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GLOBAL SECURITY ASSESSMENT

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HOUSE OF REPRESENTATIVES
ONE HUNDRED TENTH CONGRESS
FIRST SESSION

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JULY 11, 2007

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GLOBAL SECURITY ASSESSMENT

HOUSE OF REPRESENTATIVES,
COMMITTEE ON ARMED SERVICES,
Washington, DC, Wednesday, July 11, 2007.

The committee met, pursuant to call, at 10:07 a.m., in room 2118, Rayburn House Office Building, Hon. Ike Skelton (chairman of the committee) presiding.

OPENING STATEMENT OF HON. IKE SKELTON, A REPRESENTATIVE FROM MISSOURI, CHAIRMAN, COMMITTEE ON ARMED SERVICES

The CHAIRMAN. Ladies and gentlemen, welcome to the House Armed Services Committee hearing on global security environment.

Before us today are: Dr. Thomas Fingar, Deputy Director of National Intelligence for Analysis from the Office of Director of National Intelligence; Mr. Robert Cardillo, Deputy Director for Analysis from the DIA, Defense Intelligence Agency; and Mr. John Kringen, Director for Intelligence from the Central Intelligence Agency.

I certainly want to thank you, and I understand that you will have staff behind you in case we have additional questions.

I expect that today's hearing will be a very important one, as it is the first one in a series of what there is out there that we need to know to perform our constitutional duties.

The oversight plan for the 110th Congress reads that "the committee will conduct all its oversight activities within the context of a comprehensive approach to understanding the strategic risks facing the United States. In so doing, the committee will seek to determine what level of strategic risk is acceptable, what factors increase that risk and what factors reduce it."

We must keep that test in mind. A large measure of considering and evaluating the strategic risk is understanding what potential security challenges face our country. With that in mind, I call for this hearing to orient our members to the range of potential security challenges our country faces in the immediate and mid-term future.

In a sense, the hearing is the first of a series. As I mentioned, very shortly, our committee will resume its oversight activities involving the Middle East as a region and then the conflicts in Iraq and Afghanistan. Today's hearing will provide us with the broad strategic context which we can use to help us to understand how those wars, especially Iraq, fit into the overall security environment facing our country. We could very easily call this hearing Strategic Risk 101.

We must consider the ongoing wars, both in terms of their importance to our national security interests and the amount of risk incurred through the continued expenditure of resources for their prosecution, is the risk-reward equation in balance, and it is my hope that members will use today to inform their judgment to consider that question.

It is important to remember that the international security situation is fluid. We must hedge against strategic surprise and at the same time work to identify trends that could have implications to our national security down the road.

Members of this committee have heard me say that since I have been in Congress—I have been blessed to be here 30-plus years—during that time, we have had 12 conflicts in which our country has been involved militarily, 4 of which were major, and most of them were not thought out ahead of time and came as a surprise.

So why is it important? It is our constitutional duty to raise and support the armies, provide and maintain the Navy, and we have responsibility to do just that for the foreseen and unforeseen.

So, ladies and gentlemen, let me welcome you, thank you for coming over. It is extremely important that you give us your best judgment on these very important issues today.

My friend, my colleague, Ranking Member Duncan Hunter.

STATEMENT OF HON. DUNCAN HUNTER, A REPRESENTATIVE FROM CALIFORNIA, RANKING MEMBER, COMMITTEE ON ARMED SERFVICES

Mr. HUNTER. Thank you, Mr. Chairman, and thanks for holding this very important hearing, and I want to join with you in welcoming our guests.

During the 2006 Committee Defense Review, an effort intended to complement the Pentagon's Quadrennial Defense Review, this committee defined a threat as intent plus capability, and during our review, we realized that the international security environment that the U.S. forces operate in today includes a broad and diverse spectrum of threats, changing the strategic security equation that we use to understand strategic risk and determine necessary capabilities.

Today's strategic security equation continues to include those potential threats generated by hostile nation states, and I would just go over a couple of them.

China: The Pentagon's 2006 QDR noted that China is at a strategic crossroads with "the greatest potential to compete militarily with the United States. China's rapid economic growth, double-digit defense spending, investments in military modernization with a focus on power projection and its strategic forces contribute to increasing security competition in Asia."

Iran: "Iran continues to take steps that counter U.S. influences in the region by supporting international terrorism and expanding its nuclear program and ballistic arsenal."

And we have seen the recent steps that they have undertaken in the last several weeks, Mr. Chairman, with respect to the excavations that are taking place near their centrifuge sites in Iran. It is these actions that disrupt regional stability and require the

United States to ensure it is postured to deter and defeat any aggression against American interests.

Venezuela: As a regional neighbor of the United States, Venezuela is increasingly threatening stability in the Western Hemisphere. The country's leadership is determined to move the country away from democracy and toward socialism, maintains close relations with Cuba and Iran, and continues to decrease its cooperation in antidrug and antiterrorism efforts.

And, again, on the front pages of the newspapers these last several weeks have been stories about the new arms deal that would bring a new array of fairly sophisticated military systems to Venezuela.

Today's security equation is not a simplistic one that is limited solely to meeting the threats posed by hostile nation states, but also includes elements from non-state actors, such as violent extremist groups like al Qaeda. The threat from al Qaeda and related groups is one of the most daunting challenges to U.S. security we face as they exploit conditions created by regional instabilities in such places as Iraq, Africa, the Pacific, and the Horn of Africa to provide safe haven and espouse a corruptive view of Islam to encourage violence against the United States and other nations.

This problem of having to face both state and non-state actors becomes even more complex as we are seeking more and more linkages between these threats. A recent cyberattack on Estonia raises the specter of states enlisting non-state actors to act as a proxy. The attacks against Estonia were not military in nature, but attacked communications, economic systems, and other infrastructure which raises new concerns about the scope of potential hostile actions we might face.

So these security challenges are very complex. They are diverse. They are evolving. They require this committee's understanding of a multifaceted strategic security equation and a continued effort to ensure that our forces have the necessary resources and capabilities to perform their missions honorably and reduce the risks to the security of the American people.

So, Mr. Chairman, once again, thanks for holding this very timely hearing. I look forward to the discussion.

The CHAIRMAN. Well, I thank the gentleman from California.

As I understand it, Dr. Fingar, you have a prepared statement and will deliver your comments now. As I understand it, Mr. Kringen and Mr. Cardillo will be here to answer questions. Am I correct on that?

Dr. FINGAR. Yes, you are, Mr. Chairman.

The CHAIRMAN. Then, Doctor, please proceed and then we will go to the questions. Thank you.

STATEMENT OF DR. THOMAS FINGAR, DEPUTY DIRECTOR OF NATIONAL INTELLIGENCE FOR ANALYSIS, OFFICE OF THE DIRECTOR OF NATIONAL INTELLIGENCE

Dr. FINGAR. Thank you.

Chairman Skelton, Ranking Member Hunter, members of the committee, thank you for this opportunity to present our assessment of threats to our nation.

Mr. Chairman, thank you for introducing my colleagues, Dr. Kringen and Mr. Cardillo, who will be here to help with questions. Indeed, in order to maximize time for you to ask the questions of greatest interest to you, I will give a very abbreviated opening statement.

Mr. Chairman, America confronts a greater diversity of threats and challenges than ever before. Globalization is the defining characteristic of our age and has more positive than negative consequences, but globalization facilitates terrorist activity, increases the danger of Weapons of Mass Destruction (WMD) proliferation and contributes to regional instability and reconfiguration of power and influence, especially through competition for energy.

Many nations are unable to provide good governance and sustain the rule of law within their borders. This enables hostile states and non-state actors to threaten fundamental building blocks of international order, creating failed states, proxy states, terrorist safe havens, and ungoverned regions that endanger the international community and its citizens.

It also threatens our national security. Terrorist threats to the homeland and to our friends and allies post the most serious danger to our nation and the biggest challenge for the intelligence community.

Al Qaeda is the terrorist organization posing the greatest threat to U.S. interests, including the homeland. We have captured or killed numerous senior al Qaeda operatives, but the organization is resilient and continues to plot attacks against high-profile targets with the objective of inflicting mass casualties. al Qaeda maintains active connections between its leaders hiding in the Afghanistan-Pakistan border region and affiliates throughout the Middle East, North and East Africa, and Europe.

The ongoing efforts of nation states and terrorists to develop and/or acquire dangerous weapons and delivery systems constitute the second major threat to the safety of our nation, our deployed troops and our friends. Iran and North Korea pose the most serious proliferation challenges.

Iran continues to pursue uranium enrichment and has shown more interest in protracting negotiations and working to delay and diminish the impact of United Nations Security Council sanctions than in reaching an acceptable diplomatic solution. We assess that Tehran is determined to develop nuclear weapons, despite its international obligations and international pressure.

Iran's influence is rising in ways that go beyond the potential threat posed by its nuclear program. The fall of the Taliban and Saddam increased oil revenues. Hamas control of Gaza and Hezbollah's perceived success last summer in fighting against Israel embolden Iran and unsettle our Arab allies.

North Korea has flight-tested missiles and a nuclear device. We are concerned by the prospect of further proliferation because Pyongyang has a long history of selling ballistic missiles, including to several Middle Eastern countries. The agreement reached through the six-party talks last February obligates the Democratic People's Republic of Korea (DPRK) to declare all its nuclear programs and disable its nuclear facilities. We will look closely for signs of compliance.

In Iraq, coalition and Iraqi forces seek to reduce violence, combat terrorism, and create an environment conducive to national reconciliation. The government of Prime Minister Maliki is making halting efforts to bridge divisions and restore commitment to a unified country. Iraqi security forces, especially the Iraqi army, have become more numerous and more capable. Despite these and other positive developments, however, communal violence and deep suspicion among Shias, Sunnis, and Kurds continue to polarize politics.

The intelligence community stated in the January 2007 National Intelligence Estimate on Iraq that security and political trends were moving in a negative direction and that, even if efforts to reduce violence were successful, political progress would take time. It is too early to assess whether the strategy currently being implemented will allow lasting improvements in this situation.

Afghanistan's leaders continue to face a resurgent Taliban threat and formidable challenges to effective governance. The country has a chronic shortage of resources and qualified and motivated government officials, and pervasive drug cultivation contributes to endemic corruption at all levels of government. Diminishing the safe haven that the Taliban and other extremists have found in Pakistan is a necessary but insufficient condition for ending the insurgency in Afghanistan.

Mr. Chairman, cognizant of your desire to allow as much time as possible for questions and discussions, I will further compress the points made in my statement for the record with the goal of illustrating the scope, complexity, and implications of other threats and challenges facing our country. Each of the points I will convey in telegraphic form are discussed at greater length in the written statement.

Very briefly, the rise of China and economic prosperity more generally, except for North Korea, are challenging Northeast Asia in unprecedented ways, but Asia still lacks mature integrating security mechanisms, except for bilateral security treaties with the United States.

Beijing continues to emphasize economic development and friendly relations with its neighbors, but it also continues its rapid military modernization program involving several weapons systems designed to challenge the United States' capability.

As Russia moves toward a Presidential election, succession maneuvering has intensified. The Kremlin has increased efforts to stifle political opposition and widen the state control over strategic sectors of the economy. High energy prices continue to fuel economic recovery and fan aspirations to become an energy superpower.

The situation in the Palestinian territories is precarious, with forces loyal to Hamas and Fatah poised to renew fighting, and prospects for negotiations with Israel are dimmed by the existence of competing Palestinian governments. Large-scale killing and organized massacres in Darfur are less frequent than they were a few years ago, but violence continues and the numbers of refugees and displaced persons continue to grow.

Democracy is at risk in Venezuela where President Chavez has become one of the most stridently anti-American leaders in the

world. The strong showing of Presidential candidates with leftist or populist views in several other Latin American countries speak to the growing impatience of national electorates with corruption, real and perceived, and the failure of incumbent governments to improve the living standards of large elements of the population.

Somalia remains in turmoil. Lebanon remains at risk. The list goes on.

Mr. Chairman, with your permission, I will conclude my oral statement with a request that my written statement be made a part of the record of today's proceedings and a pledge to answer questions from the committee as fully and frankly as possible in an open session.

Thank you, Mr. Chairman.

[The prepared statement of Dr. Fingar can be found in the Appendix on page 45.]

The CHAIRMAN. Thank you.

Without objection.

Let me ask one question before I call on Mr. Hunter. Looking back to an era of relative worldwide calm—and I doubt if there is such an era—Doctor, correct me if I am wrong—somewhere between 1953, the end of the Korean War, and the early 1960's, which showed the breakup of the various African colonies, if that is fairly true, how much more dangerous is this world in which we live now than it was during that era?

Dr. FINGAR. Three points, I think, will frame the answer.

The first is that the period, of course, was a part of the Cold War era where the existential threat to our nation from Soviet nuclear weapons and the intensity of the two-camp struggle, the ideological struggle, the incredible arms race, militarization, competition for allies around the world had a very, very serious threat to our existence, our way of life and, indeed, the safety of every American.

A difference—second point—is that because it was a largely bipolar world in which the United States and the Soviet Union exercised a degree of influence or control over most other nations, even the newly emerging nations that you mentioned, Mr. Chairman, as a result of decolonization, that lent an element of stability to the high-risk situation.

Today, the frail, failing governments in many parts of the world, the absence of an overarching threat to galvanize attitudes and populations in increasingly democratic societies around the world lend a degree of unpredictability that we did not have in the earlier period.

The third difference is the emergence of asymmetric challenges. At one end of the spectrum, the prospect of nuclear proliferation, use of biological toxins by nation states, by weak nations or by non-state actors. The other end of the spectrum, there is the poor man's nuclear deterrent of terrorism that, as nations and non-state actors recognize that their ability to challenge the United States militarily has diminished in many cases to zero, the temptations to utilize the asymmetric tactics of terrorism increase, and in the ungoverned, poorly governed areas that result in part from the playing forward of history of decolonization and the breakup of the two blocs, there are an increasing number of areas in the globe

that are conducive to being safe havens for terrorists looking for a foothold to prepare for actions against us.

The CHAIRMAN. I thank the gentleman.

Mr. Hunter.

Mr. HUNTER. Thank you, Mr. Chairman.

Gentlemen, one aspect of the conflict with the Soviet Union was the development and the maintenance of Coordinating Committee for Multilateral Export Controls (COCOM), the technology transfer regime that was a multilateral regime that worked. While it had a few holes in it and there were obviously many attempts by members of the Soviet bloc to get around it, it kept a lot of important military technology from flowing to the Soviet Union and Warsaw Pact nations.

COCOM dissolved with the Soviet Union, and today it is basically every man for himself, with nations self-imposing some disciplines in some cases, in other cases having goals and standards that are very general and somewhat vague with respect to transfers of technology to places like China. We are trying to maintain the European arms embargo with respect to China, but lots of stuff is getting through.

My question is do you think that we need a new COCOM, if you will, a new discipline that we would negotiate with our allies to prevent the transfer of technology to nation states that have been helping or might be helping terrorists, understanding we have certain lists and disciplines that are basically limited to American entities that to some degree keep critical military technology from getting into the wrong hands?

But my question is do you think that we need a new regime with respect to transfer of technology to China and/or other nation states?

Dr. FINGAR. My starting point, Mr. Chairman, is we have some reasonably well-functioning international regimes, the Nuclear Suppliers Group, the Australia Group and so forth, that are effective and need to be strengthened.

Reviving COCOM or a COCOM for the 21st century, I think, though it may be desirable in certain respects, globalization makes it less than practical, in my view. I say that as somebody who was on the advisory panel for the Office of Technology Assessment when Congress rewrote the Export Administration Act in 1978–1979, that the old model that made COCOM effective, that had a relatively small number of producers, generators of technologies, many of which were closely linked to the military and could be controlled because the military was the primary customer has been replaced by global manufacturing just in time, many, many centers of technological and engineering excellence, most technology being commoditized dual use, the larger markets being outside of military procurement in our own country and elsewhere.

I think any type of a control regime—and I do believe control regimes are appropriate—need to be very tightly focused on specific technologies with very direct military applications that would endanger our weapons systems, for example. Broader technology constraints, I think, would be very difficult to enforce, but I invite my colleagues to comment.

Mr. KRINGEN. We would agree.

Mr. HUNTER. With respect to having a tight array of controlled technologies, would you agree that we need to have another COCOM system? You know, I am thinking of when the nine-axis milling machines were delivered to the KGB by Toshiba. It was a COCOM discipline that basically punished Toshiba for that activity and, I think, to a large degree deterred further activities along that line.

Right now, except for the weapons of mass destruction area, we have very, very limited international, multinational systems or regimes in place to control technology transfer? COCOM was it basically.

Dr. FINGAR. COCOM was it. COCOM, as you know, Congressman, was replaced by the Wassenaar agreement, but a major difference—and I will invite Mr. Van Diepen to expand on this—is that with the breakup of the two camps, the bipolar world, the ability to exercise discipline is very different than it was. We have more jawboning and less forceful methods to enforce discipline within it.

It is not that I do not think it is a good idea. I just think it is a very difficult challenge.

Van, do you want to add to——

Mr. VAN DIEPEN. I think that is essentially correct. COCOM, in effect, was an economic warfare mechanism against the Soviet bloc that was perceived by all the member states as posing an existential threat and, as Dr. Fingar noted, in the wake of the end of the Cold War, that common perception of a single existential threat, a unified list of targets that countries were willing to forego economically lucrative exports to wage economic warfare against, has basically gone away, and now you have much more dual-use technology, much more interest in promoting mutually beneficial economic activity.

Mr. HUNTER. Well, let me just finish with this question then. Is there anything you would do to change the status quo on technology transfer control? Anything?

Mr. VAN DIEPEN. I think, you know, working in niche areas where you can come up with consensus in sort of building that brick by brick. For example, in the U.N. Security Council, we have been able to get sanctions on specific entities, on specific countries, on specific commodities, but trying to sort of re-establish that common perception of threat where one can, and then also trying to strengthen these informal arrangements like the Wassenaar arrangement, like the Nuclear Suppliers Group, but I think it is going to have to be kind of a bottom-up approach rather than a top-down comprehensive approach like a COCOM.

Dr. FINGAR. Let me add, Congressman, coming at this as the intelligence community rather than as the policymakers who would have to devise such a control regime, I think what we can do, must do and are doing is to do all that we can to identify objectives, specific countries, technologies that they regard as keystone, as critical to their ability to move ahead in threatening ways, to do everything that we can to persuade those who might supply that technology, perhaps to work with police and customs officers around the world to interdict or perhaps take other measures to inhibit the access to that technology.

So we can do what we can to prepare long laundry lists of all of the elements of Hamas or something. It is not going to be very helpful, I would not think, to those we support.

Mr. HUNTER. Thank you.

The CHAIRMAN. Mr. Spratt.

I thank the gentleman.

Mr. Spratt.

Mr. SPRATT. Thank you.

Thank you very much for your testimony, and forgive my hoarse voice this morning.

General Petraeus and others have sat where you sit, and general officers and senior civil servants alike have said that the real solution in Iraq has to be a political solution, some grand compromise among the Kurds, the Sunnis and the Shia, and you say, I think, the same thing in your report here.

But you also give a rather bleak assessment of the national reconciliation effort that is now underway. You indicate, for example, that it is moving in a negative direction as opposed to proceeding in a positive direction and that "given the current winner-take-all attitude and sectarian animosity infecting the Sunni political scene, Iraqi's leaders will be hard pressed to achieve sustained political reconciliation."

That does not leave much room for hope or foresight as to how this thing comes to some sort of acceptable conclusion. What do you do with the situation? If we need a political solution, how do we overcome the bleak assessment you have made of the government in power right now?

Dr. FINGAR. Congressman, I wish I had the answer to this one, but the analysis that the community made in January at the time of the estimate appears to be borne out by events since then.

That assessment focused on the imperative for reducing levels of violence in the country as a prerequisite for beginning to restore some confidence among the competing fractured body politic in the groups, in the political system, in the ethnosectarian communities, that the surge that began a few months ago is having an effect.

It has not yet had a sufficient effect on the violence, in my judgment, to move the country to a place that the serious obstacles to reconciliation can be overcome, that the most optimistic projection is that it would be difficult and time consuming to bridge the political gulf when violence levels are reduced, and they have not yet been reduced significantly.

Mr. SPRATT. Let me ask you about the other side of the equation, and that is Iraqi Security Forces. One of our objectives was to, obviously, build up their forces to the point that they were a freestanding force operationally effective so that we could turn over to them the responsibility for the security of their own country.

What needs to be done for us to reach that point where we can turn over to the Iraqi armed forces the better part of the responsibility for the security of their own country?

Dr. FINGAR. Congressman, let me invite General Landry, National Intelligence Officer (NIO)——

Mr. SPRATT. Absolutely.

Dr. FINGAR [continued]. For Military Issues, to respond to that question.

Mr. LANDRY. When you take a look at both the size and the capabilities of Iraqi security forces, there is no doubt that there have been improvements, and I am talking now about the army, much less so in the police. The fact of the matter is that they do not have the logistics capabilities, nor do they have many of the elements of combat support, for example fire support, that they need to be able to perform those kind of functions.

The second thing is that there are many of those units today that, in fact, are so riven with a certain degree of sectarian infiltration that they are less than the reliable forces that you would like to see.

What does it take? It takes——

Mr. SPRATT. Do you think 135 battalions are sufficient to the task?

Mr. LANDRY. Would you say that one more time, please?

Mr. SPRATT. Do you think 135 battalions—infantry, combat battalions—is an adequate force to cope, to bring the solution to some sort of a successful closure?

Mr. LANDRY. To be very honest with you, I think you need to go to the military to get a feel for just how many forces—we do not make those kinds of calculations.

I will tell you this, that with the capability of those forces today, their ability to take over by themselves to accomplish the security functions that we are talking about is not likely. I cannot talk to you about specific numbers, but I can tell you their capabilities today are not likely to be able to work alone.

Now that does not mean that there are certain units that do have those capabilities and already are performing them, but not as a whole.

Mr. SPRATT. We have known that they would need combat service support and combat support and logistics backup. Why haven't we been able to multitask and do these things on a parallel basis while we were developing and training their infantry?

Mr. LANDRY. We have been. The question is what is the level of sufficiency, and I must tell you it takes a much longer time than perhaps we have recognized to be able to accomplish those functions.

Just one other issue, leadership, leaders take years to develop, not months, and when I say years, I am talking about, in the case of senior leaders, about a decade to develop, and they have not had that kind of a capability.

In addition to that, you are talking about a culture that, in fact, has resisted some part of the messages we have been trying to bring forth, which is the non-sectarian, professional performance of the force, and we have not reached all the leaders in that force that are necessary to be able to instill those kinds of values.

Mr. SPRATT. Thank you, sir.

The CHAIRMAN. Mr. Jones.

Mr. JONES. Mr. Chairman, thank you very much.

And to the panel, thank you for being here today.

And, Doctor, I thank you for being the lead at this point.

I have and have had for a number of years—I have been here 12, 13 years now—a deep concern about stability issues involving Central and South America. I know you have touched on this in

your abbreviated comments. Are you seeing more evidence of al Qaeda's presence in Central and South America in maybe not large numbers, but their presence meaning that they are trying to have a foothold in some of these countries?

Mr. KRINGEN. In general, sir, no, we are not seeing that kind of movement in Central and South America. We are much more typically worried, frankly, about Europe in that regard in terms of that being a safe haven, in part because that allows them access to the United States in ways that make it difficult for us to keep them out.

In the South American region, our particular concern is with regard to Hezbollah, a Shia organization, you know, where they are embedded in certain parts of South America, but we have looked very closely in the wake of 9/11 at the whole issue of Sunni extremist use of that area of the world, for staging terrorist operations and have not found as much as we worried might have been the case.

That does not mean, however, that they would not use it as transit points, particularly as venues to try to get in the United States. There are well-developed illicit smuggling activities to bring individuals in, and that always presents some risk, but I would say it is lower than a number of other areas of the world—South Asia, Europe and the Middle East, for example.

Mr. JONES. Let me ask you about Honduras. I only ask this question because I have a friend I have met in the last few years who is from Honduras. He is a Honduran, and he now lives in America. He is an American citizen now.

He has been very concerned about the Arab population that is growing in Honduras, not saying that these are terrorists, not saying they are going to be terrorists, but it is his concern. I share his concern if this is true. He recommended, but I have not done it yet, that I buy a book called *"Dove, Dollar, and Eagle"* and I have not read the book, but, apparently, this is about the Arab influence in Honduras and the fact that the influence is beginning to be political, meaning that they are beginning to become more and more involved in local elections.

Are you seeing this in Honduras?

Mr. KRINGEN. I myself am not in a position to comment on that specifically, sir.

Mr. CARDILLO. Neither am I, but I will say that at Defense Intelligence, we concur with CIA's view of the current state of affairs in Latin America with respect to al Qaeda. But we do agree, sir, that there are conditions that do exist that cause us to maintain a watchful eye so that those conditions do not change into reality. So it is something we continue to look at it.

Mr. KRINGEN. We will get you a better answer than we have been able to provide today, sir.

[The information referred to is classified and retained in the committee files.]

Dr. FINGAR. From, Congressman, a general observation, I do not have the specifics on Honduras either, but as a part of sort of the global movement toward more responsive governments, toward more democratic governments, more electoral participation, that immigrant communities kind of around the world have more oppor-

tunities to become engaged in the political process because there is now a political process into which they can join and participate.

So some of this undoubtedly is a positive development of a portion of a community that previously was unconnected from longstanding political parties. Whether there is a malevolent dimension to this in Honduras or elsewhere, we will have to look for an answer for you.

Mr. JONES. Okay.

Mr. Chairman, I will yield back. Thank you.

The CHAIRMAN. Thank you.

Dr. Snyder.

Dr. SNYDER. Thank you.

Thank you, gentlemen, for being here.

Dr. Fingar, the activities that you all are involved in are so crucial to this country and our national security, but it is in the context of the strategy of the United States with regard to our national security. Would you summarize for this committee, please, what you see as being the strategy, the national security strategy, of this country toward Iran, Syria, Lebanon, and Iraq?

Dr. FINGAR. Congressman, you have put me in the unenviable position of being an intelligence analyst asked to comment on our own policy, which—

Dr. SNYDER. I do not want you to critique it. I think it is a fair question, is it not, because you are in the context of what our strategy is?

As you see it, how would you summarize today the national security strategy in the United States toward Iran, Syria, Lebanon and Iraq?

Dr. FINGAR. I think the key elements in the strategy are stability in a very volatile portion of the world where we have many interests, energy being one of them.

In the case of Iraq—one by one—Iraq is reducing violence, facilitating reconciliation, restoring the ability of the people of Iraq to live in safety and security in their homes.

In the case of Iran, at the top of the list is preventing Iran from acquiring a nuclear weapon and countering Iranian support for terrorist activities. The policy is not aimed at taking a position in the Sunni-Shia divide, at limiting legitimate aspirations of Iran or anyone else.

For Syria, primary elements of this are checking Syrian behavior that undermines stability in Iraq. Some of it is harboring former regime elements. Some of it is allowing foreign fighters to cross its territory. On the other side of Syria, it is ending its meddling, destabilizing activities in Lebanon, that democratically elected government being undermined to some extent by Syria.

In Lebanon, restoration, preservation of stability after decades of civil war with a political system that probably is no longer approached. Based on allocation of positions, based on percentage of the population awarded to different groups that no longer conform to the demographic reality, reducing the threat that Hezbollah poses to Israel on the southern border, and limiting the danger that through Hezbollah Lebanon and Syria could become not proxies, but extensions or agents of Iran in the region.

Do you want to add to that, either of you?

Mr. CARDILLO. No.

Dr. SNYDER. Yesterday, Henry Kissinger had a piece in *The Washington Post* in which he focused less on our military presence in Iraq and what is going on with regard to that, which is of great concern to the American people and the Congress, but on the broader issue of diplomacy and the relationships of our country with the other nations in the region and the world with regard to leading to an ultimate solution for Iraq, how right do you think are our relationships with nations Syria, Iran, and Lebanon with regard to participating in some kind of grand scheme for promoting stability in Iraq?

Dr. FINGAR. My own view is that in the case of Iran that the price of participation, meaningful in that kind of a grand scheme, would be very high. They would set a high price.

Given the sense that we judge Iranians have of things going their way, windfall oil profits, their agents, Hezbollah, having, in their view, challenged Israel more effectively than have the military forces of any Arab state, stability in Iraq is not the highest value for them. I think it is okay for the Iranians that Iraqi oil production is down. It helps keep prices up.

Though the Shia majority would have the appearance of extending the Shia influence in the region, but the Shia in Iraq are not generally beholden to Iran, that it was Shia troops who died in the largest numbers in the eight-year war between Iraq and Iran, that Syria, I think, has a desire for stability, but, again, at what price? Return of the Golan from Israel would immediately come up.

It does not suggest that we should not attempt to negotiate with them and to work toward such a solution, but it would not be easy.

And, John, do you want to add something?

Mr. KRINGEN. I think the only point I would add is that we believe that both Iran and Syria do want a unified Iraqi Government. They just want to in the meantime use it as a venue to inflict pain on the coalition and forces that they are uncomfortable with.

So we are not beginning here from a premise that their objective is the dissolution of the Iraqi state. We actually believe that they would like in the long run to have an Iraq there that has some stability in the case of Iran that is governed by the Shia and, therefore, politically friendly, that is open to Iranian economic and other influence. But that is the only point I would add, sir.

Dr. SNYDER. Thank you.

The CHAIRMAN. Jeff Miller.

Mr. MILLER OF FLORIDA. Thank you, Mr. Chairman.

Doctor, what role, if any, does global connectivity and/or economic globalization play in your threat assessment?

Dr. FINGAR. Globalization is a facilitator of a lot of activity, good and bad, that the rapid communications, the Internet that makes it possible for groups separated by long distances to be in direct contact or learn from one another, the wannabes, the affiliates of al Qaeda or other terrorist groups that can be located at some distance using Web sites and so forth to communicate. These same kind of capabilities enable police forces around the world to exchange information and airline security people to be on top of developments, the amount of commerce that characterizes the global system.

The amount of goods, technologies moving around the world greatly complicates efforts to thwart proliferation. It gets at the problem that Mr. Hunter was raising about controlling access to technologies. The world is becoming increasingly interdependent, that the importance of energy to the world economic system, because of the concentration of hydrocarbon resources, that accord both wealth and the degree of influence to states—Venezuela, Iran, for example, that are not particularly friendly to the United States—the danger of the cyberthreat, the extent to which the economy or security systems are dependent on global communications puts in the system a vulnerability here to actors, to state actors, that bringing down one bank anywhere in the world could have very rapid ramifications through the international financial system that would be unlike anything we have encountered in years past. That is getting to your question.

Mr. MILLER OF FLORIDA. How about foreign investment into the United States? That is why I am talking about global economic concerns, and the reason I ask is because I was under the understanding that we had a vote coming up in just a few minutes that dealt with Committee of Foreign Investment in the United States (CFIUS), and I have some concerns. It appears now it has been pulled off the agenda for a vote in the first round of votes today, but coming back from the Senate, it appears that it is watered down the director of national intelligence's ability to forward or assist or investigate potential conflicts, problems, and I would like to know what your feelings are on that issue.

Dr. FINGAR. Let me invite General Landry who directs the intelligence community input into the CFIUS process for us.

Mr. LANDRY. Can you say your question just one more time for me, please?

Mr. MILLER OF FLORIDA. It was in regards to the Senate bill that has come back over to the House, and it appears not only has the Secretary of Defense's (SECDEF) role been diminished in the ability to ask for an investigation, but also the director of national intelligence as well, and my concern is: Is that an appropriate move?

Mr. LANDRY. Well, as you know, the director of national intelligence is not a sitting member nor under the proposed legislation would he be. He would still retain an advisory function and, frankly, from that perspective, the DNI has never taken a position on whether a particular case should be brought before CFIUS or whether a particular action should be taken.

What we do is to provide as impartially as we can an intelligence assessment on which—

Mr. MILLER OF FLORIDA. And I understand that, but in the House-passed provision, it did give the director the ability to intervene and the Senate stripped that version out. So my question is: Would it have been good to have left the House provision in?

Mr. LANDRY. We have consistently said that we thought the DNI should not be a sitting member on the CFIUS itself. Should—

Mr. MILLER OF FLORIDA. That was not the question. The question was being able to intervene and require an investigation to take place.

Mr. LANDRY. We do not believe that should have been a part of the legislation.

Mr. MILLER OF FLORIDA. Okay.

Mr. LANDRY. The one thing we do have problems with right now is the injunction to get the intelligence assessments done within 20 days, which we thought is somewhat onerous.

Mr. MILLER OF FLORIDA. And that is something that the Senate passed on the 20 days.

The CHAIRMAN. I thank the gentleman.

Adam Smith.

Mr. SMITH. Thank you, Mr. Chairman.

Two areas of questions.

One, in your testimony this morning, obviously, there are a lot of problem spots in the world, a lot of information out there. What I am most interested in is how we process that information. I mean, I guess I see sort of a transition point. I mean, there was a time when intelligence was about how do you get information difficult to come by. Now it is overwhelming with the Internet in terms of the amount of information that we can generate without even wiretapping anything, I mean, just going out there, open source information, and finding it.

I am not convinced at this point that our intelligence community has figured out how to smartly process that information so as they find what they need to find as quickly as possible and figure out how to use it. So I am curious what your thoughts are.

I met with a group of folks from the company IPS. They have a new modeling system for how to process information, open source information, that got me thinking on this road. So I am really interested in your thoughts on how we process it.

And, second, focusing on al Qaeda, there has been a lot of analysis about how they have sort of franchised out this vision of sort of self-starting groups out there that are sympathetic to bin Laden, but not necessarily connected to him. But every time we pull back the layers of a plot, like, you know, the bombing in the U.K. a couple years ago, the plot that was thwarted last year—now we have not quite unraveled the one that happened just a few days ago—it all seems to point back toward Pakistan and Northwest Pakistan and where bin Laden and al Qaeda are centrally located.

So I guess my question here is: Is the center more important in al Qaeda's terrorist act than we have perhaps been led to believe, that basically they are exercising greater control to at least some extent of the people who ultimately commit these terrorist acts?

If you could take a stab at those two, I would appreciate it.

Mr. KRINGEN. I will talk on the al Qaeda issue and defer to others on the information processing or I can dig into that one a little bit later.

I would say I do not think we see it in the context of an either-or. We actually see the al Qaeda central being resurgent in their role in planning operations. They seem to be fairly well settled into the safe haven and the ungoverned spaces of Pakistan there. We see more training. We see more money. We see more communications. So we see that activity rising.

At the same time, they are having success in the franchising that you talked about or the branding, and the example I would use there is what used to be Salafist Group for Preaching and Combat (GSPC), which is now al Qaeda and the Maghreb, where clearly we

see that as they have taken on that brand name, they have also gotten more active.

My understanding is there is another bomb today in Algeria. I do not know if it is associated with them or not. But if it is, it continues in a pattern of activity. So we see both developments going on simultaneously.

Mr. SMITH. What is your view for the best plan to try to disrupt that center that has seemed to settle in northwest Pakistan?

Mr. KRINGEN. Well, sooner or later, you have to quit permitting them to have a safe haven there. I mean, at the end of the day, when we have had success, it is when you have been able to get them worried about who was informing on them, get them worried about who was coming after them. The degree to which they feel comfortable in that space and the security environment they have is the degree to which we get more and more concerned.

I would second one of the comments that you made earlier, sir, with regard to the notion that many times when we uncover a plot overseas, it is only after you peel back the layers, you suddenly find the connections. But, in some cases, those connections may not be as centrally directed as before, but, nonetheless, may have a financial aspect to it or a planning guidance or training.

So, you know, your comment there is absolutely right on, and we always look at those carefully, trying to investigate those foreign connections.

Mr. SMITH. Lots of things to be done there. Just quickly, smashing that safe haven, I think is enormously important.

I see we are almost out of time. If you could take a quick stab at the processing of intel, that would be great.

Mr. CARDILLO. Let me pick up on that one, sir. You are exactly right. This is a major issue for us. When I came into the community 23 years ago, we were in hunting mode, and you would spend a good part of your day out searching for, looking for, trying to get access to the right pieces and sources and data so that you could put together context and then make your analysis.

And my analysts today are facing just the opposite problem. It is: How do I deal with what is an overwhelming sometimes set of data, points and views, and put them together, first get some context for myself and then be able to tell the customer so what out of all that?

Now we are pursuing many avenues of approach, both from how we do the methodology of analysis, but also tools, applications to help us filter, help us prioritize so that when it hits the desktop or the in-box, you have a way of at least having a better chance of getting to those significant pieces of data sooner.

Mr. SMITH. I would be interested in getting some more details on that, and I will follow up with all of you.

Thank you, Mr. Chairman.

The CHAIRMAN. Thank you very much.

The gentleman from Texas, Mr. Conaway.

Mr. CONAWAY. Thank you, Mr. Chairman.

We have a problem with our buttons down here. I will just have to hold it down.

Gentlemen, thank you.

Can you talk briefly about demographic issues within China as to what that looks at, you know, looking 10, 15, 20 years down the road? You know, I am not so much concerned about their economic development. I understand as a sovereign nation, they get to build their military against threats they perceive for themselves, but can you talk to us about what role overall demographic issues have within China in our assessment of how that looks as a threat to us?

Dr. FINGAR. I will start and invite others. John and I both started out as China analysts a long time ago.

China's population will continue to grow for about another generation. Then it will begin to decline unless there is a change in projection.

China will have one of the most rapidly aging populations in the world. I think it is now 15 years out projection that there will be more people over 65 in China than there are citizens of the United States. An aging population, a couple of generations of one-child families, no social security safety net, a shrinking pool to support an ever-larger group without the normal family ties, you know, a one-child family means there are not aunts and uncles and cousins and others that would be a part of the support system. So it injects at least a potential for fragility to the social system.

It does have economic problems associated with it, with agriculture that is more gardening than farming and so forth. The idea of the running out of hands in China seems strange, but the model and the trajectory that they have been on, that has brought very great success, simply will not be sustainable over the long run.

Mr. KRINGEN. I would agree. It also may have some political repercussions in the sense that the expectation is that the state will be able to pick up those sorts of responsibilities that at one time were handled by family and other social networks and will not be in a good position to do that.

Dr. FINGAR. If I could interject one additional sort of dimension, we often focus—and correctly—on the double-digit growth in the military budget. The military growth actually lags behind the rates of growth in some of these social services, starting from a much, much lower base, but the demand is enormous.

Mr. CONAWAY. As we look at this—and I am also aware of some information that those one-child families, those individuals are less likely to have children themselves because they are so spoiled and self-centered—can we convert all of that information into how should we assess the way we look at military threats from China to us over the next couple of generations? How should we perceive and how should we move forward in that regard?

Mr. CARDILLO. It is difficult to say, but you are right, sir. It is a factor. I mean, what we look at in Defense Intelligence is the professionalization of that military, and not just the piece parts of one more sub or one more missile system, but how it is that it is operated and can they develop a professional non-commissioned officer corps, can they develop the types of general staff leadership courses and the like, and I think the factors that you bring up—those human factors, if you will—do contribute to it.

It is a growing area of our business as we look at leadership profiles and the like, and all's I can say is you are touching on a point

that we need to include more in our analysis of how that overall capability comes together.

Mr. CONAWAY. Thank you, Mr. Chairman. I yield back.

The CHAIRMAN. The gentleman from New Jersey, Mr. Andrews.

Mr. ANDREWS. Thank you, Mr. Chairman.

I thank the witnesses for their testimony.

I want to preface my question by saying I have profound and utmost respect for you gentlemen and the people you represent, the sacrifice and patriotism that you and the people you represent are making for the country. I am profoundly grateful for what you do.

Dr. FINGAR. Thank you, Congressman.

Mr. ANDREWS. Second is I want to preface my question by saying that I want you to answer my question within the bounds of good sense, given the fact we are in a public forum.

I want to ask you a question that I think is very pregnant on the minds of the American people with respect to what you have identified as the greatest threat to our security, which is al Qaeda, and particularly with respect to its leader, Osama bin Laden.

By my calculations, it has now been 2,098 days since September the 11th. We have had broadcasts from Osama bin Laden, some of which are probably authentic, some of which are not. We have had some indication he is in contact with other al Qaeda cells and operatives around the world. And we do not, I assume, definitely know what his state of health is, but we assume he is alive.

Now I do not equate capturing or killing Osama bin Laden with victory in the war against al Qaeda by any stretch of the imagination, but I also understand that the psychological value to the American people and around the world and the strategic blow that it would strike to al Qaeda around the world is obviously of great significance.

I do not mean this as a rhetorical or hostile question, but after spending a huge amount of money for a period of time in excess of 2,000 days, with what I hope is a focus on apprehending a person who is responsible for the murder of more than 3,000 Americans, why haven't we succeeded?

Mr. KRINGEN. Let me frame this first with a couple of comments. We, like you, continue to assess that Osama bin Laden is alive. We continue to assess that he is probably in the tribal areas of Pakistan.

In terms of your frustration and I think the frustration of anybody who has been working on this problem since 11 September, the challenge we face is those are ungoverned spaces in which the Pakistani government does not control much of that, very tribally based, and so it is very, very difficult——

Mr. ANDREWS. If I may——

Mr. KRINGEN [continued]. To operate in that environment.

If I could just say one more thing and then——

Mr. ANDREWS. Yes.

Mr. KRINGEN. The other thing is Osama bin Laden in particular goes into extended periods in which he does not communicate, does not interact with anyone directly.

Mr. ANDREWS. All right, but isn't there a distinction between an ungoverned area and a tribally governed area? I take it at face value that the Pakistani regime does not have control over some

of these areas, but someone does. Some tribe has some control over what goes on in this area.

Why haven't we made more progress in understanding the incentives, the disincentives, the economic realities of the tribal leaders that have some, if not control, knowledge over what is going on in these areas?

Mr. KRINGEN. In some cases, those tribal leaders are the very people who are protecting him, sir.

Mr. ANDREWS. Well, but they must then interact——

Mr. KRINGEN. And they are not necessarily motivated. We have had rewards out for bin Laden for a long period of time, and economic motivation is not a principle driver of——

Mr. ANDREWS. But those tribal leaders must in turn interact with other outside forces outside the circle, whether it is for material support, economic support. I mean, you know, the more people you get involved in something, the more people they become reliant upon, and somebody in that circle must not be a sympathizer. Why aren't we making more progress on that?

Mr. KRINGEN. All I can tell you in this particular context is it is an extremely challenging environment in which to operate and to turn individuals who would be the people who have the access into people who are willing to work with the U.S. Government.

Dr. FINGAR. Let me just add it is certainly not for want of trying.

Mr. ANDREWS. I do not doubt that.

Dr. FINGAR. We share your frustration.

Mr. ANDREWS. I do not doubt it.

Dr. FINGAR. Being number three in al Qaeda is a bad job. We regularly get to the number three person. The security measures and the lessons learned about do not turn on your cell phone, all that kind of stuff—I guess even in the mountain redoubts know what has led to the killing and capture of people elsewhere—the security practices are very good, as John indicated.

They are in an environment that is more hostile to us than it is to al Qaeda and the appeal of call it the ideology rather than the religion exceeds the appeal of money or any other blandishment that we have been able to offer.

Mr. ANDREWS. I understand. Thank you very much.

The CHAIRMAN. Thank you.

The gentlelady from Virginia, Ms. Drake.

Mrs. DRAKE. Thank you, Mr. Chairman.

And thank you for being here. It is very interesting conversation.

But what I wanted to ask, as we are discussing the impact and the future impact of our military commitment in Iraq and what that impact has on future operations, have you also assessed what the impact would be of a withdrawal?

The Iraqi foreign minister was here, spoke with a group of us, and has recently been quoted in the press saying the same thing of what those consequences would be, we have also met with the ministers of surrounding countries who have been clear with us on what the consequences would be in their countries if we were to pull out abruptly, and in the Kissinger article just recently, he makes the quote that withdrawal would not end the war, but would shift it to other areas.

So my question is can you assess what the impact would be if we took that action, what the impact would be on our credibility, what the impact would be on our ability to mount operations in the future, particularly where it would require the trust and cooperation of other populations and particularly special operations missions?

Dr. FINGAR. Let me begin the answer and invite colleagues to jump in.

Again, framing it, the impact on the broader geopolitical picture that you sketched out, I think, will be very much dependent on the nature of the withdrawal, how rapidly, to what places, within what kind of internationally discussed framework. So I do not think that is automatically one thing or another thing. How one does it matters.

A second is a function, I guess, of the gray hair. Those of us who lived through Vietnam and thought about, heard about the dominoes, the impact, American credibility around the world, as traumatic as all of that was, much of the worst casing did not happen, I think in part because the Soviet Union continued to exist. We still did have an organizing rubric.

The third point I would make would be to return to the judgment in the January National Intelligence Estimate on Iraq in which we looked at a rapid drawdown. That was the only scenario we looked at because it was predicated on "if you take the targets away, does the violence go down" approach.

And I think we are still where we were at the time of that estimate, and I will simply read it: that "coalition capabilities, including force levels, resources and operations, remain an essential stabilizing element in Iraq. If coalition forces were withdrawn rapidly during the terms of this estimate"—it was 18 months—"we judge that this almost certainly would lead to a significant increase in the scale and scope of sectarian conflict in Iraq, intensify Sunni resistance to the Iraqi government and have adverse consequences for national reconciliation."

Do either of you want to add to that?

Mrs. DRAKE. And also on the future, what our credibility would be, have you assessed that?

Dr. FINGAR. We have not specifically looked at, you know, a hypothetical what would our credibility be around the world.

Mrs. DRAKE. Or our ability in the future to work another area. Thank you.

Thank you, Mr. Chairman.

The CHAIRMAN. Thank you.

Mrs. Davis.

Mrs. DAVIS OF CALIFORNIA. Thank you. Thank you, Mr. Chairman.

Thank you to all of you for being here.

Perhaps this is a different way of stating the previous question, but I am just wondering, you know, what conditions do you think could be met for our adversaries to view our withdrawal as anything but a victory for them? Are there conditions that you would look to?

The second question really would just go with the way that our adversaries view both our strengths and our weaknesses. How

would you assess that—our reliance on foreign oil, our reliance on technology, our forces, the fact that they are stretched today? Could you please comment on that?

Mr. CARDILLO. I will just start with, obviously, when you discuss adversaries, there is quite a range from non-state all the way up to state actors. Certainly, across that range, there are going to be some adversaries that will take whatever we do—and, oh, by the way, that includes staying, okay—as a failure, and so, in my mind, you have to just kind of park that this is a broad campaign of information competition that will continue.

So I think your question is how do we best posture ourselves so that we can be competitive in that environment. To me, ma'am, it is about transparency of purpose to the extent that we can—and this is the difficult part—come with definitive objectives that can be identifiable and to some degree measured, but therein lies the real problem, the one that we are having now with respect to our translation or our definition of success—even the people that we are trying to help—and so I would just offer that within that environment, the more that we can communicate clearly what it is we are doing and why we are doing it, that we will have a chance to go. At least it is the bulk if the population that is on the fence, you know, not on one extreme or the other.

Dr. FINGAR. Let me make it even more complicated. May I associate myself with the comments that both of you had made, that it is not only what has been said and the how it has played out, but for some of the audiences, adversaries hostile or at least very critical of what we are doing—and I would distinguish between those that are hostile and those that are not happy with our involvement in Iraq—a mixture of glee that we have had our comeuppance and relief if they judge that that will enable us to get back to doing some things in ways that they might prefer.

Will al Qaeda and others view this as having defeated and depicted, as having defeated the sole remaining superpower in the same way that the Muhjahadeen claimed credit for defeating and contributing to the downfall of the Soviet Union? It is information. It is a message. I actually have a pretty high level of confidence in our ability, U.S. Government, society writ large, to work the modalities of any decision in ways that minimize the downsides and avoid some of the more cataclysmic predictions of dire consequences of staying or going or doing any other particular course of action.

Mrs. DAVIS OF CALIFORNIA. Could you comment on the second question on the strengths and weaknesses? Perhaps you do not have enough time. I am sorry, but——

Mr. KRINGEN. Just a couple of thoughts: If you look at two nations that we care a lot from a national security point of view, namely Iran and China, what they clearly see is our ability to integrate technology into our military operations in a very closely knit fashion where you have intelligence and surveillance assets guiding military operations, doing that real time, doing it at night.

So where you see them embarking on their efforts is what Tom alluded to earlier, which is various forms of asymmetric warfare in which they try to degrade those capabilities, whether it is, you know, an anti-satellite program to at least threaten our satellite ca-

pabilities or swarms of small vessels in the Persian Gulf, so very much focused on asymmetric approaches and not, frankly, trying to match us one for one in terms of the technology and the forces that we have.

The CHAIRMAN. Thank you.

Mr. Akin.

Mr. AKIN. Thank you, Mr. Chairman.

Let's assume that we do some kind of a scenario in terms of moving out of Iraq, and let's say that we manage that to a certain degree so there is not a big civil war or something there. The people that we are fighting there, though, are then going to be picking new targets to a certain degree, and is it true that they would then probably go after Turkey and Jordan and try to destabilize those countries and make sure that Iraq returns to the column just like Iran? Wouldn't they move to those other more moderate Middle Eastern type countries?

Mr. KRINGEN. One assessment that we have made is that al Qaeda and Iraq have as one of its principle plans conducting external operations within the region. We believe they have been unable to be very successful in those activities. There was, indeed, an attack on some hotels in Amman that you may remember, but because they have been so preoccupied with their internal operations, that mission has gotten shorter shrift.

But we certainly believe that Jordan would be part of that, possibly Turkey, certainly, you know, Israel would be part of their plans, but a regional plan, in effect a hub, should they be able to sustain an environment that allows them to do that. So, certainly, we would see——

Mr. AKIN. Would they probably emerge as the leaders? If we move out, would they emerge as the leaders in one shape or another in Iraq? Is that hard to predict?

Dr. FINGAR. It is hard to predict, but I will make a prediction, one in which I have a fair degree of confidence, is that it will be difficult for Iran to hold Iraq in its sway, that the Arabs are not Persians, that at some point that becomes more important than the Shia affinity.

As one of the most influential Shia clerics has put it, "Yes, he spent a great deal of time in Iran, but being under house arrest did not make him feel warm and fuzzy toward the Iranians," that the very different views of the role of the clerics in governance, the Velayat-e Faqih approach of the Iranians is not accepted by the most influential of the Iranian clerics. They believe sort of governance is a bad and dirty thing, and the religious should not be deeply involved in that. It is the separation of church and state kind of thing, that——

Mr. AKIN. So the Iraqis are more into that separation than the Iranians are?

Dr. FINGAR. Yes, yes.

Mr. AKIN. Okay.

Dr. FINGAR. Yes. They reject it as an element of theology.

Amir, have I got that right?

Mr. AKIN. Thank you.

Thank you, Mr. Chairman.

The CHAIRMAN. Mr. Cooper.

Mr. COOPER. Thank you, Mr. Chairman.

Thank you, gentleman.

I, too, admire your patriotism, but I only have three questions and five minutes. So let us both be short-winded.

Yesterday in another committee that takes sworn testimony, the former surgeon general of the United States admitted under oath that he had been coached in his testimony before Congress, prevented from saying certain things involving stem cell research, global warming, and required, for example, to mention President Bush three times on each page of his testimony.

Were any of you gentlemen coached by political appointees in your statements before this committee today?

Dr. FINGAR. Absolutely not.

Mr. KRINGEN. No, Congressman.

Mr. CARDILLO. No, sir.

Mr. COOPER. And your answer would not change if you were sworn?

Dr. FINGAR. Absolutely not.

Mr. KRINGEN. Absolutely not.

Mr. CARDILLO. No.

Mr. COOPER. Second question: When you stress in your testimony that al Qaeda poses the number one threat to U.S. interests, are you unintentionally helping build the al Qaeda brand that in turn may help them franchise their operation?

Mr. KRINGEN. I would say that that is a risk. On the other hand, I am not sure what the alternative approach is given that it is our judgment that in terms of a capability to attack the U.S. homeland, al Qaeda is the number one threat.

Mr. COOPER. Well, this involves some deeper questions, but when they are also trying to hijack one of the world's great religions for their violent extremist ends, they may be using us as a means of doing that, and we may be playing into their hands by highlighting the threat, you know, that they pose vis-a-vis other organizations.

That brings me to my third point, which is when you stress that al Qaeda is our number one enemy and then you say, "Well, they are probably operating in an ungoverned space possibly in Pakistan, maybe Waziristan," who knows, but isn't it interesting that it is an ungoverned space, uncontrolled by the Pakistani government, but yet controlled sufficiently by the Pakistani government that we cannot intervene militarily? So it is not controlled, but it is controlled. This is the Pakistani paradox. Which is it?

Dr. FINGAR. Well, there is a difference between the Pakistani government's ability or inability or limited ability to control what happens in that space, and our respect for the territorial sovereignty of a key ally in the war on terror. It is not that we lack the ability to go into that space, but we have chosen not do so without the permission of the Pakistani government.

Mr. COOPER. Are they a key ally if they fail to help us find America's number one enemy?

Dr. FINGAR. Again, it is a mixed picture. The Pakistanis have been extremely helpful and have captured or enabled us to capture a very large number of al Qaeda figures. They have not enabled us to capture everybody.

John, do you want to add to that?

Mr. KRINGEN. No, I think that is right. Their track record in what we describe as the settled areas of Pakistan in terms of helping to capture those individuals has actually been very strong.

Mr. COOPER. Aren't you just justifying the very disturbing status quo in which our number one enemy is actually growing in size and has grown since 9/11 and the initiation of the war in Iraq?

Mr. KRINGEN. I would not say we are justifying. We are describing it. I mean, this is the dilemma, sir.

Mr. COOPER. But we are not taking actions to diminish the size of our number one enemy, at least not effective action that would decrease their ranks or decrease their capability?

Mr. KRINGEN. In another forum, we can talk about what actions are being taken or not taken at this point in time.

Mr. COOPER. It is interesting that we are in a situation in which even Secretary Rumsfeld at DOD tried to change the name of the war from GWOT, the global war on terror, to GSAVE, the Global Struggle Against Violent Extremism, but was unable to do that, as we understand it, due to White House urging.

When someone like that tries to nuance the debate or shift the focus, is unable to, and we are back in the same situation we have been for lo' these several years, the number one enemy in an ungoverned space that is sufficiently governed, we cannot catch him, and also admitting in a public forum that the ranks of our enemies are growing, not diminishing. That does not sound like a formula for success to me.

Dr. FINGAR. Not to be too overly simplistic, I hope, but part of the dilemma that you correctly identified here is the risk of taking actions in the less well-governed areas of Pakistan, the federally administrated tribal areas, the northwest areas that could lead to developments in all of Pakistan, that would increase the problem.

There are an awful lot of potential recruits being engaged in the struggle in Kashmir that are held in check by the security forces in the rest of Pakistan, so it is not too great an exaggeration to say there is some risk of turning a problem in Northwest Pakistan into the problem of all of Pakistan.

Mr. COOPER. I see that my time has expired.

Thank you, Mr. Chairman.

The CHAIRMAN. Thank you very much.

Four votes have been called for 1:15, then three five-minutes.

Mr. Franks.

Mr. FRANKS. Thank you, Mr. Chairman.

And I first want to thank the witnesses for their testimony and their participation. Kind of behind the scenes, you are the hidden front line of freedom, and we appreciate what you do very much.

I also want to thank you for reminding this committee what our responsibility really is, which is to ensure that the U.S. is able to defeat adversaries who threaten U.S. interests.

Having said that, I wanted to address one point quickly. You know, to suggest that we are not doing anything to diminish al Qaeda is to ignore some of the warfare that is taking place against them. Many of their leaders, many of their ranks have been decimated and, certainly, in an ideological war like this, it is important to remember that the image that is portrayed has a great deal to

do with whether or not the ranks of recruitment are increased or not.

And I just think it is very, very important that we realize Mr. Fingar's comments about this being an ideological base that ties things together. We need to understand that this ideology is the most dangerous aspect that we face and that, if they see a weakness on our part or a willingness to back off, I do not think that that is going to diminish them at all.

But I had to say that. Having said that, this committee is going to be considering in the near future extending more rights to enemy combatants such as in Guantanamo, and former Attorney General William Barr testified before the Senate Judiciary Committee in July of 2005, and he said this. He said, "What we are seeing today is an effort to take the judicial rules and standards, make them applicable in domestic law enforcement context, and extend them to fighting wars. Nothing could be more farcical or more dangerous."

And I know there is a pretty intense debate about extending the constitutional types of protections that we give to those that live in this country to those that are combatants against this country outside the nation, but, Mr. Cardillo, I would like to perhaps start with you. What do you think would be the impact of that, and what do you think is the proper approach? Do you think that we should extend these kinds of judicial rules that we apply to domestic law enforcement to enemy combatants?

Mr. CARDILLO. I do appreciate the question. I really must tell you I do not believe I am qualified to answer.

Mr. FRANKS. Would there be anybody else on the panel that would want to take a shot at it?

Dr. FINGAR. I think it would be inappropriate—

Mr. FRANKS. All right. Well, let me shift gears then. Let me get back to Iraq.

We had talked about earlier that some of the prognostications about Vietnam did not materialize, but isn't it true that somewhere around between one and two million people died after the U.S. withdrew, mostly Cambodians, and that that was a human tragedy all by itself and that if, indeed, we withdrew from Iraq abruptly, what do you think—Mr. Cardillo, I will start with you again here and we will run down the line—would be the human impact and how do you think that that would affect both the image of the United States on the world stage and al Qaeda's ability to recruit additional people, and if the Iraq government did not stand, what do you think would be the outcome?

Mr. CARDILLO. Sir, if I could equate your statement, abrupt withdrawal, with what we called a rapid withdrawal when we did our assessment, we would agree that conditions would deteriorate and that the amount and intensity of sectarian violence would increase. I cannot give you a number, okay, to say what that would equate to.

Mr. FRANKS. To go beyond sectarian violence, how do you think it would impact terrorist recruitment that might come against the United States?

Mr. CARDILLO. I know it would be used, okay, as a marketing tool and an attraction for their cause. Again, I think if it was ab-

rupt, okay, and caused those conditions to occur that we think would happen, it would also be in a sense a force multiplier for that recruitment.

Mr. FRANKS. Compare with me for a moment the difference between us staying there until the Iraqi government can stand by itself or withdrawing too soon to where the Iraqi government falls. Fall or stand? What is the difference in the outcome, do you think, as far as the security of the United States goes?

Mr. CARDILLO. The security of the United States would begetter served with an Iraqi government that could stand on its own.

Mr. FRANKS. Well, thank you, Mr. Chairman. I have run out of time. Thank you.

The CHAIRMAN. Mr. Murphy, let's try to get you in before we break for the four votes.

Mr. MURPHY. Thank you, Mr. Chairman. I appreciate it.

I have always said, Mr. Chairman, that the American people do not need to be reminded that we need to win the war on terror. What we need is leaders who put forth the real plan to do it. I have been outspoken in my views that the current Administration has failed to offer a real plan to win the war on terror.

Gentlemen, I appreciate your service to our country, but I believe one glaring example of this Administration's failure has been our relationship with Pakistan, and I echo the sentiment of Representative Adam Smith, Rob Andrews, Mr. Cooper in their earlier lines of questioning.

I do not have time to recite all the troubling accusations recently made toward our ally, but I want to name a few.

One, a peace deal that allows Islamic militants allied with the Taliban and al Qaeda to operate freely in increasing strength, a situation Pakistan's own interior ministry called "a general policy of appeasement toward the Taliban."

Two, at least one account by our American soldiers that Pakistani security forces fired mortar shells and rocket propelled grenades (RPGs) in direct support of Taliban ground attacks on the Afghan army post.

And, three, recent accounts that Secretary of Defense Donald Rumsfeld aborted a raid on al Qaeda chiefs in Pakistan in 2005.

The U.S. has provided $5.6 billion in coalition support funds to Pakistan over the past 5 years with zero accountability. As one senior military officer described the situation, "They send us a bill, and we just pay it."

So my questioning is twofold then. It goes hand in hand.

One, why is Pakistan still being paid these large sums of money even after publicly declaring that it is significantly cutting back patrols in the most important border area?

And, second, I would like to echo a sentiment first expressed by Senator Jack Reed. Why are we not paying for specific objections that are planned and executed by the Pakistani military, rather than just simply paying what the country bills us?

Gentlemen, I would like all your responses to that two-part question.

Thank you.

Dr. FINGAR. Congressman, I am not sure how to answer it because they are questions for those who make and implement policy.

Your question of why the Administration is doing things one way rather than another is not a subject that we——

The CHAIRMAN. Do your best to answer the question, please.

Dr. FINGAR. I have to assume that the calculus of costs and benefits and risks associated with the strategy has led to the conclusion that what is being done is appropriate. What the elements of that calculation are, I do not feel qualified to speculate.

Do either of you want to add to that?

Mr. KRINGEN. The only thing I would add is to one of your first observations there, we would agree that the peace deal with Waziristan has not been helpful in terms of the antiterrorist effort. Musharraf's rationale for that was that in the long run it would create the political space to create a more stable environment. From our assessment, we have not seen the developments go in that direction, but actually in a negative direction. So we would second one of the premises of your question, sir.

Mr. CARDILLO. Without speaking to the dollar amounts and the measurements along with that, we would agree that there are conditions that have come on the backside of that agreement that have made it more difficult for us to achieve objectives. So, from an intelligence assessment perspective, we have seen more downside than up.

Mr. MURPHY. Can you elaborate on that last point? More downside than up in regards to?

Mr. CARDILLO. Well, because, look, there was an agreement to provide an additional amount of confidence and security on the adversary's side. The trade was to be an eventual increase in governance in the area. So, when I say we have seen the first part of that go through, but not the second, at the end of the day, we see a worse condition than was before the agreement.

Mr. MURPHY. Well, gentlemen, I know with your professions in the intelligence industry and being someone that worked with our intelligence units in Baghdad when I was there a few years ago, when you give them specific objectives and the carrot that is used is financial carrot, would not it make more sense to hold specific objectives to and give them to the Pakistani government and hold them accountable for these financial carrots, these $5.6 billion that we are giving them? Yes or no?

Dr. FINGAR. I think the answer has to be, yes, that provision of assistance should be properly tied to expected outcomes, and the outcomes which people have committed, they should be held accountable for.

Mr. MURPHY. Thank you.

Mr. Chairman.

The CHAIRMAN. We have three minutes within which to make the vote, and, gentlemen, we shall return. We appreciate your waiting for us for our four votes. Thank you.

[Recess.]

The CHAIRMAN. The gentleman from Georgia, Dr. Gingrey.

Dr. GINGREY. Mr. Chairman, thank you so much.

Gentlemen, I apologize for coming in to the hearing a little late this morning. I missed most of it, and I am sure that there is a possibility that my question has already been asked and answered, but if you will bear with me, first of all, I really appreciate, as I

read your bios, the important work—life's work really—that you guys have done for the country, and it could not be more important. So this is very timely, and we are very appreciative of it.

I am, if you do not know, in my prior life, a physician. I practiced medicine for 31 years before being elected from the 11th District of Georgia.

This situation that occurred recently in London and Glasgow was bad enough, but when we realized that the perpetrators were, in fact, mostly physicians or health-care workers, I was absolutely appalled by that, and then I realized, of course, that they were working for the British health-care system, national health-care system, and so it concerns me.

We have some great, great doctors in this country who are foreign medical graduates. Don't let me suggest that they are not doing a great job for us, and they do.

But I have been real concerned about things like the visa waiver program and maybe now we ought to take a look, step back and look at the J visa program which would pertain to foreign medical graduates.

The question that I am leading up to is this: We enjoy and promote and talk about how important the global economy is and global connectivity and how that is the wave of the future, fair, free trade and all of this. How does this play into what you worry about at night, what keeps you awake at night?

Do you concern yourself with things like the visa waiver program? When you have 27 countries from Western Europe mostly—you know, back in 1978 or whenever this program started, it was probably to promote tourism and globalization, global economy, whatever.

And now there is also a move afoot to even expand that to two additional countries, and yet, you know, in our law, in the Patriot Act, a border security secure entry bill—back in 2001, we said that at date certain we have to have the U.S. visit, we have to make sure those countries have passports based on biometrics so that, you know, we are not just stamping something that could be anybody.

I would like for you to talk about that a little bit and respond. It is not in the way of a question, but maybe each one of you can touch on that a bit.

Thank you, Mr. Chairman.

Dr. FINGAR. I will take the first whack at it, and this is more reverting to my previous position in the State Department.

I actually do not spend a lot of time worrying about the visa waiver program. As you know, I am sure, Congressman, that one of the reasons that it exists is to be able to concentrate the resources, consular officials and so forth, in areas judged to be higher threats, or risk management, X number of consular officers in Y number of interviews able to be conducted, put them in the higher threat areas.

Other aspects of managing the crossings of our border, knowing where people are when they come here, knowing whether or not they have actually departed in accordance with the visa is something that troubles me a little more than this.

But I think the movement of people, the movement of ideas, the familiarity with our country, the number of people who come, the vast majority of whom who are not a threat to us that pick up understanding, even if not greater affection for us, that then I judge that it nets out to a benefit to us when they go home and have had a positive experience and can talk about what America is and counter some of the caricatures of what life is like in America, whether it is standing up in a community hall or religious institution.

Dr. GINGREY. I know I am running out of time, Mr. Chairman. I talk too slow.

But in regard to that, I think we are talking about today, though, a soft underbelly, if you will, and I would agree with what you just said, in 1978, whenever, visa waiver was started and the purpose of which. That all makes sense, but I am concerned today.

I wish I had more time because I would love to hear Mr. Cardillo and Mr. Kringen also respond, Mr. Chairman, but I see I am limited.

The CHAIRMAN. We will have a second round shortly.

Mr. Sestak.

Mr. SESTAK. Thanks, Mr. Chairman.

Sir, Dr. Fingar, when you spoke about the rapid drawdown and your conclusion of what would occur, did it include in the outcome that you said the efforts, if it were to happen, that would be also happening at the same time potentially if Iran, Syria, Saudi Arabia, were serious about trying to accommodate stability in Iraq? Was that part of your assessment of its spiraling downward?

Dr. FINGAR. No, that was not part of it.

Mr. SESTAK. The second question then is you spoke that negotiating with Iran would be hard, but you said, "I am not suggesting we not do it." You also said—I think you, sir—that Iran is inflicting pain on us because we are there, and then you said, "But it does not want a fractionalized government."

What does your intelligence say that if Iran were to work in what your testimony said had great influence on select extremist groups, knowing that a lot of this violence is being perpetrated by an extreme violence group, what would your outcome then be, if we are there and/or if we are not there?

Dr. FINGAR. The framing of the answer is that there are Iranian links to extremist groups like Hezbollah. There is an indirect relation, Hezbollah assisting in training of groups that attack us in Iraq——

Mr. SESTAK. Understand that, but what would be the outcome?

Dr. FINGAR. I am also not sure how to answer that question.

Mr. SESTAK. Wouldn't it be important to answer this? As I go through your testimony——

Dr. FINGAR. Yes.

Mr. SESTAK [continued]. It is a great snapshot, but it is a good snapshot primarily upon the military situation, and yet intelligence has so much to do with the political intelligence, diplomatic intelligence, economic intelligence, and this is such an important part, people have said, "Can Iran be part of the solution?"

Dr. FINGAR. Iran ultimately has to be part of the solution, in my view, that when violence is reduced, governance is improved be-

cause it is a major nation in the region and there are long historic conflicts with Iraq——

Mr. SESTAK. Sir, not to interrupt, but only because of time, if that is so and the United States were to have its influence be such that it could negotiate hard, it does not want a field coalition as government, what would the outcome in your intelligence estimate be for Iraq, whether we are not there in a year to 18 months or if we were there? The first please.

Dr. FINGAR. I——

Mr. SESTAK. This is an important issue because——

Dr. FINGAR. Oh, it is a very——

Mr. SESTAK. What if Iran were pulled into this where she does not want a failed government?

Dr. FINGAR. The difficulty I have squaring—and I will hand it off in a moment—is that——

Mr. SESTAK. Understand.

Dr. FINGAR [continued]. For Iran, the nature of what is left and what is our role, they do not want an Iraq in which we in some form or another could be conceived by them as a threat to their existence. It might have to do with basing. It might have to do with for us we would be a training presence for them that would be a hostile——

Mr. SESTAK. Could I assume from what you are saying, it is an important ingredient to think about?

Dr. FINGAR. Absolutely.

Mr. SESTAK. It is an important ingredient that potentially if we have no bases it might be more attractive to them?

Dr. FINGAR. Well, I think all of the kinds of issues you address——

Mr. SESTAK. So your intelligence supports that dealing with Iran may well be one of the keys to an unfailed state, including our not being there.

Dr. FINGAR. I would put it slightly differently. The intelligence——

Mr. SESTAK. Slightly.

Dr. FINGAR. The intelligence makes clear that Iran is a very important player——

Mr. SESTAK. I am out of time, but then is there a possible strategic approach to redeploying and not leaving a failed state?

Dr. FINGAR. I hope so.

Mr. SESTAK. Thank you.

The CHAIRMAN. Ms. Shea-Porter, please.

Ms. SHEA-PORTER. Thank you.

My question has to do first of all with the question about why have we lost so many friends in that region and could you tell me where we were, in your opinion, six years ago versus now for the Middle East, and if you see the loss of respect and loss of support and loss of available intelligence information, what you attribute it to, please.

I welcome anybody to answer that or all three.

Mr. KRINGEN. If you could take another run at the question because I am not sure I quite understood——

Ms. SHEA-PORTER. Looking at what has happened in the Middle East in the period of maybe six years now and looking at how

much more difficult our relationships are with other nations, the lack of support, problems with intelligence, et cetera, what do you attribute that to?

Do you think it is actually policy? I realize you do not make policy, but I am asking you to speak about if you think that our involvement in Iraq has been detrimental to your ability to get the intelligence and to make friends. Basically, why we have lost so many friends in the region and there is so much hostility?

And, also, address the growth of the terrorist groups in that region.

Mr. KRINGEN. In terms of the growth of terrorist groups, there is little doubt, I think, that our engagement in Iraq has served as a focal point for Sunni extremists to flow into their conflict and has served as a rallying point more broadly internationally.

In terms of our relationships, I guess I do not see them as having changed as much as you would seem to imply by your question in terms of our relationship with Jordan, Israel, Egypt, other countries in the region. They may in some cases be critical of U.S. policy actions, but I do not see that having resulted in a major shift in their orientation toward the U.S. overall in the Middle East, which they still see as very important, something that needs to be maintained.

So maybe if you can give me a little better sense——

Dr. FINGAR. Let me take a run at it, building on what John has said, that I would distinguish between discontent in the region with things we are doing, attacking an Islamic country, occupying an Islamic country in their characterization of it, propping up governments so that we have access to oil, again in the way they would conceive of it, as opposed to hostility toward American values, American way of life.

One of the great ironies is the length of visa lines in these countries where people want to come and study and take part in the world that we are in.

The second is the growing political awareness through, again, the Internet, satellite television, everything else, of populations that are basically dissatisfied with the quality of governments and quality of life and the non-responsiveness of their own governments and see us as playing a role in supporting their governments, warts and all, for our interests that they do not see as consistent with their own political interests.

Ms. SHEA-PORTER. I am going to change the direction maybe. Is it harder for you to get intelligence now from that region than it was six years ago? Is it harder for you to have a handle and find out what is actually happening on the ground and more difficult to track terrorist activity than it was six years ago? Are there fewer people willing to speak up?

Dr. FINGAR. No.

Ms. SHEA-PORTER. No.

Dr. FINGAR. No.

Ms. SHEA-PORTER. Okay. Let's jump to Europe then. Would you say that our relationship with Europe are strained over policies and is it harder to work with Europeans for that reason?

Dr. FINGAR. I do not want to talk broadly about Europe because with all places, it is country dependent, but, indeed, clearly in

places like Italy and Germany, as you can see by various legal actions they have taken, that they are concerned about some of the things that we have done with regard to counterterrorist activity, yes.

Ms. SHEA-PORTER. Does it worry you about our ability to get them to see us in a warmer light, in a friendlier light?

Dr. FINGAR. I am less worried about seeing us in a warmer, friendly light than getting the kinds of cooperation that we need to go after the terrorists of interest, and, once again, that varies according to countries, and so some are very supportive, and others are less supportive, I would say.

Ms. SHEA-PORTER. Okay. I know that surveys show that Europeans try not to buy American products. I think that is reflective of something going on there that worries me about our ability to get the information if we are not seen in the same regard.

Thank you.

The CHAIRMAN. Ms. Castor.

Then we can go back at Dr. Gingrey for a second round.

Ms. Castor.

Ms. CASTOR. And thank you, gentlemen, for your testimony and report here today. Your global security assessment paints a very serious and stark picture in the Middle East and Iraq.

You state that "Iraq is at a precarious juncture and communal violence and scant common ground between Shias, Sunnis and Kurds continues to polarize politics, it seems that, given the current winner-take-all attitude and sectarian animosities infecting the political scene, Iraqi leaders will be hard pressed to achieve sustained political reconciliation."

Despite the fact that the American people have now spent over $450 billion and suffered great loss of life by very courageous men and women in service, you state that the current security and political trends in Iraq are moving in a negative direction.

I would also like to focus on the regional concerns in particularly the nations that have been our friends and have had some strategic interests in common over the years.

You state here in your report in the assessment, "Friends of the United States in the region are concerned about the consequences of growing instability in Iraq. Many are increasingly apprehensive about Iraqi ethnosectarian strife agitating their population, and all of our allies in the region are nervous about the growing role of radical Islamists, the spreading of Iranian influence and refugee flow."

Would each of you go around the region maybe country by country? As we begin to consider more of a redeployment strategy, where can we look and where can we bring pressure to bear country by country? What are their strengths when it comes to their military capability, their ability to step into some of the training roles, intelligence gathering, resources that they can bring?

If you could give us a snapshot of folks in the region that have those same security interests, that would be very helpful and enlightening.

Would you start on the military?

Dr. FINGAR. Start on the military?

Mr. CARDILLO. Sure. I will start on the military roles.

Well, first of all, you are exactly right, I mean, in that our assessment is that if we get too focused on a particular governance issue and problem, we will miss the opportunity that the region does offer. I think that we have already found to date good contributions from allies to enable support, whether it is the training roles that we have had assistance in, and it is our assessment that what we need to do is we need to leverage that mutual concern for stability so that it is not those allies looking at us to make the decisions and implement all the actions.

But as much in life, it is finding that balance between turning their good intentions into actions versus, in some cases, them actually benefiting from our lack of success, if you will. So what we have to do is we have to turn that equation around and find ways to leverage their interest in the stability. As Dr. Fingar mentioned, none of the governments in the region are interested in a fractured state, so how can we invest those strengths that they have on the military side to be part of the solution.

Dr. FINGAR. I would agree with what Robert has said, that highly desirable to look for ways to cooperate with the region in areas of mutual interest. Among the hurdles that one has to get over to do that are Arab states, the Sunni Arab states. Look at Iraq. They look at the Iraqi government. They look at the Shia demographics. The Shia dominate the government because they won an election and they are the largest chunk of the population.

I think many look and they see the Shia in Iraq as a cat's paw or an extension of Iran, so there is a sort of a do you help your principle adversary while Iran is feeling full of itself and sort of getting over that.

But the concern is about Sunni-Shia tensions that are high, perhaps higher than they have been in a very long time, and willingness to run some domestic risks by engaging what for our perspective would be an international geopolitical stabilization effort that has an element of taking sides in a religious conflict.

Are there capabilities in the region, in Egypt, in Jordan, in Saudi Arabia? Yes. How easily can they be tapped? That is a much more difficult and, well, problematic question.

John.

Mr. KRINGEN. I would agree. They are, in many cases, fairly direct in laying out their concerns about the Shia-led government in Iraq and clearly have difficulties fully supporting a government of that nature, and so you would say at this point they have not done as much as we would have liked, I think, them to do, and as Tom laid out, that is a big hurdle for what we can expect them to do in any kind of future scenario.

Ms. CASTOR. Thank you.

The CHAIRMAN. I thank the gentlewoman.

Mr. Taylor, the gentleman from Mississippi.

Mr. TAYLOR. Thank you, gentlemen, for your service and for sticking around so long.

My last memory of Kuwait around Easter time is flying out just after dark, and I am seeing a convoy of approximately 300 vehicles forming up, headed toward Iraq, and it really is one of those moments where you scratch your head and say, "How is it that they are safe here, but the moment they cross the berm"—so my ques-

tion to you, the experts on that, is what have the Kuwaitis done in order to, you know, stymie violence in their country and do you see that as sustainable. Or am I wrong? Is there violence going on that I am not aware of?

Dr. FINGAR. Kuwait does not have a high level of internal violence, that the government has tease words like "liberalized" and "democratized" and so forth probably overstate the situation, have been increasingly responsive to the national needs.

This is a population that knows they suffered horrendously during the period of the Iraqi occupation, and there is a recovery, there is a "we can put aside a lot of differences because we do not want to go through that again" operating, I believe, in that country, and they do seem to be pretty well able to resist efforts at outside meddling.

John or Bob.

Mr. CARDILLO. I would agree.

Dr. FINGAR. Do you want to add something?

Mr. KRINGEN. The only other thing I would add to what has already been said regarding Kuwait is that Kuwait has a long history of managing Shia unrest, and the majority of the population in Kuwait is Shia, and as a result, the Sunni problem is sort of a relatively new one, and the Kuwaitis have had a long history of sort of looking, being able to identify in a very, very small country where trouble spots may be and using that experience in the past of managing the Shia problem, sort of apply it to what is now a lesser problem of Sunni extremism.

Mr. TAYLOR. If you had to guess what percentage of the, jumping to Pakistan, what percentage of the OSI rank and file would you say are sympathetic to the Taliban or al Qaeda?

Mr. KRINGEN. This has been an issue that we have spent a lot of time and energy on. It is clearly a very mixed picture. I do not think our intelligence base would allow us to label percentages, but we are concerned that some of the folks who should be the folks damping down those issues are, indeed, sympathetic, but in terms of a number or percentage or anything like that, we do not have the data to support that.

Mr. TAYLOR. Does that start with President Musharraf, or does it start one level below him, two levels below him?

Mr. KRINGEN. We are not in a position to kind of lay that out. I would say in terms of President Musharraf himself, we do not think that is an issue at all, sir.

Mr. TAYLOR. I will jump into Afghanistan. How long has President Karzai's brother openly been in the drug business?

Mr. KRINGEN. I know there are reports of him being in the drug business. Those reports have been longstanding. I am not in a position here to kind of verify or deny those reports.

Mr. TAYLOR. Well, let's just pass it on as how long has the average Afghan on the street been aware of this?

Mr. KRINGEN. Oh, many——

Mr. TAYLOR. It is something you are aware of.

Mr. KRINGEN. These allegations have been longstanding for multiple years, sir. It is, you know, two or three years, easily, I would say, sir.

Mr. TAYLOR. Okay. Thank you, Mr. Chairman.

The CHAIRMAN. Thank you very much.

Dr. Gingrey.

Dr. GINGREY. Mr. Chairman, thank you for the opportunity for a second round of questions, and I do want to go back to my original question.

Dr. Fingar, you have answered it. Basically, I think I heard you say that it does not keep you awake at night, the visa waiver program, and the fact that we do not have any really good way of tracking people that come to this country as tourists or for businesses up to 90 days, and I am concerned about that. I would like to hear, Mr. Cardillo and Dr. Kringen, also respond to that.

Mr. KRINGEN. Let me start off. I would say because I am not responsible for the visa waiver program, I also do not spend a lot of time on it. What I am concerned about is——

Dr. GINGREY. But you, Doctor, are the director for intelligence of the Central Intelligence Agency.

Mr. KRINGEN. No, no. But I am saying I am not involved in the implementation or policy decision about the visa waiver program policy.

What I will tell you is we are very concerned about the capability of terrorist groups to use Europe as a venue and a lunching point for bringing terrorists into the United States.

We are very concerned about the connection that clearly exists between British citizens, in some cases British immigrants, in other cases coming out of Pakistan, and so that connection between Pakistan, the U.K. and then the potential for those individuals to get into the United States is a matter of exceedingly high concern to our agency, which is why we work very closely with various elements of the British government in this particular case to be able to run to ground all reporting that bears on any individual, British citizen or otherwise, who may have a terrorist connection.

So we do think there is an issue there that we need to monitor very closely, and from an intelligence point of view, the way we tackle that is by working closely with our European partners.

Dr. GINGREY. And I am relieved to hear that response.

Mr. Cardillo.

Mr. CARDILLO. I would share the concern. First to your broader point about the globalization issue and access to markets and to talent, if you will, skill sets across the world, I do hold my analysts accountable to be, A, aware of that context within which we are working now and, as Dr. Fingar has mentioned in his testimony, there are pluses and minuses to that fact, that condition in the background.

To your specific question, I share Mr. Kringen's concern which is to the extent that there are leaks in the system, okay, that cause us to lose track, okay, of persons of interest or threads of threat, both here and to deployed forces abroad, because our defense forces are around the world and you can strike at the United States and not do it here in the homeland, as has been done in the past. So, for both of those reasons, sir, if it in any way inhibits our ability to maintain that track, we have a great concern.

Dr. FINGAR. Let me, sir, if I may——

Dr. GINGREY. Yes, Doctor, sure.

Dr. FINGAR. I clearly failed to convey what I wanted to. With the visa waiver program, I worry a lot about being able to track. You can interview the people at one end where you can do a very good job of accounting for them when they get here and absolutely screening. We ought to know where they go and follow.

Whether you pick it up on the front end or you screen against the same databases when they arrive at the port of entry, we absolutely should be doing that, utilizing the lists of who was on an airplane and notification ahead of time that there are alternative mechanisms that I believe give us the capability to identify who was coming in, identify them at port of entry, and that the weak link, in my view, is sort of after they arrive.

Dr. GINGREY. Well, Dr. Fingar, I am glad you clarified, and I appreciate that, and just in my concluding seconds, that is my concern. A chain is only as strong as its weakest link, and that is a tried expression, but, clearly, we have some concerns here and we have to be able to identify these people.

And maybe it sounds draconian to say that, you know, we ought to temporarily suspend the program until these countries abide by the provisions of the Patriot Act, that they have biometric passports so that we can put that through a data processing and know exactly who is coming to this country, and then, of course, if they are clear, everything is fine, but yet stay beyond the 90 days, whether it is for business or tourism, we need to be able to find them.

And I yield back, Mr. Chairman.

The CHAIRMAN. Ms. Shea-Porter, second round.

Ms. SHEA-PORTER. Thank you very much.

I wanted to return to my question, if you gentlemen would please. My concern here has to do with our Nation's security and our troop safety, and so I wanted to return to the question that I asked you before.

Our policies are not hampering our ability to get intelligence from individuals in that region? Is that so? Our policies are not hampering our ability to get intelligence from individuals living in the region around Iraq and Iran and Syria? We have the same level of intelligence that we can get from individuals as we did six or seven years ago?

Mr. CARDILLO. I would just say difficult to give a blanket answer because, obviously, it is mixed, but I would agree with Mr. Kringen's earlier statement that on the whole, our relationships, which are mutually beneficial, are, in fact, enhanced if you use six years ago as the baseline.

Dr. FINGAR. We are looking for very different kinds of information than we were six years ago—I associate myself with both John and Robert—and we are getting cooperation, we are getting information, that six years ago we were not looking for that kind of tracking targeting kind of data on specific terrorist-related individuals, movements of terrorist monies moving around and so forth, that we are asking different questions.

The granularity of what we need is much greater, and we are getting, you know, not everything we want, of course. Might more people come forward if they had a more positive view of us, that the critical element here is that segment that knows something

about the bad guys and might be willing to tell us about it, and sort of at the margins, presumably it is a smaller pool willing to tell the crown jewel kind of information.

Ms. SHEA-PORTER. But there is no extra challenges getting information from individuals who live in the area who because of policies or they do not agree with the United States? You do not think that is hampering our ability to find out, for example, if there is a terrorist attack planned, if they are going to be attacking troops in two days or if there is some action along the border? That is not impacting is what you are basically saying.

Mr. KRINGEN. I think you have to distinguish between in the region and within Iraq, and I would say within Iraq the disposition of individuals to provide intelligence to us varies according to whether they think that our presence there is going to be a helpful act, and I would cite current developments in Anbar as a case where previously a lot of the tribal elements were resistant to working with us against al Qaeda. Now they are in part because they see that as something that is helpful to them.

So, within that particular complex, you have Sunnis, you have Shia, you have Kurds. They all have very different views of the U.S. presence, and those very different views within Iraq clearly drive their willingness to collaborate with us.

The Sunnis have the most concern about our role in Iraq. The Kurds have the least concern. The Shia are very much in the middle and, therefore, present a more mixed picture. So, within Iraq, it clearly does shape who we can work with.

Ms. SHEA-PORTER. I understand that. Thank you. What I am concerned about is that we are not getting the intelligence we need.

And then I also wanted to ask you once more about the European nations and our strained diplomatic relationships with some of the nations because of the policy. This is not in any way interfering with our ability to share information on individuals of possible terrorist activities? You are saying that you feel that other nations that may disagree with us for our Middle East policy are just as forceful about sharing and including us in intelligence. So we are not impacted at all?

Mr. KRINGEN. No. What I would say—and tried to say before but clearly did not articulate it well—was that working with us varies according to a lot of variables, the capabilities of the particular government in terms of their ability to go after terrorists, the legal regimes within which they operate as well as kind of their attitudes toward the United States.

All of those shape how we are able to get information or not get information from those countries, and so it is certainly not uniform across all those countries by any stretch of the imagination.

Ms. SHEA-PORTER. So it is not a yes or a no answer?

Mr. KRINGEN. Because it is highly variable based on a number of different criteria of which, you know, government attitudes——

Ms. SHEA-PORTER. So that attitude toward us could impact the amount of intelligence that we receive?

Mr. KRINGEN. Absolutely.

Ms. SHEA-PORTER. Okay. That is what I needed to hear. Thank you.

Mr. KRINGEN. Okay. Thank you.

The CHAIRMAN. Mr. Sestak, do you have questions?

Mr. SESTAK. Yes, sir. Two questions.

But, Dr. Fingar, I was struck by I think what you said, that the army of Iraq is rift with sectarian militias. I think it speaks to the issue of whether some talk about their training is adequate. I have kind of always disagreed with it. I always thought it was their motivation and allegiance. To some degree, reports are that half of them never show up for work.

When I was in Iraq with Senator Hagel from Nebraska, I was struck by the report of a message recently that Ambassador Crocker sent forward that alleged that he was not struck by the A-team quality he would expect where our troops are engaged in a war.

When I was there—I think your head there was actually an acting head—I was struck by the youth that was there, but youth can do a lot. But I was also struck that I was not able to get an answer to who is loyal to whom in these units and who will be where. And I bring that up because that is background. People talk about post-surge training.

Does your intelligence give us any confidence that if we are to leave troops behind—50,000, 20,000—that you would feel comfortable that you can embed them for training in an Iraqi unit whose loyalty is not suspect and whose motivation to fight well to protect our trainers is there?

Dr. FINGAR. That is basically a question that should be directed to the military on the intelligence side of this.

John, do you want to answer that?

Mr. LANDRY. When you take a look at the performance of embedded troops at this point and the casualties they have taken, frankly, I think what we from an intelligence perspective see is a manageable risk.

Mr. SESTAK. I am talking post-surge, that the——

Mr. LANDRY. Now it is hard to say. That is going to depend upon, for example, is there a plus-up in embedded soldiers, number one. Number two, there have been plans in the past to put in position that security detachments precisely provide the kind of security you are talking about.

Mr. SESTAK. I am talking training of the Iraqi troops, though, sir, not the security detachments.

Mr. LANDRY. The security detachments we are talking about are those that would, in fact, protect the embedded soldiers.

Mr. SESTAK. So we would need our U.S. security combat forces to protect our embedded trainers.

Mr. LANDRY. Yes, but, you know, for lots of reasons, both to protect them against insurgent terrorist activities——

Mr. SESTAK. Understand. So, in a sense, we should not look at this training mission post-surge and talk about just embedding some trainers and taking out our combat forces. Your intelligence indicates we need U.S. combat forces to remain to protect the embedded trainers.

Mr. LANDRY. I am saying there will always be a requirement for what we call force protection, and that force protection mission will either be performed by the trainers themselves in areas and in units where that is, you know, feasible, but where it is not, you are

probably going to have to provide some additional form and we now——

Mr. SESTAK. Can you define which units are more loyal than others at this time?

Mr. LANDRY. We have reports that would give us some indications of units that have performed better in that regard than others.

Mr. SESTAK. All right.

Mr. LANDRY. As I said earlier, the fact of the matter is that this is not a phenomenon that goes across all units.

Mr. SESTAK. So it is still to some degree an art, not a skill?

Mr. LANDRY. Absolutely.

Mr. SESTAK. The second question: You said, which I thought was an important statement, that the number one threat to America's homeland is al Qaeda. Where do you believe the center of strategic risk or center of strategic gravity for U.S. security interests lie? This is a global assessment.

Mr. LANDRY. I think my answer to that would be the Middle East, the Middle East writ large, that for the energy dimension, for the proliferation dimension, the danger or the potentially seriously destabilizing impact of an Iranian nuclear weapon in that portion of the——

Mr. SESTAK. I am out of time. Could I just ask have 30 seconds, sir?

I am sure you are right, but can you also, as you answer, comment upon other types, not just military, but the financial, the economic security, the policy security of Middle East versus Western Pacific, China? You did a very good job, I thought, earlier describing some sides of China that people do not normally think about, but those two areas, do you still rate the Middle East as the center of strategic for the decades to come?

Dr. FINGAR. I do, although the danger of tension in Northeast Asia, we have nuclear powers up against one another, where you have a little bit of a wildcard regime at Pyongyang, we have the unresolved issues of the Cold War across the Taiwan Straits and the Demilitarized Zone, where the amount of armament, the lethality of the weapons that are involved, the deep historic suspicions and animosities increase the danger of miscalculation.

Mr. SESTAK. Thank you.

The CHAIRMAN. Gentlemen, thank you.

Let me finish by a comment. Your testimony today, other than an earlier reference, Dr. Fingar, seemed to omit Latin America entirely, I suppose, as a result thereof it does not rise to the level of the other parts of the world. Is that correct?

Dr. FINGAR. Well, the written statement for the record includes Latin America. I mentioned Venezuela, and I mentioned——

The CHAIRMAN. Yes, you did. You did that, but you did not mention the other areas.

Dr. FINGAR. That is correct. I did not do so in terms of trying to hit the greatest threats to the United States. Happily, most of South America is not in the category of grave threat to the United States.

The CHAIRMAN. Would you expand on one other topic? You did mention the Persian-Arab differences, Iraq really being Persia, and

the Arab countries are the rest of what we call the Middle East. How deep is that division? I know it should be historic, but how deep is that division, and how can we best take advantage of it?

Dr. FINGAR. The short answer is a very longstanding and deep——

The CHAIRMAN. Excuse me. I think I said Iraq. I meant Iran.

Dr. FINGAR. Yes, you meant Iran.

The CHAIRMAN. Yes.

Dr. FINGAR. I realized that, Mr. Chairman.

That the division is very longstanding and very deep, that rather than thinking about how we can take advantage of it, I think we need to think harder about how to deal with it as a fact of life in the region, that attempting to sort of exploit it seems to me to be fraught with an enormous number of problems.

Conversely, failure to grapple with it is a part of the solution, and it was suggested by many members' questions about bringing those states in the region into any type of a solution for Iraq, a longstanding security or stability framework. We simply have to recognize that there is a division there that, much as we sort of Americans say, "Can't you get over those differences?" the people in the region are not there yet.

You might want to add something?

The CHAIRMAN. Well, gentlemen, thank you for your excellent testimony, and I know we have kept you a bit longer than you had anticipated, but we did have the vote in between. It is certainly good of you to do this.

And with that, we will adjourn the hearing. Thank you.

Dr. FINGAR. Thank you, Mr. Chairman.

[Whereupon, at 1:13 p.m., the committee was adjourned.]

A P P E N D I X

JULY 11, 2007

PREPARED STATEMENTS SUBMITTED FOR THE RECORD

JULY 11, 2007

Global Security Assessment

for the

House Armed Services Committee

July 11, 2007

Dr. Thomas Fingar

Deputy Director for Analysis

Information as of
July 11, 2007

HOUSE ARMED SERVICES COMMITTEE

GLOBAL SECURITY ASSESSMENT

STATEMENT FOR THE RECORD

INTRODUCTION

Chairman Skelton, Ranking Member Hunter, Members of the Committee, thank you for the invitation to offer my assessment of threats to our nation.

I am joined today by John Kringen, Director for Intelligence, Central Intelligence Agency, and Robert Cardillo, Deputy Director for Analysis, DIA.

REFORMS PROMOTE INFORMATION SHARING, SENSE OF COMMUNITY

The judgments I will offer the Committee are based on the efforts of thousands of patriotic, highly skilled professionals, many of whom serve in harm's way. I am proud to be part of the world's best Intelligence Community and pleased to report that it is even better than it was last year as a result of reforms mandated by the President and the Congress. These reforms promote better information sharing, the highest standards of analytic rigor, the most innovative techniques of acquiring information, and a stronger sense of community across our sixteen agencies.

DIVERSITY OF THREATS/GLOBALIZATION MANDATE GLOBAL COVERAGE

We know that the nation requires more from our Intelligence Community than ever before because America confronts a greater diversity of threats and challenges than ever before. Globalization, the defining characteristic of our age, mandates global intelligence coverage. Globalization is not a threat in and of itself; it has more positive than negative characteristics. But globalization does facilitate the terrorist threat, increases the danger of WMD proliferation, and contributes to regional instability and reconfigurations of power and influence—especially through competition for energy. Globalization also exposes the United States to mounting counterintelligence challenges. Our comparative advantage in some areas of technical intelligence, where we have been dominant in the past, is being eroded. Several nonstate actors, including international terrorist groups, conduct intelligence activities as effectively as capable state intelligence services. A significant number of states also conduct economic espionage. China and Russia's foreign intelligence services are among the most aggressive in collecting against sensitive and protected US targets.

This array of challenges to our national security is shaped by dramatic advances in telecommunications, technology, new centers of economic growth, and the consequences of crises within traditional cultures.

NONSTATE ACTORS AND HOSTILE STATES ASSAULT INTERNATIONAL ORDER

As a result of these and other challenges exacerbated by globalization, many nation states are unable to provide good governance and sustain the rule of law within their borders. This enables nonstate actors and hostile states to assault these fundamental building blocks of international order, creating failed states, proxy states, terrorist safehavens, and ungoverned regions that endanger the international community and its citizens. More to the point, it threatens our national security and support for freedom and democracy, notably in Iraq and Afghanistan, where our troops and those of our allies are helping to defend freely elected governments and sovereign peoples against determined insurgents and terrorists.

TERRORIST THREATS—THE PRE-EMINENT CHALLENGE

Terrorist threats to the Homeland, to our national security interests, and to our allies remain the pre-eminent challenge to the Intelligence Community, operationally and analytically. Working closely with our international partners, we have scored remarkable successes and disrupted terrorist plots aimed at murdering thousands of US and allied citizens. Despite these

successes, we must maintain maximum vigilance, flexibility, and operational aggressiveness to counter the constant evolution and adaptive capability of our enemies. To support these efforts, we must understand the enemy, his intentions, and his capabilities. Much of what the Intelligence Community has learned in the past year cooroborates its previous judgments, but we now have a deeper understanding of the enemy we face.

AL-QA'IDA—THE GREATEST THREAT

Al-Qa'ida is the terrorist organization that poses the greatest threat to US interests, including to the Homeland. We have captured or killed numerous senior al-Qa'ida operatives, but we also have seen that al-Qa'ida's core elements are resilient. They continue to plot attacks against our Homeland and other targets with the objective of inflicting mass casualties. They continue to maintain active connections and relationships that radiate outward from their leaders hiding in Pakistan to affiliates throughout the Middle East, North and East Africa, and Europe.

CONVENTIONAL EXPLOSIVES MOST PROBABLE AL-QA'IDA ATTACK

Use of conventional explosives continues to be the most probable al-Qa'ida attack scenario. The thwarted UK aviation plot last summer and the other major threat reports that we have been tracking all involve conventional bombs. Nevertheless, we receive reports indicating that al-Qa'ida and other groups are attempting to acquire chemical, biological, radiological, and nuclear weapons or materials.

LONDON PLOTS

Recent events in London highlight the morphing threat that we face. While investigations have yet to uncover signs that the plotters were under the control of al-Qa'ida, they certainly appear to have been inspired by Usama Bin Ladin's message and used known al-Qa'ida tactics. The plotters, most of whom had been in the UK only for a short-time, constructed homemade bombs from widely available components, and hoped to inflict large-scale civilian casualties via multiple attacks against popular gathering spots and major transportation. While these particular attackers were mostly unsuccessful, their intent, commitment, and ability to obtain bomb-making material (similar to what we saw in several disrupted Western homegrown terrorists cells in 2006) are warning signs of what al-Qa'ida-inspired terrorists aim to achieve. All members of the IC are supporting the UK's investigation and running down any possible links between the UK plotters and the United States.

HIZBALLAH THREAT

In addition to al-Qa'ida, its networks and affiliates, I must mention the terrorist threat from Hizballah, which is backed by Iran and Syria. As a result of last summer's hostilities, Hizballah's self-confidence and hostility toward the US as a supporter of Israel could cause the group to increase its contingency planning against US interests.

INTERNATIONAL COOPERATION

We know from experience since 9/11 that countering terrorism depends on unprecedented levels of international cooperation. Our successes so far against al-Qa'ida and other jihadists—and our ability to prevent attacks abroad and at home—have been aided considerably by the cooperation of foreign governments, among them Iraq, the U.K., Saudi Arabia, Turkey, Pakistan, Afghanistan, and many others. They, too, are targets of terror. As illustrated by al-Qa'ida's plots in the U.K., Kurdish separatist attacks in Turkey, and the recent bombings in Algeria, terror is a worldwide scourge.

MAJOR ACCOMPLISHMENTS

It is important to note our shared successes, with a focus, not on taking credit, but on demonstrating results. I will highlight four major accomplishments.

- In the U.K., as noted earlier, a plot to perpetrate the worst terrorist slaughter of innocent civilians since 9/11 was thwarted.
- And in Pakistan Abd al-Rahman al-Muhajir and Abu Bakr al-Suri, two of al-Qai'da's top bomb makers were killed in April 2006.
- We eliminated al-Qa'ida-in-Iraq's murderous leader, Abu Musab al'Zarqawi in June 2006.
- Also in Iraq, we have severely damaged Ansar al Sunna's leadership and operational capacity.

Again, let us emphasize that we, the United States, do not and could not accomplish our counterterrorism mission unilaterally. Our role varies from situation to situation. What does not vary is our requirement for good intelligence and committed partners, which we have in all parts of the world—because terrorists have killed far more non-Americans than Americans and far more Muslims than non-Muslims.

IRAQ, AFGHANISTAN, AND

The two countries where the United States military is

PAKISTAN

engaged in combat—Iraq and Afghanistan—face challenges that are significantly exacerbated by terrorism. And Pakistan, despite its ongoing efforts, continues to face terrorism's many challenges, while that country also raises other concerns for us.

IRAQ—SECTARIAN DIVISIONS, SECURITY FORCES

In Iraq, Coalition and Iraqi forces are taking part in the Baghdad Security Plan to reduce violence, combat terrorism, and create an environment conducive to national reconciliation. The multiparty government of Nuri al-Maliki continues halting efforts to bridge the divisions and restore commitment to a unified country, and it has made limited progress on key legislation, most notably in reaching some compromises on draft hydrocarbon legislation. The Prime Minister and President jointly submitted a draft de-Bathification reform law to the legislature at the end of March, but it has not yet come up for consideration. Another important first step was taken to prepare for local elections when the government established an independent electoral commission to begin the planning process.

Iraqi security forces —especially the Iraqi Army— have become more numerous and more capable than last year at this time. Nine Iraqi Army divisions, 31 brigades, and 95 battalions are in the operational lead for their areas of responsibility.

IRAQ AT A PRECARIOUS JUNCTURE

Despite these positive developments, communal violence and scant common ground between Shias, Sunnis, and Kurds continues to polarize politics.

Prime Minister Maliki's national reconciliation agenda is still only at its initial stages. As the Intelligence Community (IC) noted in the National Intelligence Estimate (NIE) published in January, even if violence is diminished, given the current winner-take-all attitude and sectarian animosities infecting the political scene, Iraqi leaders will be hard pressed to achieve sustained political reconciliation.

The religious Shia foundation of Maliki's government—the Unified Iraqi Alliance—does not present a unified front. It is split over the creation of federal regions, and the two largest factions—loyal to the Supreme Iraqi Islamic Council and Muqtada al-Sadr respectively—are bitter rivals. One Shia party, the Fadila Party, has left the coalition.

Provision of essential public services remains inadequate; oil output is below pre-war levels; hours of electrical power

available have declined and remain far below demand; and inflationary pressures have grown since last year.

With political reconciliation showing few appreciable gains, we have noted that Iraqis increasingly resort to violence. The struggle among and within Iraqi communities over national identity and the distribution of power has eclipsed attacks by Iraqis against the Coalition Forces as the greatest impediment to Iraq's future as a peaceful, democratic, and unified state.

IRAQ—PROSPECTS FOR STABILITY AND KEY ISSUES

The IC stated in the most recent Iraq NIE that the current security and political trends in Iraq are moving in a negative direction. It is too early to assess whether the new strategy being implemented in Iraq will allow lasting improvements to the situation.

If violence is reduced and a window for political compromise is created, increased stability in Iraq will depend on how several issues evolve. As we outlined in January, these issues include:

- The ability of the Iraqi government to establish and nurture effective national institutions that are based on national rather than religious or ethnic interests; and within this context, the willingness of the security forces to pursue extremist elements of all kinds.

- The extent to which the Shia feel sufficiently secure in their political position: despite their recent electoral victories and overall political ascendancy, the Shia at present remain deeply insecure about their hold on power. This insecurity is manifested in the Shias' refusal to make real concessions to the Sunnis on a range of issues, such as easing of de-Bathification and clamping down on radical Shia militias.

- The extent to which Arab Sunnis develop trust and participate in the new political order: now, many remain unwilling to accept their minority status, continue to resist violently this new political order, and distrust the Shia-led government and its commitment to their security.

- The extent to which divisions within the Shia and the Sunni are addressed: profound intra-group divisions among the Shia and Sunnis complicate the situation, because no single leader can speak for or exert control over these groups.

- The extent to which extremists—most notably al-Qa'ida in Iraq (AQI)—are suppressed: these groups continue to conduct high-profile, often mass casualty attacks that are effective accelerants for the self-sustaining sectarian struggle between Shia and Sunnis.

And lastly, the extent to which Iraq's neighbors can be persuaded to stop the flow of militants and munitions across their borders: Iran's lethal support for select groups of Iraqi Shia militants clearly exacerbates the conflict in Iraq, as does Syria's continued provision of safehaven for expatriate Iraqi Bathists and its inability or unwillingness to stop the flow of foreign jihadists into Iraq.

IRAQ AND REGIONAL CONCERNS

Friends of the United States in the region are concerned about the consequences of growing instability in Iraq. Many are increasingly apprehensive about Iraqi ethnosectarian strife agitating their populations and all of our allies in the region are nervous about the growing role of radical Islamists, the spreading of Iranian influence, and refugee flows.

AFGHANISTAN—RESURGENCE OF THE TALIBAN; DRUG TRADE; CORRUPTION

This year is difficult for Afghanistan. Afghan leaders must build central and provincial government capacity, confront pervasive drug cultivation and trafficking, and, with the United States, NATO, and other allies, arrest the resurgence of the Taliban. The insurgency probably does not directly threaten the government, but it continues to deter economic development and undermine popular support for President Karzai.

Afghan leaders continue to face critical challenges in building central and provincial government capacity and in confronting pervasive drug cultivation and trafficking. The country faces a chronic shortage of resources and of qualified and motivated government officials, while the drug trade contributes to endemic corruption at all levels of government. We have noted the dangerous nexus that exists between drugs and the insurgents and warlords who derive funds from cultivation and trafficking.

Lastly, diminishing the safehaven that the Taliban and other extremists have found in Pakistan continues to be a necessary but insufficient condition for ending the insurgency in Afghanistan.

PAKISTAN'S CHALLENGES

Which brings me to Pakistan, where aggressive military action against extremists has been costly for that country's security forces and has caused the government concern over the potential for tribal rebellion and a backlash by sympathetic Islamic political parties. With tribal opposition to the US military presence in Afghanistan and Iraq widespread and elections expected later this year, the situation will become even more challenging—for President Musharraf and for the US.

- Moreover, democracy has not been fully restored since the Army took power in 1999 and Musharraf's suspension of Pakistan's Chief Justice in March has brought thousands of protesters into the streets and increased public demand for a fully democratic system.

PAKISTAN'S RELATIONS WITH INDIA

The three-year peace process between Pakistan and India has reduced tensions in the region and both sides appear committed to improving the bilateral relationship. The Mumbai train bombings last year disrupted, but ultimately did not derail, the composite dialogue and a mechanism for exchanging information on terrorist attacks has been established.

Nonetheless, New Delhi's concern about terrorist attacks on Indian soil remains a dominant theme in relations, and risks derailing rapprochement. Although both New Delhi and Islamabad are fielding a more mature strategic nuclear capability, they do not appear to be engaged in a Cold War-style arms race based on a quest for numerical superiority.

PROLIFERATION: STATES OF KEY CONCERN

After terrorism, the ongoing efforts of nation-states and terrorists to develop and/or acquire dangerous weapons and delivery systems constitute the second major threat to the safety of our nation, our deployed troops, and our friends.

TRACKING DANGEROUS TECHNOLOGIES

The time when only a few states had access to the most dangerous technologies has been over for many years. Dual-use technologies circulate easily in our globalized economy, as do the scientific personnel who design and use them. As a consequence, it is more difficult for us to track efforts to acquire, for nefarious purposes, these widely available components and technologies.

IRAN ASSESSED AS DETERMINED TO DEVELOP

Iran and North Korea are the states of most concern to us. The United States' concerns about Iran are shared by many

NUCLEAR WEAPONS

nations, including many of Iran's neighbors. Iran is continuing to pursue uranium enrichment and has shown more interest in protracting negotiations and working to delay and diminish the impact of UNSC sanctions than in reaching an acceptable diplomatic solution. We assess that Tehran is determined to develop nuclear weapons—despite its international obligations and international pressure. This is a grave concern to the other countries in the region whose security would be threatened should Iran acquire nuclear weapons.

NORTH KOREAN THREAT

North Korea's threat to international security remains grave. Last July, Pyongyang flight-tested missiles and in October it tested a nuclear device. We remain concerned that it could proliferate these weapons abroad. Indeed, Pyongyang has a long history of selling ballistic missiles, including to several Middle Eastern countries. Its nuclear weapon and missile programs also threaten to destabilize Northeast Asia, a region that has experienced several great power conflicts over the last one hundred years and now includes some of the world's largest economies.

On 13 February, the Six-Party Talks in Beijing produced an agreement on steps intended to lead to a declaration of all DPRK nuclear programs and a disablement of all existing nuclear facilities. The agreement is the initial step in the denuclearization process, but its implementation has been delayed by procedural obstacles that were overcome last month. We will look closely for signs of progress.

REGIONAL CONFLICTS, INSTABILITY, AND RECONFIGURATIONS OF POWER AND INFLUENCE

As noted at the outset of this statement, globalization is contributing to conflicts, instability, and reconfigurations of power and influence. These consequences of globalization manifest themselves most clearly at the regional level, although at times we can see the effects across regions. Again, the attempt by states or non-state actors to co-opt, dominate, turn into proxies, or destroy other nation states is our primary concern. This is the explicitly stated goal of al-Qa'ida's leadership vis-à-vis Iraq and the Levant, and it is an accurate appraisal of the foreign policy aims of states like Iran. However they occur, violent conflicts in a given state—as we see in Africa today—can swiftly lead to massive humanitarian tragedies and, potentially, regional wars.

THE MIDDLE EAST: AN EMBOLDENED IRAN

Iran's influence is rising in ways that go beyond the potential threat posed by its nuclear program. The fall of the Taliban and

Saddam, increased oil revenues, HAMAS control of Gaza, and Hizballah's perceived success last summer in fighting against Israel embolden Iran in the region. Our Arab allies fear Iran's increasing influence, are concerned about worsening tensions between Shia and Sunni Muslims, and face domestic criticism for maintaining their decades-old strategic partnerships with Washington.

Iran's growing influence has coincided with a shift to a more hard-line government. Iranian President Ahmadi-Nejad's administration—staffed in large part by hardliners imbued with revolutionary ideology and deeply distrustful of the US—has stepped up the use of more assertive and offensive tactics to achieve Iran's longstanding goals.

IRAN—ETHNIC UNREST

However, Ahmadi-Nejad's supporters suffered setbacks in last year's Assembly of Experts and local council elections and elite criticism of Ahmadi-Nejad's policies—especially his management of the Iranian economy— and hardline rhetoric remains. Ethnic tensions in Iran's Baloch, Kurdish, Arab, and, to a lesser extent, Azeri areas continue to fester, creating concern in Tehran about the potential for broader ethnic unrest. However, we see no viable opposition movement. While record oil revenues and manageable debt suggest that Iran is capable, for now, of weathering shocks to the economy, inflationary pressures, exacerbated by Ahmadi-Nejad's expansionary fiscal and monetary policies, are harming Iran's consumer and investment climates and causing employment opportunities to decline. A substantial decline in oil prices could create broader economic problems for the regime.

IRAN—ACTIVE IN IRAQ

Iran continues to be active in Iraq, seeking to influence political, economic, religious, and cultural developments to ensure a non-threatening, cooperative, and Shia-dominated regime to its west. Tehran also seeks to ensure the US bears increasing costs for its presence in Iraq, experiencing setbacks that could drive a US decision to depart and dissuade the US from attacking Iran.

Iran uses radio, television, and print media to influence Iraqi public opinion and help promote pro-Iranian individuals in the Iraqi government at all levels. It has offered financial and other support to its political allies in the Unified Iraqi Alliance.

We assess that the Qods Force—a special element of Iran's

Islamic Revolutionary Guards Corps—is involved in providing lethal support to select groups of Shia militants in Iraq. This support comes in the form of weapons and weapons components traced to Iran as well as military training to include the use of these weapons. Support from the Qods Force helps enable Iraqi Shia groups to attack Coalition forces.

IRAN—MILITARY POWER

Iranian conventional military power would threaten Persian Gulf states and challenge US interests during a time of crisis. Iran is enhancing its ability to project its military power—primarily with ballistic missiles and naval power—to deter potential adversaries and achieve hegemony in the Gulf. It seeks the removal of US forces based in the region by alternately cajoling and trying to intimidate regional allies into withholding support for US policy, and by raising the political, financial, and human costs to the US and our allies of our presence in Iraq. Tehran views its growing inventory of ballistic missiles (it already has among the largest inventory of these missiles in the Middle East), as an integral part of its strategy to deter—and if necessary retaliate against—forces in the region, including US forces.

IRAN—TERRORISM AND HIZBALLAH

We assess that Iran regards its ability to conduct terrorist operations abroad as a key element of its national security strategy: it considers this capability as helping to safeguard the regime by deterring US or Israeli attacks, distracting and weakening Israel, as enhancing Iran's regional influence through intimidation, and as helping to drive the US from the region.

At the center of Iran's terrorism strategy is Lebanese Hizballah, which relies on Tehran for a substantial portion of its annual budget, military equipment, and specialized training. Hizballah is focused on its agenda in Lebanon and supporting anti-Israeli Palestinian terrorists, but, as indicated earlier, it has in the past made contingency plans to conduct attacks against US interests in the event it feels its survival—or that of Iran—is threatened. Tehran also leverages Hizballah to provide training and guidance to JAM Special Groups conducting attacks against Coalition targets in Iraq.

SYRIA'S REGIONAL POLICIES

Syria has strengthened longstanding ties with Iran and grown more confident about its regional policies, largely due to what it sees as vindication of its support to Hizballah and its perceptions of its success in overcoming international attempts

to isolate the regime. Damascus has failed to crack down consistently on militant infiltration into Iraq and continues to attempt to reassert control over Lebanon. Lebanon remains in a politically dangerous situation as Damascus, Hizballah, and other pro-Syrian groups attempt to topple the government of Prime Minister Siniora.

PALESTINIAN TERRITORIES/HAMAS

In the Palestinian territories, the situation is precarious as forces loyal to HAMAS and Fatah remain poised to renew fighting and HAMAS and Fatah political leaders spar publicly over which Palestinian government legitimately represents all Palestinians. HAMAS' routing of Fatah security forces in Gaza have resulted in the de facto creation of rival governments, with a Gaza-based HAMAS government and a West Bank-based Fatah government under President Abbas. Tensions are likely to remain high as HAMAS leaders publicly have rejected the Abbas-appointed emergency government headed by Salam Fayyad, saying that the former government continues to function as the legitimate one.

CONFLICT AND CRISIS IN SUB-SAHARAN AFRICA

In Sub-Saharan Africa, the picture is mixed. We see the consolidation of democracy in such countries as Senegal, Mali, Mauritania, and Kenya, and the persistence of political crises and violent conflict in others. Many of Africa's past and present crises have occurred in countries run by entrenched regimes with little to no real democratic foundations and weak control of areas outside the capital; Sudan and Somalia are cases in point. While violent conflict has abated somewhat since the early 2000s in West and Central Africa, turmoil and conflict threaten large portions of the sub-Saharan region, especially in the Horn of Africa.

DARFUR KILLING DOWN, DISPLACEMENTS UP

Although the large-scale killing and organized massacres so common in Darfur in 2003-04 have ended, continuing violence and instability have boosted the number of refugees and internally displaced persons (IDPs) to unprecedented levels. Some 2.1 million IDPs now reside in Darfur, about 400,000 of whom have been displaced since the signature of the Darfur Peace Agreement (DPA) in May 2006. In addition, 235,000 Darfur refugees have fled to neighboring Chad. The conflict—which has claimed some 200,000 lives since early 2003—also has become more complex in the last two years, complicating prospects for a political solution. On the rebel side, since 2005 insurgents have sub-divided from two main groups into more

than a dozen, which, along with bandits, are now responsible for most attacks against civilians, peacekeeping forces, and humanitarian workers. On the government side, tensions have been growing between Khartoum and some of the "Arab" militias on which it relied to carry out its scorched-earth counter-insurgency. Though an expected dry season offensive by the government did not occur this year, Sudan's air force repeatedly bombed the site of a rebel unification conference. The Darfur conflict has also increasingly spilled over into neighboring Chad and, to a lesser extent, Central African Republic. With the governments of Chad and Sudan supporting each others' rebels, the fighting in Chad has created some 180,000 IDPs, 90,000 since the beginning of this year, and caused 20,000 Chadian refugees to flee into Darfur.

DARFUR DIPLOMACY

Already facing the prospect that its southern region will choose to secede in a referendum scheduled for 2011, Khartoum fears additional concessions to the Darfur rebels and deployment of UN peacekeepers to the region would lead to the disintegration of Sudan. Nonetheless, under pressure from various quarters including its major economic partner, China, Khartoum has grudgingly agreed to allow deployment of a joint AU-UN "hybrid force" of about 20,000 that would replace the current undermanned and overstretched 7,000-person AU peacekeeping force. Khartoum's continued foot-dragging and numerous political and logistical obstacles will complicate full deployment of the hybrid force and probably delay it past the new year, but the new force could increase the security of civilian populations. Similarly, a proposal by the Sarkozy government in France to deploy a UN-authorized military and police mission to provide security inside Chad for populations near the Sudan border could encourage implementation of a Saudi-brokered agreement in early May by which N'djamena and Khartoum agreed not to support each others' rebels.

SOMALIA TURMOIL

The rapid collapse of the Council of Islamic Courts (CIC) in the face of Ethiopia's December 2006 intervention and the arrival in Mogadishu of the Transitional Federal Government (TFG) radically altered the political dynamics in southern Somalia. Though the CIC has been destroyed as an organization, some of those affiliated with it—clan elements and certain radical Islamists, some affiliated with al-Qa'ida—violently oppose the TFG. TFG, Ethiopian, and African Union Forces in Mogadishu have faced almost daily attacks this spring, including multiple suicide attacks in and around the

capital since March. TFG efforts to establish a viable national government are also hampered by many of the same obstacles that have kept any single group from establishing a viable government in Somalia since the country collapsed in 1991. Notably, in a society divided into numerous clans and sub-clans, each of which is reluctant to see one group rise above the others, the TFG leadership has been unable or unwilling to expand its clan base. A proposed National Reconcilation Congress has been postponed four times since April for political and security reasons, and TFG efforts to limit participation and control the conference agenda limit the liklihood that it can be used to bring more Somalis under the TFG umbrella. Moreover, the TFG is widely perceived by Somalis to be little more than a pawn of Ethiopia, yet its continued survival, certainly in Mogadishu, remains dependent on the support provided by the Ethiopian military. Continued turmoil, incited in part by those, like Eritrea, who are supporting the TFG's enemies as a way of punishing Ethiopia, could enable extremists to regain their footing and heightens interstate tensions throughout the region. An effort to replace the temporary Ethiopian presence with a Somali-supported international force remains limited to an undermanned 1,600-man Ugandan force affiliated with the African Union.

NIGERIA'S UNCERTAIN FUTURE

Nigeria's national elections in April were marred by some of the worst vote rigging and mismanagement in the country's history and undermined the country's already tenuous democratic transition. Newly installed President Yar'adua will need to overcome his lack of legitimacy and perceived political weakness to address colossal economic and security challenges. The Nigerian population is increasingly demoralized from worsening living conditions in the face of much publicized improvements in the country's macroeconomic indicators in recent years. Insecurity continues to shut in at least 600,000 b/d in oil-production and could take more off line with little advance warning. Many other parts of the country also suffer from rampant crime, political gangsterism, and ethnic and religious cleavages. The likelihood of a political crisis and major unrest will increase if Yar'adua is unable to consolidate his power and implement comprehensive political and economic reforms that alleviate public frustrations. Instability in Nigeria would threaten other countries in the region.

LATIN AMERICA—

Gradual consolidation of democracy has remained the

GRADUAL CONSOLIDATION OF DEMOCRACY

prevailing tendency in Latin America, despite the challenge to democratic tenets in a few countries. Moderate leftists who promote macroeconomic stability, poverty alleviation, and the consolidation of democratic institutions continue to fare well, as do able conservative leaders. Indeed, the overall health of Latin American democracy is reflected in the results of a survey by a reputable Latin America polling survey: fifty-eight percent of the respondents said that democracy is the best system of government. This number is up five percentage points, compared to results from the same poll in 2005.

At the same time, individuals who are critical of free market economics and have friendly relations with Venezuela's President Chavez won the presidency late last year in two of Latin America's poorest countries, Ecuador and Nicaragua—both after Evo Morales' victory in Bolivia in December 2005.

STRONG SHOWING OF LEFTIST CANDIDATES

The strong showing of presidential candidates with leftist populist views in several other countries during the elections of 2006 speaks to the growing impatience of national electorates with corruption—real and perceived—and the failure of incumbent governments to improve the living standards of large elements of the population. Public dissatisfaction with the way democracy is working is especially troubling in the Andes.

VENEZUELA—STRUGGLE AGAINST US "IMPERIALISM"

Democracy is most at risk in Venezuela and Bolivia. In both countries, the elected presidents, Chavez and Morales, are taking advantage of their popularity to undercut the opposition and eliminate checks on their authority.

In Venezuela, Chavez reacted to his sweeping victory last December by increasing efforts to deepen his self-described Bolivarian Revolution while maintaining the struggle against US "imperialism." He revoked the broadcasting license of a leading opposition television station, on 28 May, and has nationalized the country's main telecommunications enterprise and largest private electric power company. He has forced US and other foreign petroleum companies to enter into joint ventures with the Venezuelan national petroleum company or face nationalization. Negotiations on compensation and the autonomy remaining to the companies that have chosen to stay in Venezuela are pending. Chavez is among the most stridently anti-American leaders anywhere in the world and will continue to try to undercut US influence in Venezuela, the rest of Latin America, and elsewhere internationally. He is attempting to

establish relationships with nations such as Iran, China, and Russia that will lessen his country's longstanding economic ties to the US.

CHAVEZ'S WEAPONS PURCHASES

Chavez's effort to politicize the Venezuelan Armed Forces and to create a large and well-armed military reserve force are signs that he is breaking with the trend in the region toward more professional and apolitical militaries. He has purchased modern military equipment from Russia, including 24 SU-30 multi-role fighters, which can perform air-to-air, strike, and anti-ship roles, and is moving toward upgrading other force projection capabilities. These weapons purchases increasingly worry his neighbors and could fuel defense spending by his neighbors.

Cuba remains Venezuela's closest ally. Fidel Castro's protracted convalescence leaves the day-to-day governing responsibilities to his brother Raul. Key drivers in influencing events in post-Fidel Cuba will be elite cohesion in the absence of Cuba's iconic leader and Raul Castro's ability to manage what we assume to be high public expectations for improved living conditions. This year may mark the end of Fidel Castro's domination of Cuba; but significant, positive political change is unlikely immediately. Although Raul Castro has solidified his own position as successor, it is too soon to tell what policy course he will take once Fidel has left the scene.

MEXICO—PRESIDENT CALDERON'S DYNAMISM

In Mexico, President Felipe Calderon's public security initiatives, early efforts to address poverty, and quick handling of political controversies have been highly popular and have put to rest attempts to question the legitimacy of his presidency. His government is taking steps to address problems that affect both Mexican and US security concerns, including drug smuggling, human trafficking, and associated violence.

CROSS-CURRENTS IN ASIA

The rise of China and economic prosperity more generally—except for North Korea—are changing Northeast Asia in unprecedented ways. Trade and investment, driven by China's successful integration into the world economy through the World Trade Organization framework, is rapidly bringing the countries of this region closer together; but Asia still lacks mature, integrating security mechanisms, beyond the US security treaties with Japan and South Korea.

CHINA—BEIJING'S FOREIGN POLICY

In 2006, Chinese leaders increasingly moved to align Beijing's foreign policy with the needs of domestic development, identifying opportunities to strengthen economic growth, gain access to new sources of energy, and mitigate what they see as potential external threats to social stability. These Chinese priorities are motivating Beijing's engagement with problematic regimes like those in Sudan and Iran. At the same time, China places a priority on positive relations with the United States while strengthening ties to the other major powers, especially the EU and Russia.

PRC leaders continue to emphasize development of friendly relations with the states on China's periphery to assure peaceful borders. In the past year, China achieved notable success in improving relations with Japan under newly elected Prime Minister Abe. In addition to establishing strong bilateral ties, Beijing actively engages with many multilateral organizations, including ASEAN.

CHINA—RAPID MILITARY MODERNIZATION

Beijing continues its rapid rate of military modernization, initiated in 1999. Although this reinforces concerns about Chinese intentions toward Taiwan, we assess that China's aspirations for great power status, threat perceptions, and security strategy would drive its modernization effort even if the Taiwan problem were resolved, but military priorities probably would shift from preparations for a potential conflict to programs designed to enhance China's status. The Chinese are developing more capable long-range conventional strike systems and short- and medium-range ballistic missiles with terminally guided maneuverable warheads able to attack US carriers and airbases. Moreover, in January the Chinese tested a direct ascent counterspace weapon that successfully intercepted and destroyed a Chinese weather satellite.

CHINA—MAINTAINING DOMESTIC STABILITY AND ECONOMIC GROWTH

Maintaining domestic stability remains one of Beijing's top priorities. Rural discontent, which has frequently erupted in an increasing number of local demonstrations and riots, could undermine continued rapid economic growth if not addressed. Hu Jintao's "harmonious society" program is an attempt to address these concerns by enhancing environmental protection, social service, and rule of law, while strengthening the Communist Party's position. The 11th Five-Year Plan enacted in 2006 seeks to put economic growth on a more secure footing by attempting to address rural complaints and extending economic prosperity to more disadvantaged segments of

Chinese society. Implementation of this program would require a major shift of resources to the countryside, greater accountability of provincial leaders to Beijing, and stronger efforts to root out local corruption.

Lastly, some aspects of China's financial system are unhealthy, with state-owned banks maintaining large balances of non-performing loans. We nevertheless see a low risk of severe financial crisis over the next five years; China is introducing market measures to the financial sector, and has massive foreign exchange reserves, current and capital account surpluses, and low exposure to short-term foreign currency debt.

INDIA—ECONOMIC GROWTH AND REGIONAL ROLE

We expect that India's growing confidence on the world stage as a result of its sustained high rates of economic growth will make New Delhi a more effective partner for the United States but also a more formidable interlocutor in areas of disagreement, particularly in the WTO.

New Delhi seeks to play a role in fostering democracy in the region, especially in Nepal and Bangladesh, and will continue to be a reliable ally against global terrorism, given the fact that India is a major target for Islamic extremists, in part because of the insurgency in Kashmir.

EURASIA IN FLUX

Fifteen years after the dissolution of the USSR, post-Soviet Eurasia remains in a state of flux—more so even than a year ago—but increasingly subject to Russian assertiveness

RUSSIA—SUCCESSION MANEUVERING

As Russia moves toward a presidential election in March 2008, succession maneuvering has intensified and increasingly dominates Russian domestic and foreign policy. Against that backdrop, the last year has seen expanded Kremlin efforts to stifle political opposition and widen state control over strategic sectors of the economy. Those trends are likely to deepen as the succession draws closer.

Meanwhile, high energy prices and abundant oil and gas reserves continue to fan Kremlin aspirations for Russia to become an energy superpower. A flush economy and perceived policy successes at home and abroad have bolstered Russian confidence, enabled increased defense spending, and emboldened the Kremlin to pursue foreign policy goals that are

not always consistent with those of Western institutions. Indeed, Russia is attempting to exploit the leverage afforded it by high energy prices, increasingly using strong-arm tactics against neighboring countries.

RUSSIA'S RELATIONSHIP WITH THE US AND WORLD

Russian assertiveness will continue to inject elements of rivalry and antagonism into US dealings with Moscow, particularly our interactions in the former Soviet Union, and will affect our ability to cooperate with Russia on issues ranging from counterterrorism and nonproliferation to energy and democracy promotion in the Middle East. The steady accumulation of problems and irritants threatens to harm Russia's relations with the West more broadly.

GEORGIA

Future developments in Georgia may become intertwined with events outside the region, particularly in Kosovo. If Kosovo gains independence without a negotiated settlement over the next year, Russia has suggested that it might respond by recognizing breakaway regions in Georgia, a risky step.

OTHER EURASIAN STATES:

UKRAINE

Ukraine's political situation remains unsettled. The Orange Revolution brought lasting changes, including greater media freedom and a strengthened role for civil society. Though improvements to the political process resulted in free and fair parliamentary elections in March 2006, the long-standing power struggle between President Yushchenko and Prime Minister Yanukovych continues to buffet Ukrainian politics and national policy. This rivalry has led to the recent dissolution of Parliament and the calling of new legislative elections for September. Political-economic reform efforts and attempts to integrate further with the West have suffered due to this extended period of political uncertainty.

CENTRAL ASIA—AMERICAN INTERESTS

American interests in Central Asia face increasing challenges that could provide fertile soil for the development of radical Islamic sentiment and movements. Furthermore, cooperation on democratization efforts has been limited.

- There is no guarantee that elite and societal turmoil across Central Asia would stay within the confines of existing autocratic systems. In the worst, but not implausible case, central authority in one or more of these states could be challenged, leading to potential for increased terrorist and criminal activities.

ENERGY SECURITY AND COMPETITION FOR SUPPLIES

Energy resources have long been a critical element of national security, but globalization, unprecedented increases in demand, and the interactive effects of energy and other issues have both magnified and broadened the significance of developments in the global energy system. We have entered a new era in which energy security has become an increasing priority not only for the US and the West, but also rapidly developing economies such as China and India, which are becoming major energy consumers.

This means that developments in the energy arena, narrowly defined, have significant and often multiple consequences in other areas. For example, high and surging demand for oil and gas fueled by five years of unusually robust world economic growth have resulted in higher hydrocarbon prices and windfall profits for producers. Producer nations are benefiting from higher prices and several countries hostile to US interests are reaping the potential political, economic, and even military advantages that such resources bring.

INTELLIGENCE READINESS AND GLOBAL COVERAGE

Each of these national security challenges is affected by the accelerating change and transnational interplay that are the hallmarks of 21st century globalization. Globalization has transformed the way we communicate and conduct business, but it also has transformed the way we think about challenges and opportunities and in the way we define and confront our foes. Indeed, it is not too much of a stretch to say that events anywhere can—and often do—affect our interests and the security of our nation and our people. As a result, the Intelligence Community must maintain global coverage and the highest level of readiness to anticipate challenges and respond to them.

INTELLIGENCE TRANSFORMATION EXAMPLES

Therefore, I offer a few examples that demonstrate the extent to which the Intelligence Community is transforming the way we work with one another and are achieving a higher level of intelligence readiness than was the case before 9/11.

NCTC

The first example is a strengthened National Counterterrorism Center, which in last two years has fully assumed its central role in our nation's efforts against global terrorism worldwide.

- The key agencies involved are physically present and integrated into NCTC's work.

- NCTC draws on 30 different networks in performing its analytic and information-sharing functions.

- NCTC convenes all the key players in our CT intelligence mission three times a day to ensure complete coordination and face-to-face communication.

INFORMATION SHARING

The second improved readiness example is the impact of our information sharing reform initiatives. Nothing improves intelligence readiness faster than information sharing with the right authorities, friends, and allies. Under the Senate-confirmed Chief Information Officer and the Program Manager for the Information Sharing Environment, we have:

- Implemented a classified information sharing initiative with key US allies.

- Established the Unified Cross Domain Management office with DoD to oversee development and implementation of common technologies that enable highly classified networks to share information with users and systems that have lower or no clearances;

- Developed and rolled out "blue pages" that provide contact information for all agencies with counterterrorism responsibilities in the US Government;

- Released the Information Sharing Environment Implementation Plan and Privacy Guidelines, which provide the vision and road map for better information sharing within the Intelligence Community and with our fellow Federal, State, local, and tribal counterparts, as well as with foreign governments and the private sector; and

- We are nearing completion of a significant simplification of "Sensitive but Unclassified" rules for the US Government, which should further improve information sharing with state and local partners.

COVERAGE OF SUDDEN FLARE-UPS, EMERGING CRISES

A third example of our intelligence readiness addresses the critical question of global coverage and dealing with sudden flare-ups. We have developed a new model for assessing and then tasking IC organizations to "lift and shift" collection resources in response to emerging crises.

- Application of this process in support of intelligence efforts against the summer 2006 Lebanon/Hizballah/Israel crisis proved very effective in focusing Community efforts.

- The same model is being used against the ongoing Darfur crisis and in Somalia.

MISSION MANAGERS—ACTING ACROSS THE IC

Finally, we have the Mission Managers for Terrorism, Iran, North Korea, Counterproliferation, Counterintelligence, and Cuba and Venezuela. These are senior executives, empowered to act across the IC, to achieve full coordination, synergy, and cooperation. In two cases noted earlier—Iraq and China—where the United States has, justifiably, the largest intelligence investment, I join our most senior IC members in being deeply and directly engaged as a team.

CONCLUSION

This requirement for readiness and global coverage does not mean that all places and problems are equally important at a given point in time. We must and do accord greater attention to those that are most dangerous, most difficult, and most important to the policymakers, warfighters, and first responders who depend on information and insights from the Intelligence Community. The challenge we face is not catching up to globalization or getting ahead of globalization—it is recognizing the degree to which our national security is inextricably woven into the fabric of globalization.

In intelligence, our focus on the military, foreign, counterintelligence, and domestic dimensions of the threat must be all of a piece, seamlessly integrated to thwart attacks, prevent surprises, and provide policymakers with the time and insight they need to make decisions that will keep Americans safe.

QUESTIONS AND ANSWERS SUBMITTED FOR THE RECORD

JULY 11, 2007

QUESTIONS SUBMITTED BY MR. SMITH

Mr. SMITH. During the July 11th hearing, I expressed concern about barriers to the effective and timely processing of intelligence data, both classified and open source. I have heard from intelligence community experts that the most critical shortcoming in our intelligence system is the failure to process and synthesize massive amounts of available data. Some argue that the gaps can be bridged through more effectively leveraging existing data processing technologies.

1) Do you agree that this information processing gap is a major barrier to effective intelligence analysis? If so, how would you describe the nature and causes of the problem? For example, is the problem one of a lack of sufficiently advanced data-processing technologies, insufficient budget allocation toward information-processing activities, or perhaps institutional reluctance to prioritize information-processing activities versus other intelligence activities?
2) What specifically has your agency or office done to identify and rectify these shortcomings?
3) Can you identify any ways in which Congress or the Administration can help address these shortcomings?

Mr. KRINGEN. Processing and synthesizing massive amount of data is indeed a significant challenge in the Intelligence Community. The volume of available information—both classified and unclassified—continues to grow dramatically. Over the past seven years, for example, the number of worldwide Internet users has more than doubled, and the number of Internet host computers has grown by nearly a factor of ten. The main database that informs our analytic judgments at the CIA has increased almost 100 percent over the past decade.

To cope with these increasing volumes of information, we need improvements not only in our information technology (IT) systems, but also increases in the numbers and expertise of our analytic cadre. Thanks to the support of the Congress over the past three years, the CIA has made significant improvements in both areas, upgrading our IT systems in support of analysis and increasing the number of analysts by almost 30 percent since the end of 2004.

In recent years CIA has deployed many IT improvements that allow analysts to better cope with the growth of information, including:

- Trident—a web-based analytic tool environment that offers significant efficiencies in searching, filing, and sharing insights with colleagues on the expanding pool of relevant information.
- Neptune—a common data repository that allows a broader array of analytic tools to be used to analyze and interpret the available data.
- Quantum Leap—a system for discovering relationships and knowledge in massive, disparate data using innovative data aggregation and tools.
- Visual Information Initiative (VII)—a data system that provides users the ability to access near real-time classified imagery as well as a large historical archive of non-textual data.
- Castanet—a federated search solution that enables analysts to conduct single Boolean searches of multiple systems and data sets from across the Intelligence Community.
- Entity extraction and link analysis—capabilities that are key to using analytic tools on unstructured, textual reporting and identifying key relationships among people, places, and things described in the text.
- eViTAP—a suite of tools that captures foreign video in near-real time, simultaneously creates a transcript in the source language, and instantly renders the transcript into English through machine translation.
- Analysts' access to the Internet at their desktop, along with the ability to easily send Internet data to CIA's network where it can be analyzed using sophisticated tools.

- Data visualization technologies, like InSPIRE, that allow analysts to discover trends and anomalies in large document collections.

Collectively, these IT improvements provide us significantly more capability to keep pace with the increased volumes of information than we had just a few years ago. They have been developed in close cooperation with experts from private industry, the Intelligence Community, national laboratories, and CIA's venture capital arm, In-Q-Tel.

Of course, information growth continues, and we must continue to make investments in new capabilities to keep pace. Guided by engagement with our analysts to identify their most pressing needs, we have asked for additional funds in FY09 and beyond to deploy a range of emerging technologies and tools that will help keep us in front of the ever-growing flow of information. Our current search tools are optimized for finding what we already know, not for finding what we don't know. The new technologies we have requested focus on helping analysts find relationships that they cannot uncover with existing search tools:

- Tools optimized for research and discovery against structured data that is increasingly becoming available.
- Concept searching of text, allowing analysts to find documents that a traditional text search would miss.
- Guided navigation through text documents, giving analysts a more effective alternative to traditional Boolean text search.
- Entity relationship discovery via latent semantic indexing, allowing analysts to uncover subtle relationships among people, organizations, or locations.
- Entity visualization, letting analysts browse large document collections by finding related documents and discovering new links and relationships.
- Link and entity editing, giving analysts the power to enrich automatically extracted data with their own analytic insights and judgments.
- Visual browsing of large document collections to help analysts home in on the most important documents.
- Geographic query, to find documents and data by their location.
- Using both implicit and explicit analyst feedback on intelligence reports including tagging and commenting, usage statistics, and subjective ratings of value—to guide analysts to the documents most valued by their peers.

Support by both the Administration and the Congress for the funding of these technologies is essential for us to keep pace and reduce the risk that critical information will be lost or inadvertently ignored.

Mr. SMITH. During the July 11th hearing, I expressed concern about barriers to the effective and timely processing of intelligence data, both classified and open source. I have heard from intelligence community experts that the most critical shortcoming in our intelligence system is the failure to process and synthesize massive amounts of available data. Some argue that the gaps can be bridged through more effectively leveraging existing data-processing technologies. a) Do you agree that this information processing gap is a major barrier to effective intelligence analysis? If so, how would you describe the nature and causes of the problem? For example, is the problem one of a lack of sufficiently advanced data-processing technologies, insufficient budget allocation toward information-processing activities, or perhaps institutional reluctance to prioritize information-processing activities versus other intelligence activities? b) What specifically has your agency or office done to identify and rectify these shortcomings? c) Can you identify any ways in which Congress or the Administration can help address these shortcomings?

Mr. CARDILLO. a) The amount of data now available to analysts is a direct result of Intelligence Community (IC) efforts to make data stores available across the IC, Through these successful efforts, the IC has progressed to the point that it is unable to process it all, and DIA agrees with the arguments that the IC can bridge the gaps by leveraging existing technologies. It must be noted, however, that failure to process and synthesize massive amounts of data is but one of many issues negatively impacting the IC's ability to effectively process and disseminate intelligence.

b) Ongoing funded activities at DIA are striving to bring together multiple data sources under a single architecture. As the amount of data already is massive and continues to grow, analysts must be able to discover what is relevant to them at any given time. This service-oriented architecture is streamlining the way in which

analysts will be able to discover and access the intelligence they need. It enables services and data feeds to other agency applications, thereby improving data integration and DIA's collaboration efforts. DIA Also has made significant progress in applying commercial technologies to managing finished intelligence products from across the Defense Intelligence Enterprise, providing improved access and search capabilities.

c) DIA is coordinating all these issues with the Director of National Intelligence (DNI) staff as DIA takes on the role of Executive Agent for the DNI's Analytic Space or A-Space initiative. DIA believes relevant policies will be reviewed and updated to remove identified shortcomings.

QUESTIONS SUBMITTED BY MR. LOEBSACK

Mr. LOEBSACK. In your testimony, you state that, despite initial steps being taken in the North Korean denuclearization process, North Korea's "threat to international security remains grave."

A) In your opinion, is the successful completion of at least the initial steps in the denuclearization process cause for optimism that North Korea may be stepping back from the brink and may one day become a responsible regional actor?

B) Do you believe that the success of the Sin Party Talks in bringing North Korea to the table and beginning to curb their nuclear program might lay the groundwork for success in curbing North Korea's ballistic missile program and continued proliferation of these missiles abroad?

Mr. KRINGER. North Korea's shutting down of the Yongbyon reactor and its allowing IAEA inspectors access to the Yongbyon facilities are positive moves, but completion of these initial steps under the February agreement does not provide sufficient evidence on whether North Korea is "stopping back from the brink" or will become a responsible regional actor. Additional actions under the February agreement would reveal more about Kim Jong Il's ultimate intentions.

North Korea has historically dealt with missile proliferation separately from negotiations over its nuclear program, but it is possible that success in the nuclear area could build trust for progress on missiles. Much depends on getting Pyongyang to accept that being a part of the international community requires adherence to international norms across the board.

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