

Central Intelligence Agency



Washington, D.C. 20505

SSCI# 2003 - 3662

18 August 2003

The Honorable Pat Roberts
Chairman
Select Committee on Intelligence
United States Senate
Washington, D.C. 20510

Dear Mr. Chairman:

Enclosed are the unclassified responses to the Questions for the Record from the Worldwide Threat Hearing of 11 February 2003. The classified responses to the Questions for the Record were forwarded under a separate letter.

Should you have any questions regarding this matter, please do not hesitate to call me or have a member of your staff contact Paul Dufresne of my staff at (703) 482-7642.

Sincerely,

A handwritten signature in cursive script, appearing to read "Stanley M. Moskowitz".

Stanley M. Moskowitz
Director of Congressional Affairs

Enclosure

SSCI Questions for the Record
Regarding 11 February 2003 DCI World Wide Threat briefing

The New Terrorist Threat Integration Center

1. In his recent State of the Union speech, President Bush announced that he has instructed the Director of Central Intelligence, the Director of the FBI, working with the Attorney General, and the Secretaries of Homeland Security and Defense to develop a Terrorist Threat Integration Center (TTIC). This new center will merge and analyze terrorist-related information collected domestically and abroad in order to form the most comprehensive possible threat picture. Please elaborate on how this new Center will function. How will it be managed, and what, if any, limitations will be put on the intelligence to be shared? When do you anticipate that this Center will be fully operational as envisioned? What additional resources will be needed to fund the FBI's contribution to this Center? Is there also a plan to move the Counterterrorism Division of the FBI and DCI's Counterterrorism Center (CTC) into one building? To what extent were you consulted about the formation of this Center prior to the President's State of the Union speech?

a) Please elaborate on how this new Center will function.

The TTIC will function as an interagency joint venture, composed of Member organizations including Department of Justice/Federal Bureau of Investigation (FBI), Central intelligence Agency (CIA), Department of Homeland Security (DHS) including Transportation Security Administration (TSA), U.S. Secret Service (USSS), and Bureau of Immigration and Customs Enforcement (BICE), Department of Defense (DoD) including National Security Agency (NSA), Defense Intelligence Agency (DIA), National Imagery and Mapping Agency (NIMA), and Department of State (DoS).

(The mission of TTIC is to enable full integration of U.S. Government terrorist threat-related information and analysis. It is really about two things – increased information sharing and more comprehensive analysis. TTIC will provide in-depth threat assessments to other Federal agencies and departments to inform their own activities. TTIC will help the U.S. Government to think and speak with one voice when it comes to determining the nature, scope, capabilities and immediacy of the terrorist threats we face.

b) How will it be managed, and what, if any, limitations will be put on the intelligence to be shared?

TTIC will be managed as a joint venture. Those assigned to TTIC will remain employees of their parent agencies. For purposes of their TTIC-related duties,

all personnel working in the Center will report to D/TTIC, who will, in turn, report to the DCI in his statutory capacity as head of the Intelligence Community. TTIC's leadership structure will support the D/TTIC and include representatives of the FBI, DHS, DoD, Department of State, and the DCI.

In establishing TTIC, the Senior Steering Group was careful not to erect any new cultural or institutional barriers to information sharing. The sharing of information within TTIC and to TTIC customers will be maximized to every extent possible, while adhering to existing limitations governing TTIC Member organizations and contained in existing legislation and executive orders. Careful attention will be given to the need to protect the rights and civil liberties of U.S. persons.

c) When do you anticipate that this Center will be fully operational as envisioned?

Although TTIC capabilities and responsibilities will evolve over the next several years, we expect to be fully operational no later than summer of 2004.

d) What additional resources will be needed to fund the FBI's contribution to this Center?

The TTIC senior management team is working closely with the Department of Justice/FBI Director to identify resources required to meet stated objectives for the continuous build up of personnel and capabilities until the final operational capability of TTIC is achieved.

e) Is there also a plan to move the Counterterrorism Division of the FBI and the DCI's Counterterrorism Center (CTC) into one building?

Yes, beginning in September 2004, per the President's direction to co-locate TTIC with portions of the FBI's Counterterrorism Division (CTD), and the DCI's Counterterrorist Center (CTC).

f) To what extent were you consulted about the formation of this Center prior to the President's State of the Union speech?

The DCI and other officials of the Intelligence Community, along with the Director of the FBI engaged in discussions with the Administration about the formation of an intelligence fusion center prior to the President's State of the Union speech.

Possible Terrorist Use of "Conflict Diamonds"

2. The mining and sale of diamonds by parties to armed conflicts—particularly Angola, Sierra Leone and the Democratic Republic of the Congo—are regarded as a significant factor fueling such hostilities. Do you have any information that "conflict diamonds" are being used to subsidize the activities of terrorist groups, including al-Qa'ida?

We have not been able to corroborate several press reports since November 2001 claiming widespread al-Qa'ida involvement in the African conflict diamond industry. Our investigation indicates a principal source of these reports fabricated his allegations. Moreover, several of the press reports conflict with reliable information that al Qa'ida relies heavily on donations from the Gulf region. Nonetheless, given the seriousness of the issue, we continue to gather additional information on these activities.

The Threat of Cyberterrorism

3. The recent "Slammer" computer virus, which struck thousands of computers, crashing bank machines and disrupting businesses and Internet connections, underscores the vulnerability of the U.S. economy to cyberterrorism. Do we have any information that al-Qa'ida has the interest of ability to conduct cyberterrorist operations against the U.S.? What terrorist groups are the likeliest to conduct such operations? What is the ability of the U.S. Intelligence Community to provide actionable warning of cyber attacks? To the extent that this is a problem area, what is being done to rectify it? How does the transfer of the National Infrastructure Protection Center (NIPC) into the Homeland Security Department affect the government's approach to this problem?

The response to this question is classified. Please see the classified addendum.

Perceptions of the U.S. In the Arab World as a Catalyst for Terrorism

4. To what extent has US support for Israel and the US military presence in Saudi Arabia and elsewhere in the Middle East, served as a catalyst for anti-US sentiment in the Arab World? Would a resolution of the Arab-Israeli conflict and the removal of US troops from Saudi Arabia diminish anti-US sentiment?

Editorial opinion, media reports and press interviews indicate that US policy towards the Israel-Palestinian conflict and US troop presence in the Gulf are important drivers of anti-US sentiment in the region. The presence of US troops in Saudi Arabia since 1991 has been at the heart of Usama Bin Ladin's campaign against the US and the Al-Saud. Settlement of the Israeli-Palestinian conflict on terms acceptable to the Palestinians and key Arab states--for example, along the lines of Saudi Crown Prince Abdallah's initiative-- would probably reduce anti-US feeling in the region considerably.

The Potential for Agroterrorism

5. The potential use of terrorism against agricultural targets (i.e., agroterrorism) raises the prospects of significant economic loss and market disruption. U.S. Department of Agriculture officials estimate that a single agroterrorist attack on the livestock industry using a highly effective agent, for example, could cost the U.S. economy between \$10 billion and \$30 billion. How great do you consider the threat of agroterrorism to the U.S.? Do you have any information that terrorists or terrorist groups have tried to target U.S. agriculture? What are you doing to increase awareness of this threat within the United States?

The response to this question is classified. Please see the classified addendum.

Reaction to the Recommendations of the Joint Inquiry

6. Late last year, the House and Senate intelligence oversight committees released the findings, conclusions and recommendations of the Joint Inquiry into the terrorist attacks of September 11, 2001. The most significant recommendation of the Joint Inquiry was the creation of a Cabinet-level position of Director of National Intelligence (DNI) separate from the position of director of CIA. The DNI would have greater budgetary and managerial authority over intelligence agencies in the Defense Department than currently possessed by the DCI. What is your opinion of this recommendation? What are the pros and cons of this proposal?

I do not support the recommendation to separate the head of the IC, whether DCI or DNI, from the CIA. The DCI's direct relationship with, and control over, the CIA is essential to the DCI's ability to carry out his mission and functions as the head of the IC. Dissolving the existing links between the head of the IC and the CIA would weaken both the Community and the Agency.

Intelligence Community Support to the Department of Homeland Security

7. To what extent have each of your organizations committed to providing intelligence analysts and other staff to the new Department of Homeland Security? How many employees have you committed, or anticipate committing to the new Department. For how long will these employees be on loan to the Department? Have you determined the categories of information that you will be providing to the Department of Homeland Security without a specific request from Secretary Ridge? If so, what are they? How will your commitment to the Department of Homeland Security diminish your ability to focus on other Intelligence Community priorities?

a) To what extent have each of your organizations committed to providing intelligence analysts and other staff to the new Department of Homeland Security?

(The DCI, in his capacity as head of the Intelligence Community, is fully committed to providing support to the new Department of Homeland Security as it defines the processes and capabilities necessary to be effective in protecting America.)

b) How many employees have you committed, or anticipate committing, to the Department?

The DCI has not committed to any specific number of officers to support DHS, but rather, to address targeted requests for assistance, as negotiated between the DHS and senior Intelligence Community leaders. To date, the Intelligence Community has provided 10 to 15 officers with expertise in physical security, information security, analysis, and watch center operations to support specific DHS mission needs. Most of the officers currently providing support to DHS have been drawn from other than main-line analytic components so as to maintain the required analytic bench strength of the Intelligence Community and to address specific requirements specified by DHS.

c) For how long will these employees be on loan to the Department?

The nature and duration of the support provided to DHS by individual Intelligence Community officers varies. Some have signed up to support DHS for six months at a time, with extensions possible. More recently, we have been working with DHS officials to establish reimbursable rotations and have designated a handful of detailees to DHS for up to two year tours.

d) Have you determined the categories of information that you will be providing to the Department of Homeland Security without a specific request from Secretary Ridge?

The Intelligence Community has been working closely with the Office of Homeland Security at first, and now the Department of Homeland Security, to identify specific intelligence requirements and to ensure that this information gets to the Department. We have established and enhanced connectivity to existing and new customers across the Federal government, including direct feeds of intelligence to the Bureau of Immigration and Customs Enforcement (BICE), Transportation Security Administration (TSA), U.S. Secret Service (USSS), and others who have all become part of the new DHS, as well as others with homeland security roles and responsibilities, including the Departments of Health and Human Services, Interior, Agriculture, the Nuclear Regulatory Commission, Federal Protective Service and Joint Terrorism Tasks Forces (JTTFs) across the country.

e) If so, what are they?

Terrorist threat-related information, as derived from foreign intelligence sources is the main category of information provided by the Intelligence Community to the Department of Homeland Security.

f) How will your commitment to the Department of Homeland Security diminish your ability to focus on other Intelligence Community priorities?

The DCI's commitment to the new DHS will not significantly diminished our ability to focus on other Intelligence Community problems by design. While it is true that limited IC resources are stretched very thin, our support to the new DHS is focused to maximize benefit and has been thoughtfully negotiated by all parties involved.

Hizballah Activity in the U.S

8. Suspected Hizballah members in the United States are believed to be primarily engaged in fund raising on behalf of the group's activities overseas. Hizballah members in the U.S. have also engaged in criminal activities, such as narcotics trafficking and cigarette smuggling, to raise funds for the group. Under what circumstances do you consider it likely that Hizballah will conduct terrorist activity inside the U.S.? How would Hizballah—both domestically and internationally—react to U.S. military operations against Iraq?

Please see the classified addendum.

Possible Cooperation from Libya and Sudan for the War on Terrorism

9. It has been reported in the press that Libya has been sending signals that it wants to get out of the terrorism business and has offered to compensate the families of the victims of the bombing of Pan Am Flight 103. Sudan has reportedly arrested al-Qa'ida members and "by and large" shut down al-Qa'ida training camps on its territory. To what extent, if any, have Sudan and Libya diminished their support for terrorism? If so, how has that manifested itself? To what extent, if any, are these nations assisting in the War on Terrorism?

Libya has a longstanding policy of targeting Islamic—mainly Libyan—extremists that pre-dates the US-led war on terrorism. Since the terrorist attacks of 11 September 2001, Qadhafi has repeatedly denounced al-Qa'ida and Islamic extremists. In September 2002, Qadhafi declared that Libya would combat as doggedly as the United States the al-Qa'ida organization and "heretics"—a reference to the Libyan Islamic Fighting Group (LIFG), an extremist organization allied with al-Qa'ida that has led a decade-long campaign to overthrow Qadhafi's regime. The United States Government also identifies the LIFG as a terrorist threat, having placed the group on the Terrorism Exclusion List, which allows for its members to be barred from entering the United States or possibly deported if located here.

- Libya quietly seeks to render to Libyan custody Libyan Islamic extremists, many of whom are affiliated with the LIFG.
- Following the 11 September terrorist attacks, Libya disclosed that it had submitted an arrest warrant to Interpol for Usama Bin Ladin. In September 2001, Interpol officials confirmed that Libya's warrant was authentic and that Tripoli had requested Bin Ladin's extradition in 1998, alleging that LIFG members who murdered two German tourists in Libya in 1994 were linked to Bin Ladin.

In 2002, Libya became a party to the 1999 Convention for the Suppression of the Financing of Terrorism and the 1991 Convention on the Making of Plastic Explosives for the Purpose of Detection. It is a party to all 12 international conventions and protocols relating to terrorism.

Libya appears to have curtailed its support for international terrorism, although it may maintain residual contacts with some of its former terrorist clients. In April 2003, Libya's Foreign Minister announced that Tripoli would compensate the families of the victims of Pan Am Flight 103 and accept "civil responsibility" for the 1988 bombing, for which a Scottish court convicted Libyan intelligence agent 'Abd al-Basset 'Ali al-Meghrahi in 2001.

Sudanese officials continue to publicly denounce terrorism, highlight their cooperation with the US, and call for an international framework and global coordination in the fight against terrorism.

- The United Nations in late September 2001 recognized Sudan's positive steps against terrorism by removing UN sanctions.
- Khartoum has improved and expanded its counterterrorism cooperation with the US Government, and Sudanese authorities have investigated and apprehended Islamic extremists suspected of involvement in al-Qa'ida.

Despite Sudan's efforts to crack down on some terrorists, a number of groups including al-Qa'ida, the Egyptian Islamic Jihad, Egyptian al-Gama'a al-Islamiyya, PIJ, and HAMAS continue to operate at varying levels in Sudan. There is no indication the Sudanese Government currently supports al-Qa'ida; however, Sudan has not fundamentally altered its long-established policy of supporting HAMAS and the Palestine Islamic Jihad (PIJ), allowing them to raise funds and recruit supporters.

Afghanistan

10. How effectively is the Karzai regime dealing with the remnants of the Taliban and al-Qa'ida? Assuming the current level of international support for the Karzai regime, how long will it take for Afghanistan to become a democratic and economically viable state? What efforts are being taken to secure Afghanistan's borders and diminish that country's appeal as a safehaven for terrorists? To what extent is President Karzai committed to eradicating Afghanistan's opium?

The Karzai government faces many challenges in dealing with remnant Taliban and al-Qa'ida fighters, one of the most glaring being its inability to project power beyond Kabul. While local militia forces do conduct operations to weed out anti-government elements, they are acting on orders from provincial governors or local commanders; the central government has little control over these forces.

- Militia forces in Kandahar recently engaged Taliban remnants hiding in villages in the southern region of the province.
- US and Coalition forces, currently bear the overwhelming responsibility for security and counter terrorist operations in Afghanistan.
- The Afghan National Army (ANA) will eventually be the central government's force for dealing with extremist elements but building this army is a long-term project. The ANA currently has only a fraction of the soldiers and skills needed to conduct effective counter-insurgency operations further limiting the central government's control in hostile areas.

It could take several years for Afghanistan to establish a government based on democratic ideals and the rule of law. Members of the international community and prominent Afghans laid the foundation for this and outlined the timeline by which democratic institutions would be established in December 2001 as part of the Bonn Agreement. The Agreement includes two essential building blocks toward creating a broad-based democratic state—drafting and approving a constitution, and holding “free and fair” national elections.

- According to the Bonn Agreement, Afghanistan is scheduled to hold a loya jirga (grand council) to approve the constitution in October 2003 and plans to hold the elections in June 2004.
- The Afghan government, however, faces severe logistical and political challenges and will be hard pressed to adhere to this timeline without

international prodding and support. Even if they fulfill the provisions of the Bonn agreement, Afghans are unaccustomed to direct civic participation and could take considerable time to fully embrace democratic institutions.

On the economic side, the World Bank in January 2002 predicted that it would take 8-10 years, at least \$15-20 billion dollars, and sustained international attention to move Afghanistan toward economic self-sufficiency. With little infrastructure yet rebuilt, and high levels of illiteracy, heavy dependence on international technical assistance to rebuild its economic institutions, Afghanistan has a long path ahead to economic viability.

- Afghanistan may already be slipping on its targets for economic development for the coming year because of a noticeable drop in actual international funding and sustained difficulties garnering the domestic revenue it needs to pay salaries, fund ministries, and push through requisite legal ground work.

It will take sustained domestic and international investment before Afghanistan can capitalize on its assets--natural resources, an entrepreneurial culture, a strong desire to modernize and a strong development-oriented long term plan. In the next three months to year, Kabul must take a dual pronged approach, focusing on building support for the central government while also building up economic institutions and infrastructure to invite private investment and re-energize donors.

- Afghanistan must get moving within the year on three key areas-- human capital development, infrastructure reconstruction and institution building-- if it is to realize its stated goal of 8-10 percent economic growth this year.
- In the near term, building support for the central government will require finding a stable funding source to pay civil servant and military salaries, getting Afghans ready for the key fall planting season, providing visible improvements nationwide in sanitation and drinking water provision, and most critically, providing the means for Afghans to earn a steady income.

Plans are underway to establish a professional border police force to secure Afghanistan's borders—this force only exists on paper and international assistance is needed to provide funding and train the officers. Border checkpoints are currently manned and set up on an ad hoc basis by local militia forces. The central government has little say in the establishment of the checkpoints and how they are enforced.

- Military officials in Khowst province recently sent a large number of soldiers to the border with Pakistan to block the entry of foreigners seeking to enter Afghanistan illegally.

Karzai remains committed to eradicating opium poppy in Afghanistan and has publicly expressed his desire to make the country poppy-free in ten years. He has even criticized UK anti-poppy proposals for not being extensive enough. Karzai intends for eradication to be accompanied by extensive alternative development and reconstruction aid for affected farmers, however his need to rely on provincial and local forces to carry out the eradication have hampered the results.

Iraq and Direct Link to al-Qa'ida?

11. Please elaborate on the nature and extent of the Saddam Hussein regime's relationship with al-Qa'ida. How reliable is your intelligence on this matter? What evidence does the Intelligence Community have that Iraq may have been involved in the September 11, 2001 terrorist attacks against the U.S.?

The response to this question is classified. Please see classified addendum.

North Korea's Nuclear Policy Objective and Regional Reaction

12. North Korea has recently withdrawn from the Nuclear Non-proliferation Treaty (NPT), reopened nuclear installations shut down under the 1994 US-North Korean Agreed Framework, expelled monitors from the International Atomic Agency (IAEA), and demanded new negotiations with the US. What policy objective is North Korea trying to attain through these actions? Under what circumstances is North Korea likely to use a nuclear weapon? What is the likelihood that North Korea will export fissile material, nuclear weapons technology or a complete nuclear weapon? To what extent are China, Japan, and South Korea helping to resolve this issue?

N.B.: There is an additional classified response to this question: Please see the classified addendum.

We assess that the North expelled IAEA inspectors and withdrew from the NPT in an attempt to seize the diplomatic initiative, in part by escalating tensions, and turn the October 2002 confrontation over its uranium enrichment program to Pyongyang's advantage. Kim Chong-il probably judges that nuclear weapons provide him the capability to deter US attack and strengthen his hand in dealing with Washington, South Korea, and other states in the region.

- North Korean officials publicly claim that Iraq's example shows that only tremendous deterrent force can guarantee national security and that failure to resolve the nuclear issue through dialogue would force the North to mobilize "all potentials."
- China, South Korea, and Japan are focused on preventing Pyongyang from further escalation.

Testing North Korea's Nuclear Weapon?

13. Is North Korea capable of developing simple fission weapons without conducting nuclear tests? Has North Korea conducted a nuclear test to date? Under what conditions would North Korea conduct a nuclear test?

N.B.: There is an additional classified response to this question. Please see the classified addendum.

We assess that North Korea has produced one or two simple fission-type nuclear weapons and has validated the designs without conducting yield-producing nuclear tests. Press reports indicate North Korea has been conducting nuclear weapon-related high explosive tests since the 1980s in order to validate its weapon design(s). With such tests, we assess North Korea would not require nuclear tests to validate simple fission weapons.

There is no information to suggest that North Korea has conducted a successful nuclear test to date.

The North's admission to US officials last year that it is pursuing an uranium enrichment program and public statements asserting the right to have nuclear weapons suggest the Kim Chong-il regime is prepared to further escalate tensions and heighten regional fears in a bid to press Washington to negotiate with Pyongyang on its terms. If North Korea decided to escalate tensions on the Korean Peninsula, conducting a nuclear test would be one option. A test would demonstrate to the world the North's status as a nuclear-capable state and signal Kim's perception that building a nuclear stockpile will strengthen his regime's international standing and security posture.

- Pyongyang has already expelled International Atomic Energy Agency inspectors from its nuclear facilities, withdrawn from the Nuclear Non-Proliferation Treaty, and resumed reactor operations at the Yongbyon nuclear research center.

A North Korean decision to conduct a nuclear test would entail risks for Pyongyang of precipitating an international backlash and further isolation. Pyongyang at this point appears to view ambiguity regarding its nuclear capabilities as providing a tactical advantage.

- North Korea in early April publicly claimed that the Iraq war shows only tremendous deterrent force can avert war and that failure to resolve the nuclear issue through dialogue would force the North to mobilize all potentials, almost certainly a reference to nuclear weapons.

Cuba

14. Has the Intelligence Community noted any increase or diminution of Cuba's support to terrorism since September 11, 2001? What is the likelihood that the resumption of U.S. trade with Cuba could hasten economic and political reform in Cuba? How significant is the espionage threat to the U.S. from Cuba?

Has the Intelligence Community noted any increase or diminution of Cuba's support to terrorism since September 11, 2001?

The Cuban government supported Communist insurgents and other radical groups engaged in terrorist activities in the 1960s-80s. Dozens of individuals affiliated at some time with violent groups in Spain, Chile, and other Latin American countries still reside in Cuba, and members of the Revolutionary Armed Forces of Colombia (FARC) and National Liberation Army (ELN) visit Havana for meetings, medical treatment, and reportedly political training. A Cuban official publicly confirmed in 2001 that a member of the Irish Republican Army arrested in Colombia on charges of providing terrorist training to the FARC had represented Sinn Fein in Havana for five years. Members of a Puerto Rican group involved in violent attacks in the United States in the 1960s and 1970s also reside in Cuba. We have no credible evidence, however, that the Cuban government has engaged in or directly supported international terrorist operations in the past decade, although our information is insufficient to say beyond a doubt that no collaboration has occurred.

What is the likelihood that the resumption of US trade with Cuba could hasten economic and political reform in Cuba?

Analysts have debated the impact of the US economic embargo—and the potential impact of its lifting—for 40 years. The embargo was initially instituted because the Castro government nationalized US-owned industries and businesses, and the rationale has evolved over the years to US rejection of Cuba's relationship with the Soviet Union, its military involvement in Africa, its support for subversive groups in Central and South America, and its failure to respect human rights, introduce democracy, and liberalize the economy. Prior to the early 1990s, 80 percent of Cuba's trade was with the Soviet Union and Eastern Europe (the former Council of Mutual Economic Assistance, CMEA).

Since the collapse of the Soviet Bloc, the Cuban government has taken some steps to open its economy to foreign investment, attract more than 1 million tourists a year, and implement modest economic reforms that analysts loosely

aggregate as “dollarization.” These changes have entailed certain changes in the Cuban economy, including the introduction of new pay incentive systems, limited self-employment, the opening of free farmers markets, and access to dollars by large numbers of Cubans (roughly estimated at about two-thirds of the population having direct or secondary access). Many experts note the emergence of new cleavages in Cuban society between those who have, and have not, benefited from the reforms and flow of dollars.

These changes did not result in any significant political opening, and what little space for dissident activities that developed was closed with the recent arrest of about 80 human rights activists and independent journalists. Some observers argue that the flow of foreigners and dollars into the country resulting from tourism and US “people-to-people” exchanges brought dissidents needed outside support—contributing to a significant increase in organizing, the founding of independent libraries, and various antigovernment activities—while other analysts argue that the financial benefits of such an opening reaped by the government helped prolong its rule. Citizens’ economic relationship with the state was altered by a shift in dependence toward non-state sources of food, other supplies, and services (at a time that subsidized goods in “ration stores” diminished) and to various stores opened by government enterprises selling products for dollars.

The Cuban opening to foreign investment so far has been limited, and its impact apparently has been relatively easy for the government to keep from snowballing into a driver of deeper economic and political change. It is difficult to extrapolate the impact that a much greater set of external influences—stemming from a significant loosening of controls on US trade, investment, tourism and other economic contact—would have. Analysts are divided over the probabilities of the three main scenarios: 1) Some assess that Cuban officials, who have publicly said they are ready to accept the challenge of such an opening, can maintain control in such a scenario and prevent pressures for deep internal change from building rapidly; 2) Some assess that Cuban confidence is exaggerated and a US opening would set the country on a “slippery slope” toward liberalization and profound internal change; and 3) Yet others assess that the impact would be so great that the Cuban government itself would seek a way to keep such a US opening from occurring.

How significant is the espionage threat to the U.S. from Cuba?

The Cuban government maintains an aggressive espionage effort against the United States Government and, in particular, the Cuban-American community. Since 1998, the FBI has arrested and convicted a network of Cuban “illegals” in Miami, who were targeting the US Southern Command and local citizen groups; an employee of the INS who provided classified information to the Cubans; and a

senior intelligence analyst at the Defense Intelligence Agency, who had provided Havana sensitive information for 18 years.

The India-Pakistan Conflict

15. Last year, the Committee was told by the CIA that "[t]he likelihood that India and Pakistan will go to war within the next year is higher than it has been since their last war in 1971, and will remain so as long as their armies are deployed along their shared border on a war footing." What is your current assessment about the prospects for war between India and Pakistan? What is the likelihood that such a conflict would result in the use of nuclear weapons? What is the likelihood that the two countries will resolve the cross-border terrorism and Kashmir issues within the next several years?

The prospects for India and Pakistan going to war have decreased since the October 2002 demobilization of Indian and Pakistani forces along the international border and Prime Minister Vajpayee's 18 April offer of dialogue to Pakistan. While Indian officials continue to express doubts about Islamabad's willingness to meet New Delhi's demand to end support for the Kashmir militancy, Vajpayee appears committed to beginning a process of dialogue with Pakistan.

If a major terrorist attack occurred in India or Indian Kashmir, Vajpayee probably would reevaluate his peace initiative and consider punitive strikes against militant targets in Pakistani Kashmir. Such an attack most likely would prompt retaliatory action by Pakistan. The tit-for-tat responses run the risk of escalating into a broader war or even a nuclear exchange.

Indian and Pakistani officials recognize that the Kashmir issues will not be resolved quickly and have called for a step-by-step approach to addressing it. New Delhi would prefer an end to cross-border terrorism before starting any substantive talks on Kashmir. Regardless of when such talks occur, New Delhi wants to address outstanding issues on Kashmir with Pakistan in a sequential fashion. Some academics in both countries support converting the Line of Control into the international border as a possible solution.

Pakistan

16. What is your assessment of the stability of Pakistan's government? To what extent are Islamic fundamentalists influencing the government's policies on the War on Terrorism and U.S. relations? How helpful has Pakistan been in the War on Terrorism? What is the status and security of Pakistan's nuclear program? To what extent are you concerned that Islamic fundamentalist elements within Pakistan's government will provide nuclear weapon technology or other assistance to al-Qa'ida or other terrorist groups? What would Pakistan's likely reaction be to another Indian nuclear test? How would a U.S.-led war against Iraq impact the stability of Pakistan's government?

N.B.: There is an additional classified response to this question. Please see the classified addendum.

President Musharraf is managing a number of challenges to Pakistan's stability—including sectarian violence, domestic terrorism, and the ascendancy of Islamic extremism. The most serious challenge to Musharraf comes from the threat of assassination by Islamic extremist groups. Press reporting indicates that domestic extremists conducted several assassination attempts against Musharraf in 2002.

Pakistan's legislative elections on 10 October 2002 restored the National Assembly and provincial assemblies, which Musharraf had dissolved when he came to power in October 1999. The pro-Musharraf Pakistan Muslim League/Qaid-i-Azam (PML/QA) won a plurality of seats and formed the ruling coalition in the National Assembly.

Opinion polls indicate that Musharraf remains popular with the public.

The Muttahida Majlis-e-Amal (MMA), a coalition of six Islamic parties, won 60 of 342 seats in the October elections, exceeding even its own expectations. The MMA is now one of the two main opposition parties in the National Assembly, but it lacks sufficient parliamentary strength to affect major policy changes.

The MMA, together with the other opposition parties, is actively opposing the constitutional amendments Musharraf passed before the elections last year, known collectively as the Legal Framework Order (LFO). The National Assembly has essentially been at a standstill for the last several months over the ongoing LFO dispute.

Since 11 September 2001, Musharraf has risked significant political capital to support US counterterrorism efforts, with cooperation spanning a range of military, law enforcement, intelligence, financial measures, diplomatic, and internal security actions. Pakistani authorities have captured some of the most important al-Qa'ida members netted to date, including Khalid Shaykh Muhammad, Ramzi Bin al-Shibh, and Khalid Ba'Attash.

Pakistani authorities have worked closely with the US to identify and detain extremists and to patrol the border between Pakistan and Afghanistan. Over 500 alleged al-Qa'ida members or supporters have been detained.

Pakistan successfully conducted nuclear tests in 1998, and is assessed to have the capability to deliver nuclear weapons. Pakistan has both aircraft and missiles that can be used for this purpose. The Pakistanis have unsafeguarded facilities at which they produce both highly enriched uranium and weapons-grade plutonium for nuclear weapons.

We assess that Pakistan's nuclear weapons are secure and will remain so as long as the Army remains in control of the weapons. Lt. Gen Kidwai, head of the Strategic Plans Division and a key advisor of Pakistan's National Command Authority, has publicly claimed that Pakistan's warheads are stored separately from their delivery systems and subject to strict procedural security mechanisms.

Pakistan almost certainly would conduct nuclear testing in reaction to an Indian nuclear test.

Stability of the Jordanian Regime

17. The CIA informed the Committee last year that: "...Jordan's majority Palestinian population identifies with the plight of Palestinians in the West Bank and sympathizes with the problems of the Iraqi people. A sharp escalation in Israel-Palestinian violence or a U.S. strike on Iraq could produce significant unrest." What threats does King Abdullah currently face from Islamic fundamentalists? What is the likelihood that resurgent Palestinian nationalism--kindled by continuing Israeli-Palestinian violence and/or the U.S. military action against Iraq--will seriously destabilize Jordan?

The answer to this question is classified. Please see the classified addendum.

Security of the Russian Nuclear Stockpile

18. Last year, the CIA informed the Committee that "Russian safeguards for its WMD arsenal are uneven despite some improvements made with U.S. assistance. We have no credible evidence that a Russian nuclear warhead has been lost or stolen. We remain concerned about corruption and the negative effect of the post-Soviet decline in military spending on personnel reliability and physical security." Is this still an accurate description of the security of the Russian nuclear stockpile? Have you received any information in the last year that indicates that terrorists have tried to acquire Russian nuclear material?

N.B.: There is an additional classified response to this question. Please see the classified addendum.

This is still an accurate description of the security of the Russian nuclear stockpile. To secure their weapons, the Russians employ an extensive array of physical, procedural and technical measures. Officials continue to rule out that any Russian nuclear weapons have been lost or stolen. We have no credible evidence that any Russian nuclear warheads are missing or have been acquired by terrorists. Russia's nuclear security system was designed in the Soviet era however, to defend against an external military threat rather than a disaffected insider and we remain concerned about the potential for theft or diversion.

- Russia is continuing to deploy US-provided equipment to enhance physical security at their nuclear weapons storage sites. Over the past year and a half, the Russians have signed site access agreements with US threat reduction officials, a step toward meeting US requirements for the access needed to fund more extensive security upgrades.
- The Russians are at the beginning stages of improving their nuclear security system to meet today's challenge of a knowledgeable insider collaborating with a criminal or terrorist group. The US has provided polygraph and drug- and alcohol-testing equipment and is assisting in the development of a personnel reliability program.
- Military salaries are no longer in arrears and are somewhat higher than in the late 1990s but low pay and housing shortages still plague nuclear warhead handlers, according to press reports.
- Igor Valynkin, chief of Russia's nuclear logistics and security organization, claimed that Chechen terrorists had reconnoitered Russian nuclear weapons storage sites twice in 2001, but said there had been no such incidents in 2002.

We have received no credible information in the last year that terrorists have tried to acquire Russian weapons-usable nuclear material.

- Since 1992 there have been sixteen seizures of weapons-usable material—six in Russia and ten in Europe. None of these seizures have been connected to terrorists and the thefts were opportunistic and smugglers had no pre-arranged buyer. We assess that other undetected smuggling has occurred, although we do not know the extent or magnitude of undetected thefts, and we are concerned about the total amount of material that could have been diverted in the last decade.
- The US has sought to improve Russia's safeguards and security for nuclear material through materials protection, control, and accounting assistance and Moscow has made progress in implementing improvements for Russia's most vulnerable material at civilian sites. Russian reluctance to grant US access to information about materials used in nuclear weapons and access to buildings where these materials are stored has impeded progress at these sites, however.

Economic Espionage Against the U.S.

19. In 1996, the Committee was informed by the CIA that "[w]e see government-orchestrated theft of U.S. corporate S&T [science and technology] data as the type of espionage that poses the greatest threat to U.S. economic competitiveness. We have only identified about a half dozen governments that we believe have extensively engaged in economic espionage as we define it. These governments include France, Israel, China, Russia, Iran, and Cuba." Do these countries still conduct economic espionage against the U.S.? What new trends do you see in the economic espionage threat to the U.S.? What foreign countries are responsible for providing U.S. technology to China and other countries of concern? What does the U.S. government do to alert U.S. industry to these threats?

N.B. There is an additional classified response to this question. Please see the classified addendum.

Do the countries identified by the CIA in 1996 still conduct economic espionage against the United States?

As reported in the "Annual Report to Congress on Economic Collection and Industrial Espionage, 2002," prepared by the National Counterintelligence Executive, some 75 countries—a mix of rich and poor, high- and low-tech, friend and foe—targeted US technologies in 2001, but a few key countries were the major players. The top 10 perpetrators accounted for a combined 60 percent of all suspicious incidents reported to cleared defense contractors.

What new trends do you see in the economic espionage threat to the United States?

The United States was a prime target for foreign economic collection and industrial espionage and for the theft of export-controlled proprietary information in 2001, according to a variety of reporting. The openness of US society and the expanding international use of the Internet left us especially vulnerable. Foreign countries and companies used US technologies to leapfrog scientific hurdles that would otherwise have impeded their military and economic development. Calculating US losses from the technology outflow is difficult. Private estimates put the costs as high as \$300 billion per year and rising.

The foreign sponsors of economic and industrial espionage in 2001 came from both the public and private sectors. The collection effort was spread almost evenly among the various actors—foreign government entities, government-affiliated agencies or foreign companies that work solely or predominantly for foreign governments, and commercial businesses. Even where the suspicious

inquiries originated from seemingly private firms, however, it is not possible to rule out some official sponsorship.

A wide range of collection techniques was employed. Simple, straightforward techniques, such as unsolicited requests for information or direct applications to purchase sensitive goods, were generally applied first and most frequently. When these proved ineffective, more sophisticated methods were used, such as offering to sell foreign goods and services, targeting US experts abroad, or tasking foreign visitors to the United States with collection responsibilities. To a lesser extent, foreigners also attempted to exploit their existing relationships with US firms as a means to acquire sensitive equipment or technology and to employ the Internet and international conventions in their efforts.

There is every indication that efforts to acquire US economic and industrial secrets will only intensify and become more sophisticated over the next few years. US research and development programs ensure that state-of-the-art technology will continue to originate here and the openness of US society will make that technology a ready target for foreign countries and companies.

As to the types of militarily critical technologies that will be of interest over the next few years, information systems probably will continue to top the collectors' lists. In addition, aeronautics; guidance, navigation and vehicle control systems; and sensors and lasers are certain to remain hot items. Space systems technologies, which in recent years have accounted for a relatively small share of suspicious incidents, may rate higher priorities in the future, particularly if US efforts to develop a defensive missile system prove successful.

What foreign countries are responsible for providing US technology to China and other countries of concern?

(Most foreign countries proliferating technology to China and other countries of concern to the United States provide their own—vice US—technology for economic gain, or do not have sufficient safeguards to prevent their companies from making illicit sales for proscribed items.

What does the U.S. government do to alert U.S. industry to these threats?

If specific information on ongoing economic espionage is known, the FBI usually approaches the company involved to make them aware of the threat and to gain their cooperation in investigating the culprits.

For general awareness purposes several U.S. Government entities are involved in educating U.S. industry to these threats. The National Counterintelligence Executive leads regional unclassified conferences for corporations on a regular basis and provides information on their public website for companies to find. The

FBI has a similar program it runs to educate U.S. industry to the threat. The CIA will often make U.S. companies it works with aware of economic espionage threats to protect classified work at these companies or as a thank you for other services rendered. CIA has also provided briefings to senior company officials prior to large international events—such as the Paris Air Show—that are notorious venues for economic espionage activity. In addition, other U.S. Government entities contribute such as warnings from Customs and the State Department by posting controlled technology lists banned for export.

The Challenges Facing Post-Saddam Iraq

20. Last year, the CIA told the Committee that: "[t]he nature of post-Saddam Iraq would depend on how and when Saddam left the scene, but any new regime in Baghdad would have to overcome significant obstacles to achieve stability. If Saddam and his inner circle are out of the picture and internal opponents of the regime band together, we assess that a centrist Sunni-lead government would be pressed to accept an Iraqi state less centralized than Saddam's. Iraq's restive sectarian and ethnic groups, however, would probably push for greater autonomy. Decades of authoritarian rule have deprived Iraqis of the opportunity to build democratic traditions and parliamentary experience that could help them master the art of consensus building and compromise."

With the fall of Saddam's regime, there will be many challenges to making Iraq a democratic, stable and economically viable regime—including creation of an effective transitional security force, developing a comprehensive plan for security, eliminating weapons of mass destruction and establishing an international transitional administration. How long will this process take and how much will it cost? How is the Arab world reacting to an Iraq defeated and occupied by the US and its allies? To what extent is this outcome increasing the likelihood that the US will be targeted by Islamic terrorists such as al-Qa'ida?

Political Framework. The Coalition Provisional Authority (CPA), headed by Ambassadors Bremer and Sawers, currently is discussing with prominent Iraqi leaders the details of Iraq's transitional administration. The CPA envisions the transitional administration as having two main parts: a Political Council (PC) and a Constitutional Convention.

- **The Political Council (PC)**, as currently envisioned, will be a 25-30 person executive authority consisting of prominent Iraqi political and social leaders, to be appointed by the CPA in consultation with leading Iraqis and drawn from both the former exile parties and groups and those who remained in the country under Saddam. The CPA is engaged in ongoing consultations with a broad range of Iraqi leaders to determine the precise powers of the PC. The CPA plans to inaugurate the PC by mid-July.
- **The Constitutional Convention**, which the CPA also intends to convene in mid-summer, will be a large—two to three hundred person—assembly of leading jurists and experts that will select a ten to fifteen member constitutional committee to draft a new constitution

for Iraq. If the Iraqi people approve the constitution through a referendum it will become the road map through which Iraq returns, via general elections, to full sovereignty.

The details and timing of this process are flexible and will depend, initially, on the interplay between the CPA and its Iraqi interlocutors, and later on the interaction of all the security, economic and political variables in the complex Iraqi equation. It is possible that the draft constitution could be ready by mid-2004 and that political, economic and security conditions might make a referendum and subsequent elections feasible shortly thereafter. However, difficulties in any or all of these areas could delay this process.

Security Issues. The CPA faces multiple, related challenges in establishing a secure environment in Iraq. Anti-CPA foes—primarily Sunni extremists—are directly attacking Coalition forces in Iraq to undermine our security and reconstruction activities. While inter-communal strife between Iraqis has been thus far limited in scale, the prospect remains that economic, political, or religious rivalries could trigger local violence between rival Iraqi factions. And although CPA efforts are helping to reduce lawlessness in Baghdad and elsewhere, organized crime could become a more subtle, but nonetheless real, threat to CPA stabilization efforts.

How long it will take to overcome these security-related challenges will depend on several variables, and progress in some areas may well advance more quickly than parallel efforts in other areas. The size and effectiveness of the CPA military presence—not only the US component, but also the scale of contributions by other nations—will be a major factor influencing stability in Iraq. However, the rapidity and success of the CPA's efforts to establish a workable transitional administration, restart the economy, provide employment, and begin reconstruction will be at least as important for our long-term goal of creating a stable post-conflict Iraq.

Economy. Many technical consultants, multilateral organizations, and NGOs currently are assessing the costs of rebuilding Iraq's economy, but lingering political and economic uncertainties greatly complicate these estimates. Moreover, any aggregation of the assessments probably will require many more months. In mid-April—before the war had ended—one international forecasting group calculated a broad cost range of \$7-28 billion for repairing war damage in Iraq, based on examples from other international conflict areas and several scenarios involving different dollar-dinar exchange rates. The group assumed that combat-related damage to Iraqi oil facilities was minimal, which has been the case.

- Postwar cost estimates will need to cover not only longer-range reconstruction costs that include war damage but also infrastructure

upgrades to accommodate current technology, an expanding population, and critically needed economic growth.

- Such estimates will depend heavily on the policy decisions taken by the CPA and the PC in Iraq and any subsequent elected government.

Terrorism. Al-Qa'ida has sought to exploit resentment in the Arab and Muslim world over the perceived humiliation of the Iraqi people in the wake of the rapid US defeat of Saddam's regime.

- In his statements of 11 and 12 February, Bin Ladin urged that it was incumbent upon all Muslims to prevent the occupation of this historically Islamic land by infidel outsiders.
- With the announcement of the US intention to withdraw military forces from Saudi Arabia, al-Qa'ida propagandists have suggested that Washington is merely "redeploying its forces" without reducing its alleged overall control of the region, and that occupied Iraq will now take the place of Saudi Arabia as the chief locus of American oil wealth and military might in the region.

However, the recent setbacks suffered by al-Qa'ida probably will limit the group's ability to channel this anger into successful attacks against US targets in the short run.

Regional Reaction. Arab press and publics generally welcomed Saddam's downfall, but remain suspicious of US intentions toward both Iraq and the rest of the Middle East. Press commentary indicates that many elites in the Arab world believe that the US aim was to secure Iraqi oil and that US efforts to foster democracy in Iraq are little more than a cover. At the same time, a large volume of Arab press commentary has focused on the serious shortcomings in the Arab world that many believe lay behind Iraq's sudden downfall and the Arab world's inability to stop the conflict. Respected press commentators have focused on deficiencies in Arab educational systems, lack of any popular input into decision-making, and rigid controls on the media as symptoms of an illness, which, unless cured, may render the rest of the Arab world as weak as Iraq.

Islamic Extremist Activity in Thailand

21. What is the current extent of Islamic extremist activity in Thailand? Is there any evidence that al-Qa'ida fighters fled from Afghanistan to Thailand? If so, is the Thai government taking adequate steps to deal with the problem?

What is the current extent of Islamic extremist activity in Thailand?

International terrorists use Thailand—especially Bangkok—as a transit hub and location for operational planning, weapons smuggling, and money laundering, as well as a source for counterfeit documents. In addition to Bangkok, southern Thailand's porous border with Malaysia and large Muslim population make it an attractive environment for terrorist groups to transit and operate.

- Al Qa'ida operational leader Khalid Shaykh Muhammad first traveled to Bangkok in the early 1990s for unspecified activities, according to press.
- Press accounts of al-Qa'ida detainee confessions indicate Jamaah Islamiya (JI) operational leader Hambali conducted terrorist planning meetings in Bangkok in 2002. JI detainees say a southern Thai network linked to the JI has cooperated regionally with Islamic militant and terrorist groups.

Violence in southern Thailand over the past three decades has been aimed at local police officials and offices, other government offices, religious sites, schools, and arms depots. Since last year, attacks in the south included assassinations, bombings, and weapons theft, which has resulted in Thai police, military, and civilian casualties. We are uncertain whether Muslim separatist groups—possibly with ties to international terrorists—or local criminal networks have been responsible for the violence.

Is there any evidence that al-Qa'ida fighters fled from Afghanistan to Thailand?

We have no indications of that.

Is the Thai government taking adequate steps to deal with the problem?

Although Thai officials have privately given strong support for US counterterrorist efforts, Thailand's efforts are limited by legal limitations on tackling terrorist-related offenses, resource shortfalls, and a porous border with Malaysia. Cultural barriers also pose a problem; the vast majority of Thai security personnel are Buddhist, do not speak the local Malay dialect used by southern Muslims, and are mistrusted by the Muslim population. The Thai Government also is

concerned about sparking unrest and dissatisfaction among Muslims in the south, with whom they have made efforts over the past decade to integrate into the national polity.