insider information and disinformation against U.S. firms. All of these activities are efforts to disadvantage U.S. businesses—and their workers—from competing for business overseas.

In addition, the Intelligence Community tracks other illicit dealings, including questionable financial activities and gray arms market developments.

While this is what we do, it is important to note what the U.S. Intelligence Community is not doing. The Intelligence Community is not in the business that a number of our allies' intelligence services are in: spying on foreign corporations to pass on information to domestic businesses.

We do, however, pay careful attention to foreign intelligence services who are spying on American companies and those foreign firms that are bribing foreign officials to gain contracts they cannot otherwise win on the merits, to the disadvantage of our firms and workers.

Question 58B. Prospects for a Peaceful Transition in South Africa.

(b) The South African Defense Forces are supposed to be largely integrated with former members of the African National Congress' MK troops prior to the elections. Is this a realistic time frame? Can these two vastly different forces—in terms of discipline and tactics—effectively function cohesively in the near term?

Answer. South Africa's regular military, the South African Defense Force (SADF), is not scheduled to integrate former members of the ANC's military wing (MK) before the election. After the election a new National Defense Force—comprised of the military elements of groups that compete in the contest—will be created. So far only one-half of the proposed 10,000-man nonpartisan National Peacekeeping Force (NPKF), which is composed mainly of SADF and MK troops and which is separate from the regular military, is being trained to safeguard the election. Election authorities may be forced in the end to rely primarily on the South African Police and the SADF, which are distrusted in the black community.

NPKF commander General Ramushwana has publicly voiced doubt that the Force will be ready for the election. ANC officials, nonetheless, believe the NPKF will carry symbolic importance for township blacks.

The size of the NPKF is too small considering the number of polling stations—some 9,000—the vast territory involved—South Africa is about the combined size of Texas, California, and Oklahoma—and the serious violence expected before and during the three-day election.

Question 59. The Situation in Kashmir.—As you know, given the traditional hostilities between India and Pakistan and the introduction of nuclear weapons in the region, President Clinton has identified the conflict over Kashmir as one which “can threaten to take on murderous proportions.”

What is the CIA's estimate of the potential for this conflict to escalate?

Answer. Kashmir has served as the catalyst for two of the three wars between India and Pakistan, and remains a dangerous, unresolved issue. Possession of this Muslim-majority territory is fundamental to the self-image of each nation: Pakistan as a self-proclaimed homeland for South Asian Muslims and India as a united, secular democracy with a large Muslim minority. Currently, leaders in India and Pakistan want to avoid war, but a major armed clash over Kashmir could escalate quickly due to miscalculation. At present the chances of war are very low.

About 350,000 Indian security personnel are fighting an insurgency in Kashmir that appears to have no end. Firing incidents along the Line of Control between India and Pakistan are common, particularly in the spring when militants in Pakistan begin their seasonal infiltration into Kashmir. In our judgment, Indian security forces can prevent Kashmir's secession or its acquisition by Pakistan, but these forces will not be able to defeat the insurgency during the next few years. Kashmiri militants have the staying power to continue tying down substantial numbers of Indian security personnel. New Delhi will continue efforts begun last spring to establish a dialogue with Kashmiris with the goal of ultimately holding state elections. New Delhi hopes that divisions among the militants and war weariness among Kashmiris will work in its favor. These efforts to restart the political process probably will falter because Kashmiri moderates have been weakened by New Delhi's tough security policies and because Kashmiri hardliners refuse to compromise. The militants are divided over whether Kashmir should become independent or merge with Pakistan.

Question. Do you believe a resolution to the Kashmir conflict would make denuclearization of the region more easily attainable?

Answer. Resolution of the Kashmir dispute—the most profound Indo-Pakistani dispute—would improve chances for denuclearization the region but it would still be an uphill struggle. The longstanding visceral rivalry that exists between India and Pakistan will remain. Each country will continue to regard the other as a military—including nuclear—and subversive threat. Moreover, New Delhi would continue to argue that retaining its nuclear weapons option is essential to deter the nuclear threat from China. Islamabad would continue to cite its broader concerns about the nuclear and conventional threat from India as justification for continuing to pursue its nuclear weapons capability. Both countries view their nuclear weapons capabilities as conferring on them increased international status.

Question 60. Economic Espionage.—Is industrial espionage and bribery by foreign companies really a national security issue? Or is it a true U.S. national security concern only when foreign governments or intelligence services engage in such improper conduct?

(a) Isn't there a real risk of adverse foreign reactions when sensitive U.S. intelligence methods are used to spy on foreign companies for purposes other than the traditional ones of preventing narcotics trafficking or arms proliferation?

(b) Won't other countries view the CIA's actions as motivated by a desire for greater U.S. profits, and therefore be tempted to take the French route of using their intelligence services to spy on our firms?

Answer. The core of the Intelligence Community's work in this area has focused on alerting U.S. policymakers about government-to-government lobbying efforts to disadvantage U.S. firms seeking international trade. Toward this end, a review of intelligence reporting since 1986 has identified about 250 cases of aggressive lobbying by foreign governments on behalf of their domestic industries that are competing against U.S. firms for business overseas.

At times, knowledge is gleaned through this work—as well as through the tracking of narcotics and arms proliferation activities—that identifies a company's use of questionable business practices to put U.S. firms at a competitive disadvantage.

Indeed, during the last 17 months U.S. policymakers have been alerted some 72 times to specific cases where U.S. firms were being disadvantaged in their efforts to win business that totals about \$30 billion.

Although we work to identify those countries that use their intelligence services to conduct espionage against American companies, the U.S. intelligence community is not and will not get into the business of spying for U.S. firms.

Question 63. The Pentagon's "Bottom-Up Review" has established that the U.S. military must be able to fight two major regional contingencies at the same time. With the current and projected downsizing in the military (as well as in intelligence), does the Intelligence Community currently have adequate resources to support two major regional wars?

Answer. The intuitive answer to this question based on capabilities and resources required to support one major regional conflict during DESERT STORM and the subsequent reductions the military intelligence community has sustained since the Gulf War is, "no." For example, the military intelligence community possesses a single mobile imagery exploitation system to support hard copy imagery production and dissemination requirements in a single theater; broad area imagery coverage is extremely limited; airborne reconnaissance capabilities are insufficient; mapping, charting, and geodesy to support increasing operational requirements for accurate target geo-positioning for smart weapons are severely stressed supporting a single major regional conflict; and, personnel drawdowns have significantly decreased the experience levels, expertise, and capability of military intelligence to surge in support of one conflict.

While we believe the intuitive judgment to be correct, the Department is in the process of conducting an Intelligence Bottom-Up Review (IBUR). This comprehensive study will size the intelligence capabilities required to support two major regional conflicts. The IBUR is scheduled for completion by mid-year 1994.

Question 67. China's Adherence to the NPT.—Since China's March 1992 accession to the NPT, has contact continued with specialists associated with Pakistan's nuclear weapons program—suggesting China continues its long and close relationship to that program? Doesn't this strong and continuing scientific exchange represent "indirect" assistance to Pakistan's nuclear weapons program which raises concerns about China violating the NPT?

Answer. Beijing has consistently regarded a Pakistan able to act as a counterweight to India's growing military capability as vital to its security. Given China's longstanding nuclear links to Islamabad, it is unclear whether Beijing has broken off contact with the elements associated with Pakistan's weapons program since China acceded to the NPT. Moreover, we do not have any definite information on the content of discussions between Chinese and Pakistani scientists, nor do we have firm

evidence of material or equipment transfers that show China is assisting the Pakistani nuclear weapons program.

Question 71. High-level Discussions with North Korea.—In your view, under what circumstances should the U.S. resume high-level discussions with North Korea? How can we best persuade North Korea to comply with its full obligations under the safeguard agreement, including the so-called "special" inspections?

Answer. The U.S. is willing to resume its formal talks with the DPRK when it has allowed the IAEA to complete the inspection agreed upon on February 15 in Vienna, and:

When South-North dialogue on the nuclear issue has resumed.

Additionally, as North Korea understands, it wants the U.S.-DPRK dialogue to continue, it must remain in the NPT, refrain from any additional plutonium production, and not refuel its 5 NW reactor unless the IAEA is present.

We remain committed to achieving a nuclear free Korean Peninsula through dialogue and diplomacy but, as we have said many times both publicly and privately, if our diplomatic efforts fail, we will have no choice but to return the issue to the U.S. Security Council for further action, including sanctions.

Should we pursue further steps in the Security council, we will also need to leave upon a "safety value" for the DPRK if it should decide to take concrete steps to comply with the necessary steps.

Question 72. Foreign Bribery.—In your prepared statement, you wrote: "Frequently we are able to help the U.S. government obtain quick redress when much foreign bribery occurs or is about to occur, to the benefit, measured in billions of dollars, of American companies. Most such companies never realize that they have received our assistance and even state publicly that they do not need it. This is fine with us. It is the nature of the intelligence business." During 1993, how many instances of this type of redress have occurred and what has been the benefit in 1993, measured in billions of dollars?

Answer. As we have looked at government-to-government lobbying-cases where foreign leaders use pressure tactics to help their firms win international contracts—and questionable business practices, we have detected an array of tools that are used—often in combination—including: bribes, insider information, and disinformation to limit the ability of US firms to compete for international contracts.

Specifically, in 1993 we alerted the policymakers to 51 cases involving some \$28 billion in total sales where these tactics among others were being used to disadvantage US firms seeking business overseas.

In the cases where policymakers were able to take action, US firms obtained contracts worth some \$6.5 billion.

Question 73. The Environment as a National Security Concern.—Do you believe that pollution, global warming, tropical deforestation and related issues should be considered threats to US national security? If so, what role should the intelligence play in collecting information about international environmental issues?

Answer. In the introduction to Presidential Review Directive/NSC-12 on US policy toward global environmental affairs, Anthony Lake wrote, "The President has determined that international environmental issues are significant factors in United States national security and foreign policy, particularly following the 1992 United Nations' Conference on Environment and Development. More and More nations, international organizations, and regional bodies are becoming involved in a growing number of multilateral negotiations and conferences dealing with such diverse but interrelated matters as global climate change, protection of oceans and the atmosphere, preservation of biological diversity and forests, population growth, desertification, trade and the environment, development assistance and technology transfer, the implementation of Agenda 21 generally, and other international environmental concerns. These negotiations and conferences will affect a broad range of United States interests * * *."

Intelligence Community research and collection on environmental issues falls under three main themes.

Prospects for International Environmental Accords. The process leading to agreements is highly contentious, fraught with disagreements about the high costs of environmental protection and who should pay, uncertainties about environmental science, and varying levels of political concern among nations. We provide support to policymakers involved in international negotiations on the variety of environmental topics outlined by Dr. Lake.

Environmental Policies That Affect Trade and Economic Competitiveness. Changes in the environmental standards and practices of foreign countries have profound implications for a range of economic issues. We look at ways in which environmental policies may change production costs, alter economic development paths, affect the

balance of trade, and spur the development of new technologies that have long range implications for economic competitiveness.

Environmental Problems With International Implications. Intelligence has a role to play on this topic since open source information is often exaggerated or incomplete. For example, drawing on a thorough understanding of Soviet nuclear practices, our analysts assessed the scope of damage caused to the arctic environment.

Question 74. Environmental Task Force Conclusions.—The Intelligence Community recently completed an assessment of the potential value of using intelligence sensors to collect environmental data. Could you summarize for the Committee the conclusions of the Environmental Task Force (ETF)?

Answer. The ETF found that current classified systems and data archives provide unique data that can be very significant to our understanding of environmental issues. Much of these data complement, rather than duplicate, information available from current civil sources. I have appended a condensed, unclassified description of the FTE process and conclusions. The Committee also has access to full, classified ETF Final Report.

Question 75. Intelligence Community Support for Civilian Research.—How can the Intelligence Community support the environmental research community while protecting intelligence sources and methods?

Answer. I recognize the clear potential, as demonstrated by the efforts of the Environmental Task Force and the Government Applications Task Force, for intelligence community (IC) assets to contribute to environmental research. At the same time, I have a direct responsibility to protect intelligence sources and methods. The Classification Review Task Force (CRTF), a recent IC effort, assessed the benefits and risks of IC support to environmental research. I am currently reviewing recommendations of the CRTF. One aspect of this effort, concerning the release of older imagery archives at the unclassified level, is particularly relevant to environmental science. I expect to make a decision soon on this matter. Also, following the recommendations of the CRTF, I have decided to downgrade much of our satellite imagery to the SECRET level. I recognize that the major beneficiary of the change will be government personnel and associated contractors, rather than the general environmental (academic) community. Nonetheless, this action will expand the availability of these data to a substantially broader base of researchers while retaining security protection sufficient to ensure that sources and methods are still protected.

Question 76. Competing for Satellite Access.—In tasking satellites, how would requests for data from environmental scientists compete with traditional national security requirements? Is there sufficient vacant capacity available to support a substantial amount of environmental intelligence collection?

Answer. Currently, civil agency requests for collection of environmental data by national assets are generally serviced when they do not interfere with the collection of information for foreign intelligence purposes. Such requests are processed and reviewed by the Civil Applications Committee (CAC) and managed and tasked by the Central Imagery Office (CIO). In contrast to civil agency requests, a mechanism does not now exist to service non-government requests for environmental collection using national assets. Should a decision be made to entertain non-governmental requests, one possible mechanism might be for a government organization—perhaps the National Science Foundation—to accept and rank such requests, and then hand off the results of its deliberations to the CAC for further processing.

With respect to the degree to which vacant capacity exists, there is minimal excess collection, processing and dissemination capacity at best. A requirement to collect substantial amounts of environmental data, therefore, could severely tax our national imagery systems. However, based upon the results of the Environmental Task Force and the Classification Review Task Force, the potential does exist for IC assets to contribute meaningful data in support of environmental research. As noted in my response to question number 76, the downgrading of much of our current imagery to the SECRET level has the potential to be of particular benefit to the environmental missions of other government agencies. The extent of this potential benefit is being addressed by the SSCI-mandated Government Applications Task Force (GATF). The GATF will address—at least to a first-order—impacts on the operation of IC assets should they be used to meet civil environmental needs, as well as associated legal and security issues. As requested by this committee, I will submit the results of the GATF to the SSCI and HPSCI on or before Monday, 2 May 1994.

Question 77. Earlier this year, Morton Halperin requested that the Administration not renominate him for a senior position at DOD. Perhaps the most serious allegation made against Dr. Halperin was that there was intelligence reporting that he was involved with terrorists. Is there any evidence to support this allegation? Does the Intelligence Community have any information that would raise questions about whether Dr. Halperin should be granted a security clearance?

Answer. The Agency conducted an exhaustive search for cable described to us as establishing that Mr. Halperin met with members of a terrorist organization. We also interviewed current and former employees as part of our effort to ascertain whether or not such a document existed. Despite these intensive and conscientious efforts, we were unable to locate the alleged cable or otherwise find any indication that the meeting described to us ever took place. We did locate information indicating that a meeting occurred involving a completely different individual than Mr. Halperin.

With respect to your second question, the Agency on 24 February 1994 granted Mr. Halperin a Sensitive Compartmented Information (SCI) clearance based on a 1993 FBI background investigation.

U.S. SENATE,
SELECT COMMITTEE ON INTELLIGENCE,
Washington, DC, February 10, 1994.

Lt. Gen. JAMES R. CLAPPER, Jr., USAF,
Director, Defense Intelligence Agency,
The Pentagon, Washington, DC.

DEAR GENERAL CLAPPER: We would like to thank you for testifying at our January 25 hearing on the current and projected national security threats to the United States. Your willingness to address this important issue in open session was greatly appreciated and made an important contribution, not only to the work of our Committee, but to the American public's awareness of U.S. national security interests.

We are submitting the attached questions for the record. The unclassified responses to these questions will be an important part of our hearing transcript which we hope to release as expeditiously as possible. Accordingly, we would appreciate it if you would respond in writing to these questions no later than March 1, 1994.

If you have any questions, please do not hesitate to contact Don Mitchell of our Committee staff at 202/224-1700. Again, we thank you for your participation in the hearing and appreciate your cooperation in this matter.

Sincerely,

DENNIS DECONCINI, *Chairman.*
JOHN W. WARNER, *Vice Chairman.*

Enclosures.

QUESTIONS FOR THE RECORD

Ukraine's denuclearization

(1) Recently the U.S., Russia, and the Ukraine have signed an agreement under which Ukraine will receive broad economic and political benefits in exchange for the 1,800 nuclear warheads on its territory. What is the likelihood that Ukraine will adhere to this commitment? Is Russia likely to adhere to its commitments to the START agreements? Will the Intelligence Community be able to monitor compliance with these agreements with a high level of confidence?

Russian military R&D and force modernization trends

(2) What will be Russia's capability to produce weapons through the end of the decade? Will Russia's industrial base be sufficiently large to produce a wide range of strategic and general purpose systems? To what extent will the number of military-sponsored research projects and system development programs decline? Will the Russians be about to continue their practice of producing most systems that enter into development?

Transfer of technology from the former Soviet Union

(3) What general trends has DIA noticed of scientists, technology, and conventional and unconventional military sales to other nations? To date, has there been any intelligence that Soviet nuclear materials, or BW, CW, or ballistic missile related materials or technology, has found their way to the international black market? What are the implications of these trends for U.S. national security?

Ability to monitor retargeting of ballistic missiles

(4) During the recent summit in Moscow, the U.S. and the Russia have agreed to retarget their strategic missiles away from each other. What is the Intelligence Community's ability to monitor this agreement? How long would it take the Russians to retarget their missiles back to U.S. targets from a decision to do so?

Readiness of Russian forces

(5) what is your assessment of the current state of readiness of Russian military forces?

China's response to strategic defense deployment

(6) If the U.S. were to deploy a ballistic missile defense system, how likely is it that China would respond by developing countermeasures—such as maneuvering re-entry vehicles or advanced penetration aids, or enlarging their strategic missile force?

China-Israel relationship

(7) Israel and China have a long history of close defense industrial relations. Does this relationship include the sharing of technology related to weapons of mass destruction and missile technology? Does the China-Israel relationship raise concerns that U.S. state-of-the-art technology provided to Israel may be transferred to China through the Israelis?

China's force modernization

(8) Please characterize the nature and extend of China's force modernization. How much of a threat does this force modernization pose to both regional and global security?

Private sector support to China's military

(9) There is public reporting that the People's Liberation Army (PLA) is running private enterprises in Canada and the United States. If true, this would suggest that American investors may be inadvertently supporting the military modernization of China. Is there any validity to these reports?

Saddam's hold on power

(10) What are the prospects for the survival of Saddam's regime for another year? What would be the characteristics and policies of likely successor to Saddam? What are the prospects for political stability and Kurdish reintegration into Iraq after Saddam?

Compliance with sanctions against Iraq

(11) What role do sanctions, and the attendant economic hardship and diplomatic isolation, play in determining Saddam's survival? Are Jordan and Turkey complying with the economic sanctions against Iraq?

Qadhafi's hold on power in Libya

(12) Last Fall there were press reports that there had been a coup attempt against Libya's Muammar Qadhafi. Is there any truth to these reports? What is the likelihood that Qadhafi will be in power one year from now? What would be the likeliest characteristics and policies of Qadhafi's successors?

Pursuit of militant Islamic agenda in Sudan

(13) In the last several years, Sudan has become a radical Islamic state that strongly opposes U.S. policies throughout the Middle East and the Horn of Africa. What are the prospects that the Khartoum regime will actively sponsor or support terrorist attacks against U.S. interests? What are the prospects that current tensions between Sudan and Egypt could result in an armed conflict?

North Korea's nuclear weapons

(14) There has been considerable speculation in the press over the last several months as to the U.S. Intelligence Community's assessment of the number and yield of nuclear weapons that North Korea may possess.

(a) Could you clarify this important issue for us? Do all components of the Intelligence Community share this view?

(b) What is DIA's assessment of the likelihood that North Korea will continue to develop nuclear weapons clandestinely in spite of any agreement to open its declared nuclear sites for inspection?

(c) What is the most likely delivery vehicle for a North Korean nuclear weapon, and what is its range?

Implications of instability in North Korea

(15) North Korea's nuclear program, coupled with its declining economic situation, international isolationism in the wake of the end of the Cold War, and an uncertain leadership transfer when Kim Il-song steps down from power, raises serious concerns. What are the prospects for instability in North Korea during the next 12

months—and the possibility that this may result with conflict with South Korea and the use of nuclear weapons?

Intelligence community's ability to warn of attack

(16) What is the likelihood that military intelligence will be able to provide persuasive, timely warning of North Korea's military intentions to attack the South? If so, within weeks or days? What are the current indications and warning of likelihood that North Korea will go to war with South Korea.

Prospects for reform under Kim Chong-il

(17) It is expected that Kim Il-song's passing will accelerate change in North Korea.

(a) After his father is gone, what are the prospects that Kim Chong-il will meaningfully reorient the inner circle's priorities and bring about significant economic and political reform?

(b) What are the prospects that North Korea's military will overthrow Kim Chong-il once he succeeds his father?

(c) If the military were to seize control, how different would this successor military regime be from the rule of the two Kims? What is likelihood of greater democracy and market reforms? How would South Korea be likely to react?

Prospects for the success of a political solution

(18) Is there a realistic possibility that the various negotiating efforts currently under way will lead to a political solution to the fighting in Somalia prior to the March 31 U.S. troop withdrawal?

Failure to capture Aideed

(19) U.S. intelligence has been criticized for its failure to provide the information necessary for the capture of General Aideed. How do you respond to such criticisms?

Continuation of U.N. military mission after U.S. withdrawal

(20) After the U.S. troop withdrawal, how likely is it that the U.N. peacekeeping mission in Somalia will continue and be successful?

Prospects for famine in Haiti

(21) How real is the threat of famine in Haiti? What is the potential for the resumption of mass migration of Haitians to the U.S.?

Castro's hold on power

(22) What is the likelihood that Fidel Castro will still be in power one year from now?

(a) What is the likeliest scenario for Castro to leave his leadership position in Cuba—peaceful democratic transition, military coup, popular uprising, voluntarily?

(b) If Castro's hold on power should diminish significantly, what are the prospects that he would lash out against the U.S. through conventional military means or terrorism (e.g., random bombings, the use of biological agents, etc.)?

Enforcing the peace

(23) If a peace agreement is reached, how many international troops will be needed to enforce the agreement? How long would these troops have to remain in Bosnia to ensure a lasting peace?

Allied contributions to the enforcement effort

(24) The Clinton Administration has conditionally offered to send up to 25,000 U.S. troops to Bosnia to enforce a peace agreement. In your judgment, what other nations would be willing to contribute large numbers of troops to such a mission?

Risks to U.S. ground forces

(25) If U.S. ground troops are sent to Bosnia to assist in the enforcement of a peace agreement, what risks are they likely to face? Are you confident of the Intelligence Community's ability to adequately support a U.S. peace enforcement operation in Bosnia?

Assessment of the "Lift and Strike" option

(26) As the Bosnian Serbs continue their disruption of U.N. relief efforts and the international community refrains from significant military intervention, among the options for consideration is the "lift" component of the "lift and strike" option to allow the Bosnian Muslims to defend themselves. What impact would this have on the balance of power between the Serbs and Muslims?

Shrinking allied capabilities for peace-keeping forces

(27) Given that NATO member nations' defense spending will likely decline in real terms—possibly through the end of the decade—what is the likelihood that the total pool of forces from which European governments can draw contingents for peace operations (in Bosnia and elsewhere) will be able to be increased to meet the growing requirement for such forces?

Arms suppliers to Bosnia

(28) Despite the arms embargo against the former Yugoslavia, military supplies seem to be getting to the warring factions in Bosnia. What nations are supplying these arms? What evidence do we have of foreign troops participating in the fighting in Bosnia?

Ballistic missile threat to the U.S.

(29) In addition to Russia and China, specifically which nations are capable of targeting the U.S. with ballistic missiles now and through the end of the century?

Russia's biological warfare program

(30) In April 1992 Russia took the unprecedented step of acknowledging publicly that the Soviet Union and subsequently Russia had maintained a clandestine offensive biological weapon (BW) program after 1972 in violation of the Biological and Toxin Weapons Convention to which it was a signatory. President Yeltsin pledged to terminate the program and initiated specific measures to do so. Does DIA have reason to believe that much of Russia's offensive BW infrastructure is still in place?

Threat of accidental or unauthorized ballistic missile launch

(31) Some have advocated limited deployment of strategic defenses to protect against the possibility of an accidental or unauthorized launch by another nation.

(a) In your opinion, how great a threat is posed to U.S. national security by an accidental or unauthorized ballistic missile launch and specifically by which nations?

(b) How effective a means of addressing this concern would it be to share our permissive action link (PAL) technology and destroy-after-launch devices (that are used in the space program) with the nations that have these strategic missiles capable of reaching the U.S.?

Theater missile defense

(32) The Ballistic Missile Defense effort has been restructured to emphasize theater missile defense (ATBMs) that will protect of our allies and U.S. forces overseas.

(a) How successful are theater missile defense systems against the most serious tactical offensive threats such as low flying cruise missiles, gravity bombs, or artillery shells filled with CW and BS agents?

(b) To many nations seeking to acquire them, the value of ATBM systems was clearly demonstrated during DESERT STORM—and these lessons will drive potential Middle East adversaries to seek and acquire similar systems. Do you agree that expanding an offensive capability is the cheapest and easiest means of overwhelming a defensive system, and that the acquisition of theater defenses will spur neighboring countries to augment their missile capabilities to overwhelm these neighboring ATBM systems—bringing about both defensive as well as offensive missile proliferation in the Third World?

Growing vulnerability of the U.S. to international terrorism

(33) The United States experienced an unprecedented level of international terrorist activity last year, including the attack at CIA headquarters, the World Trade Center bombing, and a plot uncovered by the FBI to bomb the U.N. Headquarters building in New York.

(a) Do you believe that these incidents represent the beginning of a new trend with the U.S. becoming a target of international terrorists?

(b) Is there any evidence that foreign governments may have been involved in these attacks? What about Hizballah or other terrorist organizations with links to such countries as Iran and Libya?

Impact of reduced drug interdiction

(34) Critics of the Administration's new approach to the drug problem—de-emphasizing interdiction in favor of education and treatment at home and host nation support abroad—charge that reduced military drug interdiction efforts will seriously degrade our ability to predict and counter smuggling efforts at our borders. In your opinion, how important is intelligence provided by military radar surveillance and other methods to the success of Mexican attempts to locate and interdict airborne

drug smugglers when they land, and to U.S. Customs and Border Patrol efforts to intercept illegal drugs from these flights when they move across the border by land?

Replacements for the U.S. interdiction role

(35) Are other countries capable of replacing U.S. military forces in the interdiction role in the zone between source countries and the U.S. border? For example, what are Mexico's capabilities to detect, classify, sort, track, intercept, and apprehend airborne smugglers once they reach Mexican airspace without tracking data from U.S. forces operating between South America and Mexico?

Possible commutation of Pollard's life sentence

(36) March of 1987, Jonathan Pay Pollard was sentenced to life imprisonment for passing classified information to the Israelis. There have been calls for President Clinton to commute Pollard's life sentence for espionage, and former Secretary of Defense Les Aspin has stated that Pollard has attempted to continue passing along classified information from prison. What is your assessment of the potential damage to U.S. national security if Pollard were released from prison?

Prospects for Vietnam's cooperation in resolving the MIA issue

(37) The U.S. has recently lifted its trade embargo against Vietnam. Will the Vietnamese government now be more or less likely to cooperate with the U.S. in helping to resolve the status of American MIAs from the Vietnam War than it was prior to the lifting of sanctions?

Impact of U.S. aid cut-off on Pakistan's military

(38) Because of U.S. concerns with Pakistan's nuclear weapon program, all U.S. economic and military assistance to Pakistan was terminated on Oct. 1, 1990 under the Pressler amendment. How had this aid cut-off affected Pakistan's military readiness? Has Pakistan been able to find other sources of supplies to fill the void of U.S. assistance?

North Korea's shortcomings in force capabilities

(39) In your discussion of North Korea on page 2 of your prepared statement, you state: " * * * there are significant shortcomings in force capabilities that Pyongyang would prefer to correct before initiating military hostilities." Could you please elaborate on these "significant shortcomings"? What are the prospects that North Korea could rectify these shortcomings within the next several years?

Intelligence community support to BW/CW or nuclear incident

(40) What is military intelligence's capability to support a government response to a chemical, biological, or nuclear weapon terrorist incident in the U.S.? Have any such incidents occurred in the last several years that have not been publicly disclosed?

Militarization of U.S. nonproliferation policy

(41) You make note of the growing threat to U.S. national security interests posed by the proliferation of weapons of mass destruction and their delivery systems. Some have argued that the U.S. should aggressively utilize our military forces to destroy shipments of such material in transit to their destination—in essence to militarize our nation's non-proliferation efforts. Would military intelligence be able to provide adequate intelligence support to such an effort if U.S. policy makers should decide to pursue such an objective?

Prospects for a peaceful transition in South Africa

(42) This April, South Africa will hold elections which will most likely result in a new government headed by Nelson Mandela.

(a) What is DIA's assessment of the likelihood that this historic transition in South Africa will be generally peaceful? Are the chances for violence greater from the far left or the far right?

(b) The South African Defense Forces are supposed to be largely integrated with former members of the African National Congress' MK troops prior to the elections. Is this a realistic time frame? Can these two vastly different forces—in terms of discipline and tactics—effectively function cohesively in the near term?

Intelligence support for major regional contingencies

(43) The Pentagon's "Bottom-Up Review" has established that the U.S. military must be able to fight 2 major regional contingencies at the same time. With the current and projected downsizing in the military (as well as in intelligence), does the Intelligence Community currently have adequate resources to support two major regional wars?

Prospects for war between India and Pakistan

(44) What is DIA's assessment of the likelihood that India and Pakistan will go to war in this decade? What is the likelihood that such a conflict would involve nuclear weapons?

Status of China's nuclear testing program

(45) On October 5 of last year, China broke the de facto international moratorium on nuclear testing and conducted a nuclear test. What is the likelihood that China will conduct additional nuclear tests in 1994? What are the prospects that China would adhere to a Comprehensive Test Ban?

Possible transfer of M-11 missiles to Pakistan

(46) China's agreement to abide by the guidelines and parameters of the Missile Technology Control Regime (MTCR) went into effect in March 1992. Does DIA have any reason to believe that China has transferred M-11 missiles, launchers, and related equipment to Pakistan since China made this commitment? Do you have intelligence—or do you assume—that senior officials in the Chinese government would approve the transfer of the M-11s to Pakistan? Has China's proliferation-related activity significantly diminished—or has China merely made its transfers more covert and relied increasingly on deception?

China's adherence to the NPT

(47) China formally acceded to the nuclear Nonproliferation Treaty (NPT) on March 9, 1992. Since China's March 1992 accession to the NPT, has contact continued with specialists associated with Pakistan's nuclear weapons program—suggesting China continues its long and close relationship to that program? Doesn't this strong and continuing scientific exchange represent "indirect" assistance to Pakistan's nuclear weapons program which raises concerns about China violating the NPT?

(48) Can you comment on reports of an increasingly aggressive North Korean military posture over the past few years, including a build-up of troops and long-range artillery along the DMZ with South Korea? What conclusions do you draw from this build-up? (U.S. military officials have stated that the build-up should not be interpreted as a threat of war.) In your view, should this issue be addressed in conjunction with the nuclear issue?

DEFENSE INTELLIGENCE AGENCY,
Washington, DC, March 22, 1994.

Hon. DENNIS DECONCINI,
Chairman, Select Committee on Intelligence,
U.S. Senate, Washington, DC.

DEAR MR. CHAIRMAN: Enclosed are DIA's unclassified responses to a number of questions for the record submitted by members of the SSCI stemming from my 25 January testimony. If you have any additional questions, please do not hesitate to contact me. I look forward to working with you and the SSCI during the coming year.

Sincerely,

JAMES R. CLAPPER, Jr.,
Lieutenant General, USAF, Director.

Enclosure.

QUESTIONS FOR THE RECORD

UKRAINE'S DENUCLEARIZATION

Question. Recently, the U.S., Russia and Ukraine signed an agreement under which Ukraine will receive broad economic and political benefits in exchange for the 1,800 nuclear warheads on its territory. What is the likelihood that Ukraine will adhere to this commitment? Is Russia likely to adhere to its commitments to the START agreements? Will the Intelligence Community be able to monitor compliance with these agreements with a high level of confidence?

Answer. The current Ukrainian executive branch apparently was able to successfully promote the trilateral statement to the Ukrainian population and a majority of its parliament. Ukrainian President Kravchuk has promised that Ukraine will receive significant economic assistance from the United States and Russia as well as trustworthy security assurances to ensure that Ukrainian independence and territorial integrity remain intact. To secure these benefits (taking into account

Ukraine's worsening economic crisis and the potentially explosive situation in Crimea), the existing Ukrainian government will continue to push for the current or new parliament (which will be elected in late March) to promptly accede to the nuclear Nonproliferation Treaty (NPT) as a nonnuclear state. In addition, the government will probably continue its preparations for denuclearization.

However, vocal opponents to the trilateral statement who could interfere with implementation until their concerns are addressed remain. In particular, opponents in parliament want to see the text of proposed security guarantees and review the sum allotted for Russia's compensation for tactical nuclear warheads that were withdrawn from Ukrainian territory to Russia in 1992.

Ukraine's growing domestic instability also could impact upon the agreement. If a much more nationalist parliament or president replaces the current government in upcoming March and June elections, there could be an attempt to revisit or amend the trilateral statement. In addition, parliamentary accession to the NPT as a nonnuclear state could be postponed. As a result, security assurances (which only come into force after NPT accession) would not be forthcoming, ultimately unraveling the entire agreement.

Provided that Ukraine meets its obligations and joins the NPT as a nonnuclear state, Russia will likely meet its Strategic Arms Reduction Talks (START) obligations. START I is already a planning factor shaping Russia's modernization program. Ratification of START II, however, will depend upon relations between President Yeltsin and the Federal Assembly as well as continuing support from the military.

Barring significant reductions to analytical and technical resources and a reduction in the overall priority of arms control in the former Soviet Union, the Intelligence Community will continue to have a high degree of confidence in monitoring most provisions of these agreements.

RUSSIAN MILITARY R&D AND FORCE MODERNIZATION TREND

Question. What will be Russia's capability to produce weapons through the end of this decade? Will Russia's industrial base be sufficiently large to produce a wide range of strategic and general purpose systems? To what extent will the number of military-sponsored research projects and system development programs decline? Will the Russians be able to continue their practice of producing most systems that enter into development?

Answer. Russia is committed to maintaining a core of defense industrial entities under state control. Russia retains a sufficiently broad manufacturing and research, development, test, and evaluation (RDT&E) base to continue development and production of a wide range of strategic and conventional weapons. This condition will likely persist for the foreseeable future. The number of military-sponsored research projects and system development programs that appear to continue is higher than what would be expected, given the economic situation. The former Soviet Union historically pursued weapons research and development projects on a variety of levels. A number of experimental projects did not reach the field; however, most systems pursued through the engineering development phase, in fact, did go into production. The scale of new programs in development and production today is less than any previous Soviet period and most likely will remain at such levels through the end of this decade. Thus far, it appears likely that those programs, that have persisted in engineering development through the early-to-mid 1990s will enter production—albeit at lower volumes, with some system production targeted for export. Certain aspects of the weapons acquisition cycle are under serious scrutiny in Russia, and the end result may differ from the former Soviet process. Therefore, the outcome of other projects that are in earlier phases of research and development are more uncertain and will likely remain the subject of resource and military/political debates in Moscow. Notwithstanding the uncertainties for these specific research and development projects, it remains noteworthy that Moscow has provided for the establishment of about 70 national research centers aimed at the preservation and utilization of Russian technical and developmental expertise.

TRANSFER OF TECHNOLOGY FROM THE FORMER SOVIET UNION

Question. What general trends has DIA noticed of scientists, technology, and conventional and unconventional military sales to other nations? To date, has there been any intelligence that Soviet nuclear materials, or BW, CW, or ballistic missile-related materials or technology have found their way to the international black market? What are the implications of these trends for U.S. national security?

Answer. With dire economic conditions, marked decrease in defense expenditures, slow conversion of defense industries, and plummeting arms exports, the states of

the former Soviet Union, especially Russia, have become increasingly involved in technology transfer.

Russia sees at least part of its economic salvation in the sale of weapons and related military technology. Consequently, Moscow is making a concerted effort to seek new cash-paying customers in the Middle East and Asia and is aggressively marketing even the most advanced weapons systems. In the last 2 years, China and Iran have become Russia's most important arms customers. Russia is enjoying only limited success, however. Of approximately \$2-3 billion in arms deliveries last year, about half earned hard currency; the rest were debt swaps and barter deals. Moscow's arms exports peaked in the Soviet era in the mid-1980s at more than \$20 billion annually. Competition from the West, particularly the United States, is keen, and economic instability in Russia diminishes demand for its products, not primarily because of poor quality but because of concern about the reliability of after-sales support.

Further risk of technology transfer comes from the "brain drain" of scientists and technicians employed in defense industry and related S&T institutions. Since 1990, the Russian S&T labor force has declined approximately 10 percent per year. Many Russian scientists have been seeking work wherever they could find it because of the poor economic conditions that have reduced many of them to poverty-level wages. A number of countries have attempted or have already been successful in recruiting them. The brain drain from the former Soviet Union raises the chance that significant military technology could fall into the wrong hands.

Poor export controls and the difficult internal situation in the successor states have raised apprehension in the West about the possible proliferation of materials, technologies, or expertise related to weapons of mass destruction. There is no convincing evidence of significant transfers to date, but concern exists that the current environment increases the likelihood. Russia and the Ukraine are increasingly authorizing the export of sensitive dual-use space launch, chemical, and biological technologies as they attempt to save their weapons facilities and prevent unemployment. Although Russia has entered into a number of nonproliferation agreements, there is concern that growing political and economic instability and the brain drain problem militate against Moscow's ability to enforce such agreements.

ABILITY TO MONITOR RETARGETING OF BALLISTIC MISSILES

Question. During the recent summit in Moscow (14 Jan 94), the U.S. and Russia agreed to retarget their strategic missiles away from each other. What is the Intelligence Community's ability to monitor this agreement? How long would it take the Russians to retarget their missiles back to the U.S. targets from a decision to do so?

Answer. Both the United States and Russia recognize and have acknowledged that the measures that will be taken to detarget the strategic missiles of both countries are not verifiable or monitorable. The exact amount of time required to retarget (i.e., reload flight mission data into the missiles' onboard computers) is not known. However, the technical capability exists on both sides to quickly restore operational targets to the missiles in question. This is a strategic confidence-building measure.

CHINA'S RESPONSE TO STRATEGIC DEFENSE DEPLOYMENT

Question. If the U.S. were to deploy a ballistic missile defense system, how likely is it that China would respond by developing countermeasures—such as maneuvering reentry vehicles or advanced penetration aids, or enlarging their strategic missile force?

Answer. China has developed a small capability to strike the United States directly. This capability could be negated by a modest ballistic missile defense. It is likely that the Chinese would respond to a challenge to their limited nuclear deterrent, but that response would be dependent on the character of the missile defense system the United States deployed and Beijing's perception of its vulnerability. Beijing could not hope to win a missile weapons technology race with the United States but can be expected to develop strategies and equipment to stress any U.S. ballistic missile defense.

CHINA'S FORCE MODERNIZATION

Question. What is the strategic rationale underlying china's military modernization? What are its key features and specific objectives? At whom or what is it aimed? Does it threaten regional stability? Please characterize the nature and extent of china's force modernization. How much of a threat does this force modernization pose to both regional and global security?

Answer. Despite the turbulence and uncertainties created by the end of the Cold War, the breakup of the former Soviet Union, the collapse of communism elsewhere, and the emergence of the United States as the only true superpower, China's leaders have been consistent in defining the country's overriding national interest as being the stability necessary to achieve the long-range economic modernization and development goals set by Deng Xiaoping over a decade ago. These goals envision a China that has become the preeminent power in Asia early into the next century and an undisputed global power within 50 years.

In pursuit of these goals, China seeks a peaceful external environment, but believes that its international influence will rest, in part, on possession of a modern military force. Thus, China is modernizing both its conventional and strategic forces to enable the People's Liberation Army (PLA) to better support Beijing's political initiatives and China's ability to compete with such countries as Japan, Russia, and the United States both regionally and globally.

China is gradually improving its conventional forces to ensure their capability to deter outside aggression and to enable Beijing to enforce, if necessary, unresolved territorial claims. The current steady pace of military modernization will quicken later in the decade as China assimilates technology acquired from Russia and the West. The PLA of the future will be small but more capable, providing China with military options not currently available.

Beijing is developing new ballistic missiles using solid fuels instead of liquids. These could be expected to replace aging liquid-fueled systems, some of which are 25 years old or older. New missiles, even solid-fueled missiles, will not allow greater capabilities—they do not reach greater ranges or carry more weight than existing systems, but they do allow for easier operation and perhaps greater survivability. China has developed nuclear weapons and a limited force to deliver them as a deterrent to nuclear blackmail and to obtain greater international status and prestige. China's nuclear forces, including some aircraft and a submarine in addition to its ballistic missile forces, dwarf the capabilities of all its neighbors except Russia and those U.S. forces deployed in the Asia theater.

China's military modernization program does not pose an immediate threat to regional or global stability. While China could resort to force to protect its sovereignty or to secure key security interest, Beijing is more likely to achieve these goals through peaceful means so as to ensure continued access to the foreign trade, technology, and investment necessary for the country's continued economic growth and development.

SADDAM'S HOLD ON POWER

Question. What are the prospects for the survival of Saddam's regime for another year? What would be the characteristics and policies of likely successors to Saddam? What are the prospects for political stability and Kurdish reintegration into Iraq after Saddam?

Answer. Saddam almost certainly can and will continue to remain in power over the next year or so. He has a large and effective security apparatus shielding him from both individuals and groups who seek his removal. Saddam's support comes mainly from Iraq's 4–5 million Arab Sunni Muslims in the center of the country, especially those from his hometown of Tikrit and its environs. Even those Sunni Arabs who oppose Saddam have an interest in the status quo. They fear the revenge Iraq's 10–11 million Shia would exact if central authority in Baghdad were to collapse. Saddam's successor would likely come from his inner circle, which comprises mostly of relatives and fellow Tikritis.

Should inner circle infighting following Saddam's removal weaken its hold on power, the military would be the most likely source for new leadership. A successor to Saddam would share his goal of reestablishing Iraq's territorial integrity and central government authority throughout the country, although, depending upon the successor and his origins, he would possibly pursue these goals by different means. A successor from his ruling clique would probably not abandon Saddam's long-range goals of annexing Kuwait and dominating the Gulf region politically and militarily, although, again, methods would probably differ. A successor from outside Saddam's inner circle, once he consolidated power, would probably be more inclined toward broader political participation by Iraq's disparate elements and toward accommodation with the country's Arab Persian Gulf neighbors. Certainly, Gulf Arab leaders would find such a successor preferable to Saddam or a successor from his inner circle.

Prospects for Kurdish reintegration by any means other than central government force are slim as long as Saddam is in power. The Kurds harbor an abiding mistrust of him. Prospects for reintegration would increase marginally with a successor from

within Saddam's inner circle, although the Kurds would deeply distrust a figure from this quarter, as well. With firm, internationally sanctioned guarantees against government repression and a degree of autonomy, the prospects for Kurdish reintegration into an Iraq ruled by a military figure from outside the inner circle would increase markedly. Prospects for Kurdish reintegration into a pluralistic, democratic Iraq would be highest.

COMPLIANCE WITH SANCTIONS AGAINST IRAQ

Question. What role do sanctions, and the attendant economic hardship and diplomatic isolation, play in determining Saddam's survival? Are Jordan and Turkey complying with the economic sanctions against Iraq?

Answer. Sanctions have significantly harmed Iraq's economy and drastically reduced the standard of living for the average Iraqi. Iraq's industrial production is low, underemployment and unemployment are high, inflation is rampant, and the currency has declined to 250 dinars per dollar. Iraq owes about \$40 billion to non-Gulf states, and per capital gross domestic product is, at best, only about 40 percent what it was in 1989. Economic conditions are deteriorating for a growing number of Iraqis, and poverty, begging, crime, and malnutrition are spreading.

The regime has become more seized with economic issues as the economy has worsened and internal security and domestic stability have been threatened. Iraq has instituted new economic policies and been more conciliatory toward the United Nations, to the point of accepting long-term monitoring of its weapons of mass destruction programs, in an effort to get out from under sanctions.

Sanctions clearly threaten survival of the regime. Reports of assassination and coup attempts against Saddam during 1993 indicate that important regime supporters have feared for their own future and the future of the country under current conditions. Without sanctions, the regime would be able to better meet the needs of its people, expand its control over the country, and strengthen its hold on power. However, it is impossible to predict if or when economic conditions would lead to the actual overthrow of the regime or replacement of Saddam.

Jordanian compliance with sanctions is a problem. Jordan has taken some steps recently to improve enforcement, but significant problems remain. Turkey's compliance with sanctions is relatively good, despite increasing Turkish resentment over its economic losses and the occurrence of some smuggling.

QADHAFI'S HOLD ON POWER IN LIBYA

Question. Last Fall there were press reports that there had been a coup attempt against Libya's Muammar Qadhafi. Is there any truth to these reports? What is the likelihood that Qadhafi will be in power one year from now? What would be the likeliest characteristics and policies of Qadhafi's successors?

Answer. Indications are that Qadhafi thwarted a coup plot in October 1993. However, Qadhafi remains firmly in control and has further consolidated his position by purging his regime of suspected conspirators and those who do not fully support him. At this time, it seems unlikely that Qadhafi could be ousted by his divided opposition, either internal or external. However, in the event that Qadhafi is removed, Libya's number two man, Abd al Salam Jallud, could be a successor by virtue of his position and tribal affiliation, although his ability to secure the loyalty of the military remains questionable. Regardless of who succeeds him, post-Qadhafi Libya could experience significant political changes, internal violence, and societal fragmentation. In addition, if such hardliners as Jallud come to power, Libya may further radicalize its policies toward the West and support for terrorist organizations.

PURSUIT OF MILITANT ISLAMIC AGENDA IN SUDAN

Question. In the last several years, Sudan has become a radical Islamic state that strongly opposes U.S. policies throughout the Middle East and the Horn of Africa. What are the prospects that the Khartoum regime will actively sponsor or support terrorist attacks against U.S. interests? What are the prospects that current tensions between Sudan and Egypt could result in an armed conflict?

Answer. There is no evidence to indicate that the government of Sudan has actively sponsored or supported terrorist activities against U.S. interests. However, several governments have claimed that the National Islamic Front and Sudan's de facto President, Hassan al-Turabi, are providing safe haven and facilitating the training of Islamic extremists throughout the country. For these reasons, the U.S. government recently added Sudan to its list of nations that support terrorism. Sudan is also currently engaged in a diplomatic and military stalemate with Egypt concerning the latter's claims of sovereignty over the disputed area known as the Halaib Triangle located north of the 22d parallel. However, with the Sudanese mili-

tary currently fully engaged in the annual dry season offensive in the south, it seems highly unlikely that Khartoum will consider initiating hostilities and opening up a second front against Egyptian forces in the north.

NORTH KOREA'S NUCLEAR WEAPONS

Question. There has been considerable speculation in the press over the last several months as to the U.S. Intelligence Community's estimate of the number and yield of nuclear weapons North Korea may possess. Could you clarify this important issue for us? Do all components of the IC share this view? What is DIA's assessment of the likelihood North Korea will continue to develop nuclear weapons clandestinely in spite of any agreement to open its declared nuclear sites for inspection? What is the most likely delivery vehicle for a North Korean nuclear weapons, and what is its range?

Answer. It is impossible to fully discuss the issue of North Korean nuclear weapons development without compromising Intelligence Community (IC) sources and methods. DIA stands ready to provide the committee a more detailed answer to this question in a classified format.

International Atomic Energy Agency (IAEA) inspections and unofficial visits in North Korea have contributed a great deal to the body of information concerning North Korea's nuclear program. However, as has been widely reported publicly, the IAEA has been unable to fully verify Pyongyang's declarations to the IAEA regarding its nuclear facilities and materials. In addition, as also has been reported by the media, the IAEA has been unable to obtain access to two suspected nuclear waste storage sites at the Yongbyon Nuclear Center. Without full IAEA verification of declared facilities/inventory and access to the suspect sites, concrete evidence to support the North's allegations about its program is lacking. These uncertainties have led to carrying IC estimates.

Based on North Korean actions to date, DIA assesses that Pyongyang will continue its nuclear weapon program despite any agreements it signs to the contrary. Pyongyang clearly has been attempting to exploit its nuclear threat to gain concessions on a variety of issues in discussions with the ROK and United States. Pyongyang also appears to perceive that nuclear weapons would have both political and military use in any conflict—that they serve as a final guarantor of regime survival (sovereignty, territorial integrity, or leadership survival).

DIA assesses that North Korea's preferred nuclear delivery vehicle is a ballistic missile, although it is possible that an alternative delivery means, such as aircraft, could be required if the North were to encounter technical problems in weaponizing a nuclear weapon for ballistic missile delivery. North Korea's SCUD and ND-1 ballistic missiles are capable of reaching throughout South Korea; the ND-1 can reach Japan. In addition, depending on deployment locations, the SCUD and ND-1 also can reach portions of China and the former Soviet Union. Longer range systems are reportedly under development, but deployment timeframes remain unclear.

IMPLICATIONS OF INSTABILITY IN NORTH KOREA

Question. North Korea's nuclear program, coupled with its declining economic situation, international isolationism in wake of the end of the Cold War, and an uncertain leadership transfer when Kim Il-song steps down from power, raises serious concerns. What are the prospects for instability in North Korea during the next 12 months—and the possibility that this may result in conflict with South Korea and the use of nuclear weapons?

Answer. Despite economic difficulties at home and foreign policy complications posed by the nuclear issue, Pyongyang continues to try to pull itself out of international isolation through nuclear diplomacy and pursuit of its reunification policy. Future political instability in North Korea is difficult to predict with confidence. The outcome will depend, in large part, on how the following events play out in the next 12 months: the impact of efforts by the international community to block North Korea's drive to acquire a nuclear weapon, the degree of progress made in the North-South reunification dialogue, and the political uncertainty accompanying the leadership succession (especially after the death of Kim Il-song, now 82 years old).

There currently appears to be no prospect for immediate civil unrest in North Korea. However, should the North Korean leadership detect any organized internal popular unrest, it may portray the crisis as a U.S.-backed threat from Seoul and resort to military provocation against the South to divert attention from its internal problems. If the leadership realizes it has reached a point where its demise is assured, it may perceive itself as backed into a corner and having nothing to lose by a desperate military action against the South, even using nuclear weapons if regime survival is at stake.

INTELLIGENCE COMMUNITY'S ABILITY TO WARN OF ATTACK

Question. What is the likelihood the military intelligence will be able to provide persuasive, timely warning of North Korea's military intentions to attack the South? If so, within weeks or days? What are the current indications and warning of likelihood that North Korea will go to war with South Korea?

Answer. The North's offensive strategy emphasizes surprise. Pyongyang's military disposition and militaristic society make warning of war in Korea difficult. Many of the traditional indicators that provide the Intelligence Community with warning of war, such as movement of forces forward and diversion of civilian economic assets to the military, already exist in North Korea. North Korea's military forces and logistics are forward deployed, minimizing the requirement for additional movement and enabling the North to quickly transition from a peacetime footing to war. These developments will impede the U.S. Intelligence Community's ability to provide timely warning of war on the peninsula.

The Intelligence Community is unable to decipher North Korea's political intentions because of a paucity of reliable human sources and a lack of insight into the political decisionmaking process in North Korea. However, it is known that North Korea is now faced with an increasing worsening economy and international isolation. Pyongyang's large standing Army and tenuous political situation make the possibility of war on the peninsula real.

PROSPECTS FOR REFORM UNDER KIM CHONG-IL

Question. It is expected that Kim Il-song's passing will accelerate change in North Korea. After his father is gone, what are the prospects that Kim Chong-il will meaningfully reorient the inner circle's priorities and bring about significant economic and political reform? What are the prospects that North Korea's military will overthrow Kim Chong-il once he succeeds his father? If the military were to seize control, how different would this successor military regime be from the rule of the two Kims? What is the likelihood of greater democracy and market reforms? How would South Korea be likely to react?

Answer. Kim Il-song's greater fear is that North Korea will be "absorbed" in a German-style reunification. Therefore, Kim Chong-il's primary responsibility is to prevent such an outcome at any cost. Kim Il-song already has provided Kim Chong-il with a set of national goals and policy guidelines, incorporated in the 1992 revised North Korean Constitution. As successor, Kim Chong-il has inherited his father's ideology; for his own political survival, he will undoubtedly work to perfect it and to validate its theoretical correctness by attempting to bring about Korean reunification on his father's terms.

The stability of the current leadership appears to be based on a tacit accommodation between two dominant groups in the party, government, and military—the elder Kim's first-generation "revolutionaries" and the younger Kim's second-generation "technocrats." If Kim Chong-il is successful after Kim Il-song's demise in maintaining a balance between the elder Kim's revolutionary hardliners and the pragmatic policy inclinations of younger technocrats, the regime's internal stability may be sustained. Kim Chong-il will therefore likely be unable to bring about significant economic and political reform until Kim Il-song's first-generation revolutionaries are gone from the political scene, about 5 years from now.

Many in North Korea might see the senior Kim's death as an opening to press for real reforms in North Korea. Kim Chong-il's political survival will likely depend upon how he will manage a surge of popular protests and demands for political and economic reform. The durability of Kim Chong-il's regime would have depended totally on the policy direction of his own choosing.

The possibility of a military coup against Kim Chong-il cannot be ruled out since he is less respected by the military than is his father. Old guards in the military may be able to stage a coup against Kim Chong-il if he deviates from this father's policy lines. However, Kim Chong-il is likely to survive for the term as long as he supports and protects the political interests of his father's first-generation revolutionary comrades, who are still sitting firmly in the highest commanding positions of the North Korean military.

If the military, led by Kim Il-song's old guards, were to assume power, the successor military regime would likely be a hardline regime, not much different from the rule of the two Kims.

Perhaps North Korea's system can survive a few more years or even another decade; a clear distinction between political society (the military, the security apparatus, and the bureaucracy) and civil society (the media, trade union, religious groups, and schools) must emerge in North Korea before genuine transformation can occur. There may be limited, intermittent riots in North Korea, possibly due to the re-

game's economic difficulties, but these will give the rulers an excuse to crack down. Certain conditions are necessary for meaningful change of regime; these include the spread of new values, such as liberalism and democracy, a market economy, and respect for human rights among the general populace. These conditions do not exist in North Korea today, I therefore, there is no immediate likelihood of greater democracy and market reforms in North Korea. A fundamental change in North Korea may not be possible unless it rejects Kim Il-song's *chuche* (self-reliant) ideology, the one-man dictatorship, and the closed door policy. These changes may not may not come about during Kim Chong-il's reign.

Seoul should Pyongyang pursue more open and pragmatic policies for a peaceful reunification. However, Seoul tend to be more concerned about achieving a more achieving cost-effective reunification than was the former West Germany in it efforts for German reunification.

PROSPECTS FOR THE SUCCESS OF A POLITICAL SOLUTION

Question. Is there a realistic possibility that the various negotiating efforts currently underway will lead to a political solution to the fighting in Somalia prior to the March 31 U.S. troop withdrawal?

Answer. Although the situation in Somalia remains unpredictable, it is unrealistic to expect that current negotiating efforts will lead to an enduring political solution by 31 March. Some efforts, like the Cairo Conference, are making negotiations more difficult. Somali National Alliance leader Mohamed Farah Aidede, the strongest of all the "warlords," is suspicious and distrustful of the Egyptians (especially Boutrus Boutrus Ghali), will not attend the conference himself, and views their effort as conflicting with his own. Reconciliation efforts in foreign capitals mediated by outsiders have never succeeded in bringing about reconciliation among the Somalis.

Aidede's own negotiating efforts, conducted largely from his Nairobi retreat, are more promising partly because the initiative is a Somali one, and partly because many of the key clan actors have been involved. But as the recent fighting in Kismayo shows, even these talks are hostage to initiatives of individual Somali actors. By their ability to spark hostilities that can ignite broader clan struggles, individuals can undermine the fragile peace process. Moreover, Aidede's absence from Mogadishu makes his negotiations tentative.

Finally, even if an agreement is reached, fighting can continue. Criminal elements, idle militia, street thugs beyond the control of warlords, and radical fundamentalists will likely go on attacking convoys and aid centers. Real and imagined grievances against foreigners can also prompt attacks. Clan jockeying for position near the airport and port motivated by economic interests also creates fertile soil for urban warfare. An agreement among the principal clans with militias would help prevent major interclan fighting but is not enough to pacify the entire country, or even Mogadishu, since not all of the fighting is a result of interclan militia struggles.

SOMALIA: FAILURE TO CAPTURE AIDEED

Question. U.S. Intelligence has been criticized for its failure to provide the information necessary for the capture of General Aidede. How do you respond to such criticisms?

Answer. The Defense Intelligence Agency provided technical support (equipment and equipment operators) to the Joint Intelligence Center in Mogadishu, which in turn supported the U.N. Capturing Aidede was not a U.S. objective; it was set out by the U.N. Locating Aidede on a timely (i.e., predictive basis)—given the hostile environment; the crowded urban surroundings; his familiarity with both the physical and political terrain; and his own considerable capabilities made his capture (arrest) extremely daunting.

SOMALIA: CONTINUATION OF U.N. MILITARY MISSION AFTER U.S. WITHDRAWAL

Question. After the U.S. troop withdrawal, how likely is it that the U.N. peace-keeping mission in Somalia will continue and be successful?

Answer. The United Nations' new and more limited mission is protecting the port and airport in Mogadishu, escorting humanitarian convoys, self protection, and security of humanitarian workers. Since disarmament and political reconciliation are no longer U.N. mission imperatives, its prospects for success are greater. However, if its contingents are attacked or suffer substantial casualties, they may change the mission, alter their timeframe for departure, or leave immediately. The United Nations will focus on relief activities, and it does not envision staying in Somalia more than 1 year after the 31 March deadline, according to its senior representative in Mogadishu. However, most contingents are scheduled to leave Somalia by late sum-

mer 1994. If they do not stay, and if the United Nations cannot find replacements, this could end the U.N. operation.

Some contingents will probably make deals with clans in their areas of deployment to improve relations and prevent attacks. This may help preserve the peace, but it may also limit United Nations Operation in Somalia's (UNOSOM's) ability to accomplish its mission, even if it is limited to protection and delivery of food relief. The United Nations can expect violent opposition if it is viewed by the clan factions, especially the Somali National Alliance (SNA), as interfering in the political process. The SNA may be willing to make gestures of cooperation in such areas as creating a police force, establishing security, and controlling bandits but will not allow the United Nations a major role in political issues. Moreover, anti-UN sentiment remains very strong in the SNA. A willingness to cooperate one day can change the next as the pendulum swings between long-held hatreds and political expediency.

PROSPECTS FOR FAMINE IN HAITI

Question. How real is the threat of famine in Haiti? What is the potential for the resumption of mass migration of Haitians to the U.S.?

Answer. The factor that impacts the most on the advent of famine in Haiti is the ability of nongovernmental organizations to carry out supplemental and emergency feeding operations in the country. These feeding operations have been affected by the lack of fuel of fuel because of international sanctions/embargoes. The recent special waivers allowed by the UN helped to improve the fuel availability situation somewhat; however, reporting indicates that there may still be decrements in the programs' abilities to fully address the present needs, especially in the drought-affected northwest. If food shortages intensify and feeding programs can not keep up with the need, widespread famine could result.

Over the last 6 months, the number of illegal immigrants fleeing Haiti by sea has remained low. The U.S. Coast Guard interdictions at sea for the period August 1993 through January 1994 averaged less than 140 per month, well below the monthly average of over 650 for the same period a year earlier. Past trends show a direct relationship between surges in seaborne migration and legal challenges to the U.S. policy of direct repatriations to Haiti. President Aristide recently publicly threatened to revoke the Alien Migration Interdiction Operation (AMIO) agreement between Haiti and the United States. The AMIO agreement, among other things, provides blanket Haitian government approval for direct repatriation upon notification. If and when Aristide follows through on this threat, another surge attempt is likely. However as long as U.S. Coast Guard interdictions and repatriations continue, the level on migration should remain manageable.

CASTRO'S HOLD ON POWER

Question. What is the likelihood that Fidel Castro will still be in power 1 year from now? What is the likeliest scenario for Castro to leave his leadership position in Cuba—peaceful democratic transition, military coup, popular uprising—voluntarily? If Castro's hold on power should diminish significantly, what are the prospects that he would lash out against the U.S. through conventional military means or terrorism (e.g., random bombings, the use of biological agents, etc.)?

Answer. While the Castro regime has experienced serious economic pressures over the past 3 to 5 years, the regime has managed to retain political control and prevent the total collapse of the economy thus far. It is very likely that Fidel Castro will still be in power 1 year from now.

It is possible that the regime could miscalculate in its handling of events or a series of events leading to popular uprisings, which, if mishandled by the internal security apparatus, could escalate out of control. Next likely is that Fidel Castro, now 67 years old, could leave his leadership position through his death by natural causes, incapacitation, or by voluntarily departing, if he is able to claim credit for having saved the revolution and Cuba from the serious economic pressures that they face.

Castro has always said that if Cuba were to be attacked by the United States, he would retaliate with all means at his disposal. If he correlated his diminished hold on power with a U.S. military attack against the island, it is highly likely that he would retaliate against the United States at a level he deemed commensurate with the aggressive action. Cuba is capable of retaliation through conventional or unconventional means.

ENFORCING THE PEACE

Question. If a peace agreement is reached, how many international troops will be needed to enforce the agreement? How long would these troops have to remain in Bosnia to ensure a lasting peace?

Answer. The number of troops required to enforce a future Bosnian peace agreement is highly dependent upon the actual agreement worked out among the warring parties and on their level of commitment to its implementation. Moreover, determining the total troop strength, force mix, and duration of the operation is not an intelligence responsibility.

Based on the past track record of unimplemented agreements, broken cease-fires, and failed negotiations, an outside peacekeeping force would have to expect opposition and likely would be engaged in combat operations. This will increase the force requirements dramatically, perhaps to several tens of thousands of troops more than are currently deployed. (The 25,000 to 28,000 U.S. troop pledge was partially based on the assumption of the United States providing one-fourth to one-half of the total of 50,000 to 100,000 troops.)

The duration of their stay would be entirely dependent upon the parties' adherence to the agreement and the commitment of the contributing countries to enforce the peace in the face of possible casualties.

ALLIED CONTRIBUTIONS TO THE ENFORCEMENT EFFORT

Question. The Clinton Administration has conditionally offered to send up to 25,000 U.S. troops to Bosnia to enforce a peace agreement. In your judgment, what other nations would be willing to contribute large numbers of troops to such a mission?

Answer. Some European countries would be able to increase their force contributions in Bosnia somewhat, perhaps by several thousand troops at most. However, most are close to their maximum potential. Moreover, many are tired of the operation and are voicing plans to pull out the forces currently deployed in the former Yugoslavia. Germany's Constitution prohibits it from sending troops, and memories of World War II reinforce this feeling. States in the former Soviet Union and Eastern Europe would be able to contribute a few battalions, but they also are reluctant. Only Turkey has seemed willing to send a sizable force, perhaps a brigade, to Bosnia.

Several Muslim and Middle Eastern states would be able to contribute forces. Most would require extensive transport and logistic support, and their presence would intensify Serbian fears of Bosnian Muslims. While a potentially large number of troops might be assembled for peacekeeping in Bosnia, it would not be a cohesive force and would suffer from a variety of problems that would reduce its ability to actually enforce a peace agreement.

RISKS TO U.S. GROUND FORCES

Question. If U.S. ground troops are sent to Bosnia to assist in the enforcement of a peace agreement, what risks are they likely to face? Are you confident of the Intelligence Community's ability to adequately support a U.S. peace enforcement operation in Bosnia?

Answer. The nature and intensity of threat facing U.S. ground forces were they to deploy to enforce a peace settlement in Bosnia would be dependent on the nature of the peace settlement (especially the level of commitment to peace by the contending sides), troop mission, exit strategy, and rules of engagement.

In general, a main threat would be being drawn into the conflict and viewed as supporting one side more than the others. This is actually very difficult as the mutual animosities and antagonisms among the various sides are exceptionally high, and the prospects of acting as a neutral broker would be very daunting. Related to this is the potential to be caught enforcing a peace agreement in Bosnia, if another conflict erupts in the former Yugoslavia, such as Serb-Croat fighting over the Krajina's or political-ethnic violence in Kosovo.

Actual armed threats would consist of largely guerrilla-type attacks ranging from small sniper attacks or minings to artillery/mortar raids to larger operations against isolated detachments. There is little prospect of major attacks.

Overall, the Intelligence Community would have a good capability of supporting U.S. forces in Bosnia. However, this capability would be limited by the usual problems inherent in providing warnings on guerrilla-type attacks and operations.

ASSESSMENT OF THE "LIFT AND STRIKE" OPTION

Question. As the Bosnian Serbs continue their disruption of UN relief efforts and the international community refrains from significant military intervention, among the options for consideration is the "lift" component of the "lift and strike" option to allow the Bosnian Muslims to defend themselves. What impact would this have on the balance of power between the Serbs and Muslims?

Answer. If the embargo against the Bosnian Muslims were lifted, allowing weapons to be legally purchased on the world market, this faction would have no difficulty in finding suppliers, especially for Soviet-style equipment. External financing, however, would still be needed. Potential suppliers include Eastern Europe, Russia, China, and North Korea. Various Islamic forums, including the Organization of the Islamic Conference, have been collecting money to assist the Bosnian government and have routinely pressured the UN Security Council to exempt the Bosnian Muslims from the embargo. Such a move would make it easier and politically more acceptable for Islamic nations to openly provide more money and arms.

Delivering the weapons into the hands of the Bosnian Muslims, however, would remain the major problem—though the recent political agreement between the Muslims and Croats could make this moot. In the past, shipments of materiel for the Bosnian Muslims were allowed to proceed through Croatian territory and ports only after the Croats had skimmed off a portion for their own use. The Bosnian Serbs and Croats currently have the advantage for overland delivery of materiel, for they control most of the main supply routes in the former Yugoslavia. Air supply could be a limited option for the Muslims, allowing small arms consignments to get through.

Early in the civil war, lifting the embargo against the Bosnian Muslims would likely have had a significant impact on the imbalance of power among the fighting factions and allowed the Muslims to better defend themselves. Removing the embargo now would have a much smaller impact; even with external financial support and an abundance of willing arms suppliers, the Bosnian Muslims, landlocked and surrounded by hostile forces, will find it difficult to quickly arm themselves with the heavier, more sophisticated weaponry necessary to improve the balance of military forces and power.

SHRINKING ALLIED CAPABILITIES FOR PEACE-KEEPING FORCES

Question. Given that NATO member nations' defense spending will likely decline in real terms—possibly through the end of the decade—what is the likelihood that the total pool of forces from which European governments can draw contingents for peace operations (in Bosnia and elsewhere) will be able to be increased to meet the growing requirement for such forces?

Answer. Declining defense budgets will continue to affect the ability of many European countries to participate in UN operations. In some places, UN reimbursements account for only a part of actual expenditures and are delayed an average of 3–4 months. Consequently, deployed forces must operate with what equipment they have and consume stocks without sufficient replacement funds. If these trends continue, it is unlikely that these countries could increase their forces available for peacekeeping to any appreciable degree.

Peacekeeping operations are straining Canada's already military resources. Although the new liberal government is unlikely to reverse the longstanding Canadian practice of participating in almost every UN peacekeeping operation, budget constraints may limit the number of personnel involved. This has been demonstrated by the reduction of troops in the former Yugoslavia and Canada's almost complete withdrawal from missions in Somalia and Cyprus.

Likewise, many non-European participants in UN operations are hurting from the lack of financial resources to compensate for delays in UN reimbursements. For instance, senior military officials of some African armed forces have complained about the UN's failure to reimburse expenses in a timely fashion and have indicated that future involvements in operations depends on considerable resource assistance.

ARMS SUPPLIERS TO BOSNIA

Question. Despite the arms embargo against the former Yugoslavia, military supplies seem to be getting to the warring factions in Bosnia. What nations are supplying these arms? What evidence do we have of foreign troops participating in the fighting in Bosnia?

Answer. The factions fighting in Bosnia and Herzegovina are receiving small arms and ammunition through a variety of means, including international procurement agents, smuggling, cross-border leakage, and capture. Croatian businessmen and

emigres abroad, especially in Western Europe and South America, likely are financing arms deals for the Croatian government. Similarly, Bosnian expatriates in Western Europe are funding and purchasing weapons on the international black market for the Bosnian Muslims. Stockpiling weaponry and bribing customs officials to allow passage into the former Yugoslavia are apparently not unusual. The weapons found stored in warehouses at the Maribor airport in Slovenia in July 1993, resulting in a major arms scandal, likely were for transshipment to the Bosnian Muslims. Germany, Austria, Turkey, Spain, Switzerland, and East European countries have been mentioned since the civil war began as possible sources of financial assistance and arms. In addition, the Bosnian Muslims are receiving money and limited weapon consignments from Islamic nations, probably including Iran, Pakistan, Malaysia, Saudi Arabia, and Indonesia. Earlier in the war, Iran apparently made several arms deliveries through the Zagreb airport and Croatian ports. Money brought by Mujahideen volunteers likely is being used to purchase weapons inside the former Yugoslavia from both Serbs and Croats. The main source of arms for the Bosnian Serbs has been the stocks of the former Yugoslav federal army and republic militia; they also have access to weapons produced by plants in Serbia.

Foreign troops fighting in Bosnia consist of approximately 1,000 Mujahideen from Iran, Afghanistan, Pakistan, Malaysia, Algeria, Libya, Saudi Arabia, and other Islamic nations. In addition, there are at least 5,000 regular Croatian Army troops fighting with the Bosnian Croats.

BALLISTIC MISSILE THREAT TO THE U.S.

Question. In addition to Russia and China, specifically which nations are capable of targeting the U.S. with ballistic missiles now and through the end of the century?

Answer. Of what once were hostile states, only China and the successors of the former Soviet Union now have the physical capability to strike the United States directly with weapons of mass destruction. DIA does not expect direct threats to the United States to arise within this century.

RUSSIA'S BIOLOGICAL WARFARE PROGRAM

Question. In April 1992, Russia took the unprecedented step of acknowledging publicly that the Soviet Union and subsequently Russia had maintained a clandestine offensive biological weapon program after 1972 in violation of the Biological and Toxin Weapons Convention (BWC) to which it was a signatory. President Yeltsin pledged to terminate the program and initiated specific measures to do so. Does DIA have reason to believe that much of Russia's offensive BW infrastructure is still in place?

Answer. Yes. The Soviet Union did have a longstanding, offensive biological warfare (BW) program that succeeded in developing a wide range of BW agents, munitions, and delivery systems. With the dissolution of the Soviet Union, Russia inherited the program essentially intact. Despite President Yeltsin's pledge, there are compelling reasons to believe that the program continues, albeit on a reduced scale.

In February 1992, Yeltsin appointed Academician and retired Lieutenant General A.D. Kuntsevich to head the newly created Russian Presidential Committee for Conventional Problems of Chemical and Biological Weapons. In this capacity, Kuntsevich has had great influence over official Russian government statements and actions concerning chemical and biological warfare issues. However, that influence has thus far been largely negative. His committee has blocked implementation of the confidence-building measures agreed to in 1992 by the Russian Deputy Foreign Minister.

An indication that the Russian government either is not able or does not choose to control Ministry of Defense actions concerning the BW program is President Yeltsin's May 1992 admission that the 1979 anthrax disease outbreak in Sverdlovsk was caused by military researchers engaged in offensive BW research. As late as August 1992, the Russian Defense Ministry continued to claim that all offensive BW research had ended in 1975 and that charges to the contrary were "absolute lies." Along the same lines, in a September 1992 press interview, General Kuntsevich expressed doubts that the military facility was involved, reversing Yeltsin's earlier public acknowledgment of military responsibility for the disease outbreak. Kuntsevich also has asserted that stockpiles of BW weapons never existed and claimed that recent defectors to the West had exaggerated the Russian capability in biological weaponization.

In April 1993, as called for under the provisions of agreements made in connection with the BWC, Russia submitted its second annual BW declaration to the United Nations. Like the earlier declaration, it made no mention of any current or prior program to weaponize or stockpile BW agents. Instead, it described a defensive BW

program currently centered at 5 primary facilities supported by 7 others, with a staff of at least 6,000. This new Russian version of a "defensive" program undoubtedly incorporates a significant portion of the facilities and personnel of the earlier offensive program. The size of the resulting entity is inordinately large for its purported purpose.

Based on evidence from a variety of sources, it is assessed that there are officials in positions of influence over BW activities who are involved in an organized effort to misrepresent the size, scope, and maturity of the former Soviet program and to preserve key elements of Russia's offensive BW capability. Whether or not this is being done with the assent of Russian government leaders is not known. For his part, Yeltsin's overt actions suggest an intent to end the offensive BW program, but the possibility of a hidden agenda to do otherwise cannot be excluded. Comprehensive elimination of the Russian offensive BW capability requires full disclosure, conversion of all BW facilities to civilian or defensive pursuits, and identification and destruction of all BW agent stockpiles and weapons. Until these actions are undertaken and can be confirmed, the conclusion must be that an infrastructure that could support a militarily significant Russian biological weapons capability remains in place.

THREAT OF ACCIDENTAL OR UNAUTHORIZED BALLISTIC MISSILE LAUNCH

Question. Some have advocated limited deployment of strategic defenses to protect against the possibility of an accidental or unauthorized launch by another nation. How great a threat is posed to U.S. national security by an accidental or unauthorized ballistic missile launch and specifically by which nations? How effective a means of addressing this concern would it be to share our permissive action link (PAL) technology and destroy-after-launch devices (that are used in the space program) with the nations that have these strategic missiles capable of reaching the U.S.?

Answer. It is considered extremely unlikely that there will be an accidental or unauthorized missile launch against the United States from what were formerly hostile states; only China and the successors of the former Soviet Union have the physical capability to strike the United States with ballistic missiles. Russian strategic missile systems are currently considered to have very good control mechanisms in place to prevent unauthorized launch. This is a command and control area that has received a great deal of attention since at least the early 1980s, and their technology in this area may be comparable to U.S. systems. The Chinese have reported that they consider their command and control systems under very good controls, but such controls appear to rely on personnel reliability rather than technical devices to prevent a launch.

DIA believes the Russian ballistic missile systems are equipped with destroy-after-launch devices comparable to those of the United States. In contrast, Chinese systems may lack devices to prevent a launch, but China apparently believes it has taken other adequate precautions. Sharing destroy-after-launch devices with countries that possess missiles capable of reaching the United States could be proposed for use on other nations' missiles, but it is considered unlikely that they would do so.

THEATER MISSILE DEFENSE

Question. The ballistic missile defense effort has been restructured to emphasize theater missile defenses (ATBMs) that will protect of our allies and U.S. forces overseas. How successful are theater missile defense systems against the most serious tactical offensive threats such as low flying cruise missiles, gravity bombs, or artillery shells filled with CW and BW agents? To many nations seeking to acquire them, the value of ATBM systems was clearly demonstrated during DESERT STORM—and these lessons will drive potential Middle East adversaries to seek and acquire similar systems. Do you agree that expanding an offensive capability is the cheapest and the easiest means of overwhelming a defensive system, and that acquisition of theater defenses will spur neighboring countries to augment their missiles capabilities to overwhelm these neighboring ATBM systems—bringing about both defensive as well as offensive missile proliferation in the Third World?

Answer. The theater ballistic missile defense systems themselves will probably have little to no capability against negating gravity bombs and artillery shells. The use of an antitactical ballistic missile (ATBM) in this role against these targets would not be cost effective, and there might be performance limitations due to the low target radar cross section. ATBMs will, however, have a limited capability to defend against low-flying cruise missiles, although some surface-to-air missile systems have been specifically built to counter cruise missile systems. Theater ballistic

missile defensive systems should be highly effective against theater ballistic missiles (i.e., SCUD Bs SCUD Cs, etc.), which can also carry high-explosive warheads and chemical and biological warfare agents.

ATBM systems are more expensive than offensive systems because they include a more advanced technology missile system as well as sophisticated radar(s) and radar support equipment. For a country trying to counter a neighbor's ATBM systems, purchasing additional offensive systems to saturate an ATBM defense is the expected countermeasure. Therefore, proliferation of both the more costly and sophisticated ATBM systems and the less sophisticated offensive missile system to the more wealthy nations in the Middle East and Third World might occur, as well as greater proliferation of chapter offensive missiles to less wealthy nations.

GROWING VULNERABILITY OF THE U.S. TO INTERNATIONAL TERRORISM

Question. The United States experienced an unprecedented level of international terrorist activity last year, including the attack at CIA headquarters, the World Trade Center bombing, and a plot uncovered by the FBI to bomb the U.N. headquarters building in New York. Do you believe that these incidents represent the beginning of a new trend with the U.S. becoming a target of international terrorists? Is there any evidence that foreign governments may have been involved in these attacks? What about Hizballah or other terrorist organizations with links to such countries as Iran and Libya?

Answer. Targeting of the United States by international terrorists is not a new trend. However, the venue for attacks has shifted (e.g., the January 1993 attack on CIA, the February 1993 attack on the World Trade Center, and the uncovered June/July 1993 conspiracy to damage/destroy the government and transportation structures in New York, City). U.S. entities overseas have long been the target of numerous translational or indigenous terrorist organizations and the state sponsors of terrorism. Since the early 1970s, the United States has borne terrorist attacks against such highly symbolic targets as U.S.-flagged aircraft or ships, U.S. diplomatic facilities, and U.S. military and civilian facilities and personnel.

Mir Aimal Kansi and the two loosely knit groups of terrorists involved in the 1993 attacks may represent a point of view that the United States offers a rich environment of soft targets with few restraints. Rapid and effective Federal Bureau of Investigation (FBI) and local enforcement action may, however, have a salutary effect on such thought—despite the openness/accessibility of U.S. society. However, supporters of the anti-U.S. ideas of terrorist groups have had a presence in the United States. There are large communities of expatriates from the Middle East, the Balkans, and other areas of contention. Some are extremists who may well be in the United States to carry out the instructions of their leaders; others are not extremists but are sympathetic to, and provide a support structure for, anti-U.S. extremists. Examples of the extremists are an individual in St. Louis, identified as a member of the Abu Nidal Organization, who was arrested, tried, and convicted in the knife slaying of his own teenage daughter; a Japanese Red Army member, Yu Kikumura, who was apprehended on the New Jersey turnpike with improvised explosive devices and a map with indications he was en route to New York City to carry out attacks against military recruiting offices there; members of the Irish Republican Army in Florida who were arrested for the attempted purchase of man-portable surface-to-air weapons; and a U.S. electronics expert who was arrested by the FBI for his involvement in fabricating electronic controls for Irish Republican Army weapons. There are others in this country who raise funds for Asian insurgents who use terrorism as a tactic. Other examples of terrorism in the United States have included acts against Libyan dissidents (victims of the Qadhafi regime) and violence against bookstores that carried Salman Rushdie's book, *Satanic Verses*.

Mir Aimal Kansi, the Pakistani who murdered two CIA personnel and wounded three others, is thought to have acted alone. There is no information tying his act to any group or state.

There is also no information indicating involvement by foreign governments or by transnational terrorist groups, such as Hizb Allah, in the World Trade Center bombing. Nonetheless, those tried for the bombing are followers of Sheik Omar Abdel Rahman, the Islamic cleric who has been identified as spiritual leader of the Gamaat al Islamivah (Islamic Group—IG) in Egypt. The IG is a terrorist organization responsible for the spate of terrorism currently under way in Egypt. The sheik, however, publicly disavows all terrorism. The conspirators in the plot to plant bombs in the Lincoln and Holland Tunnels, the UN building, and the Federal Building, all sites in New York City, have not yet been identified as surrogates of state sponsors or as members of any known terrorist groups.

IMPACT OF REDUCED DRUG INTERDICTION

Question. Critics of the Administration's new approach to the drug problem—de-emphasizing interdiction in favor of education and treatment at home and host nation support abroad—charge that reduced military drug interdiction efforts will seriously degrade our ability to predict and counter smuggling efforts at our borders. In your opinion, how important is intelligence provided by military radar surveillance and other methods to the success of Mexican attempts to locate and interdict airborne drug smugglers when they land, and to U.S. Customs and Border Patrol efforts to intercept illegal drugs from these flights when they move across the boarder by land?

Answer. The success of Mexico's airborne interdiction efforts is critically dependent on information provided by U.S. government detection and monitoring assets—both surface and airborne radar platforms—as well as Communication Information Exploitation (CIE) information. However, this information is of marginal value in intercepting drugs that cross the U.S.-Mexican border via land conveyance.

Mexico remains the major transit country for drugs entering the United States. In 1993, two-thirds of all aircraft transporting drugs from South America used Mexico as a destination. Once in Mexico, drugs are transshipped by air and land conveyance to northern Mexico, where they are transported across the border primarily via land conveyance. Smuggling via air across the U.S.-Mexico border is infrequent.

The Mexican Northern Border Response Force (NBRF) was established in 1990. This program involves U.S. government radar and CIE assets to detect, sort, and track suspect aircraft that depart the coast of South America and approach the Mexican landmass (and other destinations as well). The Mexicans employ fixed-wing and rotary-wing aircraft and ground forces to intercept the aircraft as they approach Mexico. The NBRF has been successful in interdicting a large percentage of the suspect aircraft once it has received early warning. This early warning allows the government of Mexico time to mobilize ground, air, and maritime drug interdiction assets.

The present transit zone force consists of ships, AWACS aircraft, E-2s, F-16s and P-3Cs, in addition to a number of land-based radars. In addition, the Relocatable Over-the-Horizon Radar (ROTHR) provides wide-area coverage 24 hours per day. These assets are critical to providing identification of a suspect aircraft during a trafficking event.

Radar and CIE intelligence provided by the U.S. government is of little value in interdicting overland drug loads at the U.S.-Mexican border. U.S. Customs and Border Patrol interdiction efforts require an indepth knowledge of drug trafficking organization operations in Mexico, their smuggling routes, and methods. This knowledge can only be acquired through aggressive HUMINT collection and extensive analysis.

REPLACEMENT FOR THE U.S. INTERDICTION ROLE?

Question. Are other countries capable of replacing U.S. military forces in the interdiction role in the zone between source countries and the U.S. border? For example, what are Mexico's capabilities to detect, classify, sort, track, intercept, and apprehend airborne smugglers once they reach Mexican airspace without tracking data from U.S. forces operating between South America and Mexico?

Answer. Many Latin American countries have their military and security forces involved in drug interdiction roles, but in virtually all cases that role is restricted to operations within the individual country's national territory. This has resulted in successes against internal drug activity as well as the interdiction of drugs en route to the United States and elsewhere. Capabilities to perform an interdiction role vary widely, however, even within a country's own borders. These capabilities are greatly restricted or nonexistent outside their territory. None approaches the capabilities of U.S. forces. In addition, most countries have legal restrictions on the use of their forces outside the nation's sovereign boundaries.

Mexico has very limited air interdiction capabilities and would be hard pressed to effectively cope with the volume of drug smuggling flights entering its airspace.

Question. March of 1987, Jonathan Jay Pollard was sentenced to life imprisonment for passing classified information to the Israelis. There have been calls for President Clinton to commute Pollard's life sentence for espionage, and former Secretary of Defense Les Aspin has stated that Pollard has attempted to continue passing along classified information from prison. What is your assessment of the potential damage to U.S. national security if Pollard were released from prison?

Answer. Mr. Pollard is capable of disclosing information that could still cause serious damage to national security. The rationale and justification for the conclusion of potentially serious damage requires the presentation of classified materials.

PROSPECTS FOR VIETNAM'S COOPERATION IN RESOLVING THE MIA ISSUE

Question. The U.S. has recently lifted its trade embargo against Vietnam. Will the Vietnamese government now be more or less likely to cooperate with the U.S. in helping to resolve the status of American MIAs from the Vietnam War than it was prior to the lifting of sanctions?

Answer. The Vietnamese consider the MIA issue a humanitarian one, not linked to normalization of relations with the United States or other political considerations. They do, however, fully appreciate the weight the United States government attaches to the issue and the sentiments it arouses in the American public. An integral part of Vietnam's national priorities is to establish comprehensive trade relations with the United States, and it has long understood that resolving the MIA issue to the fullest possible satisfaction of the United States is in its own best interests.

The Vietnamese have voiced concern at what they perceive as American arrogance during recent negotiations over a range of issues, which might affect progress on the MIA issue. The Vietnamese want to be accorded treatment as an equal partner in discussions. Any advantage gained through the embargo's lifting, however, will not occur at the governmental level, where Vietnamese cooperation has been excellent, but through increased American-Vietnamese contact.

IMPACT OF U.S. AID CUTOFF ON PAKISTAN'S MILITARY

Question. Because of U.S. concerns with Pakistan's nuclear program, all U.S. economic and military assistance to Pakistan was terminated on 1 October 1990 under the Pressler Amendment. How has this aid cutoff affected Pakistan's military readiness? Has Pakistan been able to find other sources of supplies to fill the void of U.S. assistance?

Answer. The cutoff of U.S. military assistance has reduced the capabilities of Pakistan's Air Force and Navy but has not had much impact on the Army, which has been less dependent on U.S. equipment. So far, Pakistan has replaced only a portion of the capabilities it lost under Pressler.

The Air Force has been especially hard hit by the cutoff of F-16 deliveries. Islamabad was counting on 71 additional highly capable F-16s to offset India's substantial air advantage. While Pakistan still has some three dozen F-16s that were delivered before sanctions was imposed, their readiness has suffered. Pakistan has not replaced the F-16 and another frontline fighter, which is likely to be more expensive or less capable, or both.

The Navy has also suffered under Pressler but has taken steps to offset the loss of U.S.-leased ships. Pakistan has returned four of its eight Brooke Class and Garcia Class frigates as their leases have expired, and the rest should be returned later this year. However, the Navy is replacing these ships with six more modern British Type 21 frigates, two of which have already been delivered. In about 2 years, the Pakistan Navy will have about the same capability it possessed before U.S. aid was cut off.

Although military leaders continue to value U.S. weapons, Islamabad has been pursuing other procurement options. Pakistan's longstanding military supply relationship with China has strengthened under Pressler restrictions. In addition to acquiring armor and missile technology from Beijing, Islamabad is buying more F-7 fighter aircraft. The Pakistani military is also shopping for equipment—including tanks, submarines, and fighters—in Europe and elsewhere.

NORTH KOREA'S SHORTCOMINGS IN FORCE CAPABILITIES

Question. In your discussion of North Korea on page 2 of your prepared statement, you stated: “* * * there are significant shortcomings in force capabilities that Pyongyang would prefer to correct before initiating military hostilities.” Could you please elaborate on these “significant shortcomings”? What are the prospects that North Korea could rectify these shortcomings within the next several years?

Answer. North Korea has many military deficiencies, some of which Pyongyang would be able to rectify before initiating hostilities. Some of the North's military challenges include inadequate training of its forces, vulnerability to air attack, and difficult logistic requirements. North Korea would likely increase the amount and sophistication of its training in its ground, air, and naval forces if it were planning on attacking the Republic of Korea. Also, prior to a planned attack, North Korea would benefit from increasing its wartime stockpiles and improving transportation assets with the mobile forces.

Question. What are North Korea's Shortcomings in Force Capabilities?

Answer. North Korea has many military deficiencies, some of which Pyongyang would be able to rectify before initiating hostilities. Some of the North's military challenges include inadequate training of its forces, vulnerability to air attack, and difficult logistical requirements. North Korea would likely increase the amount and sophistication of its training in its ground, air and naval forces if it were planning on attacking the ROK. Also prior to a planned attack, North Korea would benefit from increasing its wartime stockpiles and improving assets with the mobile forces.

INTELLIGENCE COMMUNITY SUPPORT TO BW/CW OR NUCLEAR INCIDENT

Question. What is military intelligence's capability to support a government response to a chemical, biological, or nuclear weapon terrorist incident in the U.S.? Have any such incidents occurred in the last several years that have not been publicly disclosed?

Answer. Military intelligence is best positioned to provide assistance for a terrorist chemical, biological, or radiological (CBR) threat within the United States that was planned outside the country. Most likely information regarding such a threat would be derived from human intelligence sources. That data would probably come from U.S. Defense Attachés or the various service collectors, such as the Air Force Office of Special Investigations or the Navy's Criminal Investigative Service. Within the United States, collection of criminal activities is centered in the services, which (except in cases where Department of Defense personnel, facilities, or interests are threatened) are proscribed from collection activities. Nevertheless, service elements in the United States do have access, through local law enforcement agencies, to developing criminal activities and would most likely be advised of any terrorist CBR threat. The Federal Bureau of Investigation, however, is the lead agency for all terrorist threats or activities within the United States.

There have been no CBR terrorist incidents that have occurred in the last several years that have not been publicly disclosed. Those incidents that have occurred have been criminal and principally have been product tampering for extortion.

MILITARIZATION OF U.S. NONPROLIFERATION POLICY?

Question. You make note of the growing threat to U.S. national security interests posed by the proliferation of weapons of mass destruction and their delivery systems. Some have argued that the U.S. should aggressively utilize our military forces to destroy shipments of such material in transit to their destination—in essence to militarize our nation's non-proliferation efforts. Would military intelligence be able to provide adequate intelligence support to such an effort if U.S. policy makers should decide to pursue such an objective?

Answer. Adequate intelligence support will be dependent on the type of target and the available intelligence resources (collection and analysis) and time to prepare the warfighter with options in a given scenario.

To sufficiently support the warfighter enforcing such a nonproliferation policy, military intelligence must be able to identify the location (stationary or transitory) and type of weapon of mass destruction (WMD), related technologies, and the intent or threat to deploy such a weapon and provide targeting support for the appropriate weapon system to destroy the WMD. The ability to provide such intelligence support would be heavily dependent on the type and nature of the target and available intelligence resources (collection and analysis) and time to prepare the warfighter with options in a given scenario.

Military intelligence resources would be focused to fill gaps on a real-time basis and, in a crisis, would be augmented by a joint community effort. Communications connectivity to U.S. forces in various theaters would help get the needed intelligence to the warfighter.

Intelligence support for military operations against stationary facilities (missile sites, labs, weapons storage sites, etc.) can be highly effective. However, if the collection assets are not already in place for a short-notice contingency involving a target in transit, the analytical efforts will be impaired.

Further budget reductions resulting in a decreased analytical or collection capability would make it increasingly difficult to support such a nonproliferation mission.

PROSPECTS FOR A PEACEFUL TRANSITION IN SOUTH AFRICA

Question. This April, South Africa will hold elections which will most likely result in a new government headed by Nelson Mandela. What is DIA's assessment of the likelihood that this historic transition in South Africa will be generally peaceful? Are the chances for violence greater from the far left or the far right? The South African Defense Forces are supposed to be largely integrated with former members of the African National Congress' troops prior to the elections. Is this a realistic

time frame? Can these two vastly different forces—in terms of discipline and tactics—effectively function cohesively in the near term?

Answer. South Africa's transition remains on track but will continue to be plagued by low-level factional violence. The violence will escalate around the election and could get worse later as minority groups feel marginalized by the African National Congress' (ANC's) new political dominance and as heightened black economic expectations go unmet. Extremists on the left and right pose potential problems, but the makeshift alliance of conservative Zulus and rightwing Afrikaners presents the most immediate serious threat.

An effort to integrate South African Defense Force (SADF) personnel and ANC military cadre into a temporary multiparty peacekeeping force is already months behind schedule. Similar problems and delays can be expected in integrating the regular military. The groundwork has been laid, but most aspects of the actual process will probably not be completed until after the election. Most ANC personnel are still far behind their SADF counterparts in basic military capabilities and skills. This will contribute to existing political and racial tensions between the two diverse forces, perhaps causing additional delays in the integration process, and undermining near-term force cohesion.

INTELLIGENCE SUPPORT FOR MAJOR REGIONAL CONTINGENCIES

Question. The Pentagon's "Bottom-Up Review" has established that the U.S. military must be able to fight 2 major regional contingencies at the same time. With the current and projected downsizing in the military (as well as in intelligence), does the Intelligence Community currently have adequate resources to support two major regional wars?

Answer. The downsizing of the U.S. military poses direct and indirect effects on the capability of the Intelligence Community. The reduction of U.S. military force structure directly decreases the number of intelligence resources at the tactical level that is part of the operational unit. The tactical intelligence provides unique intelligence collection capabilities, as well as offering the most efficient means to answer tactical intelligence requirements. Shortfalls in tactical intelligence capabilities place a heavier burden on Joint Task Force, theater, and national capabilities as well as the communications paths over which information must be transmitted to the tactical level. The chief indirect effect of U.S. military downsizing is an increased reliance on intelligence to provide timely warning of crises and allow more efficient use of limited military forces against their adversaries.

Concurrent with drawdowns in the U.S. military force structure, Intelligence Community sources, particularly those necessary to support military operations are also being significantly reduced. These reductions are manifest in three areas of critical importance to military operations: first, the number of trained and experienced intelligence professionals, both civilian and military will decline by almost 30 percent by the end of the decade; second, fiscal constraints have reduced the number of collection systems at the national, theater, and tactical levels; and third, budget cuts have placed at risk the investment necessary to construct a more efficient intelligence communications and dissemination environment. Comparisons of intelligence capability at the end of this century with that fielded during the Cold War or for Operation DESERT SHIELD and STORM are often unreliable because the nature of military operations is changing and technological developments are changing how intelligence tasks are accomplished. The standard of measure for the Intelligence Community is whether it is capable of providing the level of support to military operations necessary to assure victory at the least cost. The effectiveness of the Intelligence Community's ability to support military operations is reflected in the length of the battle, the number of casualties, and the level of destruction necessary to accomplish national aims.

Programmed reductions in the Intelligence Community, particularly in the areas noted above, will have a serious impact on the level of support that will be provided to military operations in the event of two, nearly simultaneous, major regional conflicts (MRCs). It is difficult to ascertain precisely how serious that impact will be without exhaustive analyses of those intelligence capabilities that are most critical to military operations and how those capabilities will be stressed in a second MRC occurs nearly simultaneously. The Defense Department has begun a major effort to perform this exhaustive analysis as a follow-on study to the Bottom-Up Review.

The Intelligence follow-on to the Bottom-Up Review will evaluate how the programmed intelligence structure will support two, nearly simultaneous, MRCs in the 2001 timeframe. The foundation of this study will be a detailed description of the operational tasks at the tactical, theater, and national level that are necessary to successfully win both MRCs. By determining the extent to which intelligence capa-

bilities will be able to support these operational tasks, the study will conduct a precise assessment of how intelligence systems and organizations work to support military operations. The overall purpose of the study will be to determine whether the programmed intelligence structure will be unable to support operational tasks that are critical to the success of the battle and thus add to the level of risk associated with the conflict. Specific findings should indicate the implications of the timing of the second MRC and the intelligence capabilities that are critical to success and those areas that pose the most serious shortfalls. The results of the study will be used to make specific program adjustments.

PROSPECTS FOR WAR BETWEEN INDIA AND PAKISTAN

Question. What is DIA's assessment of the likelihood that India and Pakistan will go to war in this decade? What is the likelihood that such a conflict would involve nuclear weapons?

Answer. Indo-Pakistani relations will remain strained, but war between the South Asian rivals over the next few years is unlikely. Neither country wants war. Both are also aware that military confrontation would entail enormous—probably prohibitive—political and economic costs.

While they may not want war, India and Pakistan could stumble into it. They remain locked in a visceral rivalry that is not likely to moderate appreciably through the end of the decade. Both governments probably will remain unwilling to risk a domestic backlash by compromising on the core issue of their territorial dispute over Kashmir. Simmering disputes over flashpoints like Kashmir will result in periodic increases in tensions and perhaps ominous border confrontations, such as in 1987 and 1990. In such situations, the propensity of both countries to assume the worst about the other's intentions could cause the confrontation to spiral out of control.

As the Deputy of Central Intelligence pointed out in his testimony last year, DIA is deeply concerned about the potential use of nuclear weapons in a fourth Indo-Pakistani war. While DIA believes that nuclear weapons would be employed only as a last resort, there is concern that an intense, costly war could rapidly escalate to the brink of nuclear conflict.

POSSIBLE TRANSFER OF M-11 MISSILES TO PAKISTAN

Question. China's agreement to abide by the guidelines and parameters of the Missile Technology Control Regime (MTCR) went into effect in March 1992. Does DIA have any reason to believe that China has transferred M-11 missiles, launchers, and related equipment to Pakistan since China made this commitment? Do you have intelligence—or do you assume—that senior officials in the Chinese government would approve the transfer of the M-11s to Pakistan? Has China's proliferation-related activity significantly diminished—or has China merely made its transfers more covert and relied increasingly on deception?

Answer. DIA judges that China delivered M-11 missile-related equipment to Pakistan in 1992. Since this delivery included MTCR-controlled equipment, the United States imposed sanctions on China and Pakistan last year. Because of the sensitivity of the shipment, DIA assumes that senior Chinese officials approved of the transfer.

DIA assesses that China is still actively supporting proliferation of weapons of mass destruction (WMD). Despite its pledge to observe MTCR guidelines, Beijing continues to support the missile programs of developing countries. China will continue to view the MTCR as a largely Western attempt to exclude China from the international arms market, where its missiles are in demand.

China is also supporting proliferation of chemical weapon capabilities, especially to Iran. DIA believes that China is attempting to generate financial and non-financial benefits through supporting development of chemical warfare programs in the Middle East.

China is a member of the Nonproliferation Treaty and does provide nuclear technologies to developing countries under International Atomic Energy Agency safeguards. However, despite public assurances, Beijing also carries out questionable nuclear technology transfers to countries of concern.

In all three areas, deception and denial are key tactics in China's ongoing effort to support WMD programs to various developing countries. While overt Chinese proliferation activity has diminished, questions still exist regarding Chinese covert proliferation activities.

NORTH KOREAN MILITARY

Question. Can you comment on reports of an increasingly aggressive North Korean military posture over the past few years, including a buildup of troops and

long-range artillery along the DMZ with South Korea? What conclusions do you draw from this build-up? (U.S. military officials have stated that the build-up should not be interpreted as a threat of war.) In your view, should this issue be addressed in conjunction with the nuclear issue?

Answer. The North's military buildup on the demilitarized zone has been ongoing for years. Recent long-range artillery deployments are, however, cause for concern, as they are capable of ranging much of the forward line of defense. North Korea will probably continue to strengthen its military. The nuclear issue is just one aspect of the North's military buildup that has been ongoing for the last decade.

Question. What can you tell us about reports of an increasingly aggressive North Korean military posture over the past few years?

Answer. The North's military build-up on the DMZ has been on-going for years. Recent long-range artillery deployments are, however, cause for concern as they are capable of ranging much of the forward line of defense. North Korea will probably continue to strengthen its military. The nuclear issue is just one aspect of the North's military build-up that has been on-going for the last decade.



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