

## DCI's Global Intelligence Challenges Briefing

### Global Intelligence Challenges 2005: Meeting Long-Term Challenges with a Long-Term Strategy

(U) Good morning, Mr. Chairman, Mr. Vice Chairman, Members of the Committee.

(U) It is my honor to meet with you today to discuss the challenges I see facing America and its interests in the months ahead. These challenges literally span the globe. My intention is to tell you what I believe are the greatest challenges we face today and those where our service as intelligence professionals is needed most on behalf of the US taxpayer.

(U) We need to make tough decisions about which haystacks deserve to be scrutinized for the needles that can hurt us most. And we know in this information age that there are endless haystacks everywhere. I do want to make several things clear:

- Our officers are taking risks, and I will be asking them to take more risks—justifiable risks—because I would much rather explain why we did something than why we did nothing,
- I am asking for more competitive analysis, more collocation of analysts and collectors, and deeper collaboration with agencies throughout the Intelligence Community. Above all, our analysis must be objective. Our credibility rests there.
- We do not make policy. We do not wage war. I am emphatic about that and always have been. We do collect and analyze information.

With respect to the CIA, I want to tell you that my first few months as Director have served only to confirm what I and Members of Congress have known about CIA for years. It is a special place—an organization of dedicated, patriotic people. In addition to taking a thorough, hard look at our own capabilities, we are working to define CIA's place in the restructured Intelligence Community—a community that will be led by a new Director of National Intelligence—to make the maximum possible contribution to American security at home and abroad. The CIA is and will remain the flagship agency, in my view. And each of the other 14 elements in the community will continue to make their unique contributions as well.

Now, I turn to threats. I will not attempt to cover everything that could go wrong in the year ahead. We must, and do, concentrate our efforts, experience and expertise on the challenges that are most pressing: defeating terrorism; protecting the homeland; stopping proliferation of weapons of mass destruction and drugs; and fostering stability, freedom and peace in the most troubled regions of the world. Accordingly, my comments today will focus on these duties. I know well from my 30 years in public

service that you and your colleagues have an important responsibility with these open sessions to get information to the American people. But I also know all too well that as we are broadcasting to America, enemies are also tuning in. In open session I feel I must be very prudent in my remarks as DCI.

## **TERRORISM**

Mr. Chairman, defeating terrorism must remain one of our intelligence community's core objectives, as widely dispersed terrorist networks will present one of the most serious challenges to US national security interests at home and abroad in the coming year. In the past year, aggressive measures by our intelligence, law enforcement, defense and homeland security communities, along with our key international partners have dealt serious blows to al-Qa'ida and others. Despite these successes, however, the terrorist threat to the US in the Homeland and abroad endures.

- Al-Qa'ida is intent on finding ways to circumvent US security enhancements to strike Americans and the Homeland.
- It may be only a matter of time before al-Qa'ida or another group attempts to use chemical, biological, radiological, and nuclear weapons (CBRN).
- Al-Qa'ida is only one facet of the threat from a broader Sunni jihadist movement.
- The Iraq conflict, while not a cause of extremism, has become a cause for extremists.

We know from experience that al-Qa'ida is a patient, persistent, imaginative, adaptive and dangerous opponent. But it is vulnerable and we and other allies have hit it hard.

- Jihadist religious leaders preach millennial aberrational visions of a fight for Islam's survival. Sometimes they argue that the struggle justifies the indiscriminate killing of civilians, even with chemical, biological, radiological, or nuclear weapons.

Our pursuit of Al-Qa'ida and its most senior leaders, including Bin Ladin and his deputy, Ayman al-Zawahiri is intense. However, their capture alone would not be enough to eliminate the terrorist threat to the US Homeland or US interests overseas. Often influenced by al-Qa'ida's ideology, members of a broader movement have an ability to plan and conduct operations. We saw this last March in the railway attacks in Madrid conducted by local Sunni extremists. Other regional groups – connected to al-Qa'ida or acting on their own – also continue to pose a significant threat.

- In Pakistan, terrorist elements remain committed to attacking US targets. In Saudi Arabia, remnants of the Saudi al-Qa'ida network continue to attack US interests in the region.

- In Central Asia, the Islamic Jihad Group (IJG), a splinter group of the Islamic Movement of Uzbekistan, has become a more virulent threat to US interests and local governments. Last spring the group used female operatives in a series of bombings in Uzbekistan.
- In Southeast Asia, the Jemaah Islamiyah (JI) continues to pose a threat to US and Western interests in Indonesia and the Philippines, where JI is colluding with the Abu Sayyaf Group and possibly the MILF.
- In Europe, Islamic extremists continue to plan and cause attacks against US and local interests, some that may cause significant casualties. In 2004 British authorities dismantled an al-Qa'ida cell and an extremist brutally killed a prominent Dutch citizen in the Netherlands.

Islamic extremists are exploiting the Iraqi conflict to recruit new anti-US jihadists.

- These jihadists who survive will leave Iraq experienced in and focused on acts of urban terrorism. They represent a potential pool of contacts to build transnational terrorist cells, groups, and networks in Saudi Arabia, Jordan and other countries.
- Zarqawi has sought to bring about the final victory of Islam over the West, and he hopes to establish a safe haven in Iraq from which his group could operate against "infidel" Western nations and "apostate" Muslim governments.

Other terrorist groups spanning the globe also pose persistent and serious threats to US and Western interests.

- Hizballah's main focus remains Israel, but it could conduct lethal attacks against US interests quickly upon a decision to do so.
- Palestinian terrorist organizations have apparently refrained from directly targeting US or Western interests in their opposition to Middle East peace initiatives, but pose an ongoing risk to US citizens that could be killed or wounded in attacks intended to strike Israeli interests.
- Extremist groups in Latin America are still a concern, with the FARC—the Revolutionary Armed Forces of Colombia—possessing the greatest capability and the clearest intent to threaten US interests in the region.
- Horn of Africa, the Sahel, the Mahgreb, the Levant, and the Gulf States are all areas where "pop up" terrorist activity can be expected.

## AFGHANISTAN

Mr. Chairman, Afghanistan, once the safe haven for Usama bin Ladin, has started on the road to recovery after decades of instability and civil war. Hamid Karzai's election to the presidency was a major milestone. Elections for a new National Assembly and local district councils—tentatively scheduled for this spring—will complete the process of electing representatives.

President Karzai still faces a low-level insurgency aimed at destabilizing the country, raising the cost of reconstruction and ultimately forcing Coalition forces to leave.

- The development of the Afghan National Army and a national police force is going well, although neither can yet stand on its own.

## **IRAQ**

Low voter turnout in some Sunni areas and the post-election resumption of insurgent attacks—most against Iraqi civilian and security forces—indicate that the insurgency achieved at least some of its election-day goals and remains a serious threat to creating a stable representative government in Iraq.

Self-determination for the Iraqi people will largely depend on the ability of Iraqi forces to provide security. Iraq's most capable security units have become more effective in recent months, contributing to several major operations and helping to put an Iraqi face on security operations. Insurgents are determined to discourage new recruits and undermine the effectiveness of existing Iraqi security forces.

- The lack of security is hurting Iraq's reconstruction efforts and economic development, causing overall economic growth to proceed at a much slower pace than many analysts expected a year ago.
- Alternatively, the larger uncommitted moderate Sunni population and the Sunni political elite may seize the post electoral moment to take part in creating Iraq's new political institutions if victorious Shia and Kurdish parties include Sunnis in the new government and the drafting of the constitution.

## **PROLIFERATION**

Mr. Chairman, I will now turn to the worldwide challenge of proliferation. Last year started with promise as Libya had just renounced its WMD programs, North Korea was engaged in negotiations with regional states on its nuclear weapons program, and Iran was showing greater signs of openness regarding its nuclear program after concealing activity for nearly a decade. Let me start with Libya, a good news story, and one that reflects the patient perseverance with which the Intelligence Community can tackle a tough intelligence problem.

## **LIBYA**

In 2004 Tripoli followed through with a range of steps to disarm itself of WMD and ballistic missiles.

- Libya gave up key elements of its nuclear weapons program, opened itself to the IAEA.
- Libya gave up some key CW assets and opened its former CW program to international scrutiny.
- After disclosing its Scud stockpile and extensive ballistic and cruise missile R&D efforts in 2003, Libya took important steps to abide by its commitment to limit its missiles to the 300-km range threshold of the Missile Technology Control Regime (MTCR).

The US continues to work with Libya to clarify some discrepancies in the declaration.

## **NORTH KOREA**

On 10 February 2005, Pyongyang announced it was suspending participation in the six-party talks underway since 2003, declared it had nuclear weapons, and affirmed it would seek to increase its nuclear arsenal. The North had been pushing for a freeze on its plutonium program in exchange for significant benefits, rather than committing to the full dismantlement that we and our partners sought.

- In 2003, the North claimed it had reprocessed the 8,000 fuel rods from the Yongbyong reactor, originally stored under the Agreed Framework, with IAEA monitoring in 1994. The North claims to have made new weapons from its reprocessing effort.
- We believe North Korea continues to pursue a uranium enrichment capability drawing on the assistance it received from A.Q. Khan before his network was shutdown.

North Korea continues to develop, produce, deploy, and sell ballistic missiles of increasing range and sophistication, augmenting Pyongyang's large operational force of Scud and No Dong class missiles. North Korea could resume flight-testing at any time, including of longer-range missiles, such as the Taepo Dong-2 system. We assess the TD-2 is capable of reaching the United States with a nuclear-weapon-sized payload.

- North Korea continues to market its ballistic missile technology, trying to find new clients now that some traditional customers, such as Libya, have halted such trade.

We believe North Korea has active CW and BW programs and probably has chemical and possibly biological weapons ready for use.

## **IRAN**

In early February, the spokesman of Iran's Supreme Council for National Security publicly announced that Iran would never scrap its nuclear program. This came in the midst of negotiations with EU-3 members (Britain, Germany and France) seeking objective guarantees from Tehran that it will not use nuclear technology for nuclear weapons.

- Previous comments by Iranian officials, including Iran's Supreme Leader and its Foreign Minister, indicated that Iran would not give up its ability to enrich uranium. Certainly they can use it to produce fuel for power reactors. We are more concerned about the dual-use nature of the technology that could also be used to achieve a nuclear weapon.

In parallel, Iran continues its pursuit of long-range ballistic missiles, such as an improved version of its 1,300 km range Shahab-3 MRBM, to add to the hundreds of short-range SCUD missiles it already has.

Even since 9/11, Tehran continues to support terrorist groups in the region, such as Hizballah, and could encourage increased attacks in Israel and the Palestinian Territories to derail progress toward peace.

- Iran reportedly is supporting some anti-Coalition activities in Iraq and seeking to influence the future character of the Iraqi state.
- Conservatives are likely to consolidate their power in Iran's June 2005 presidential elections, further marginalizing the reform movement last year.
- Iran continues to retain in secret important members of Al-Qai'ida—the Management Council—causing further uncertainty about Iran's commitment to bring them to justice.

## **CHINA**

Beijing's military modernization and military buildup is tilting the balance of power in the Taiwan Strait. Improved Chinese capabilities to threaten US forces in the region.

- In 2004, China increased its ballistic missile forces deployed across from Taiwan and rolled out several new submarines.
- China continues to develop more robust, survivable nuclear-armed missiles as well as conventional capabilities for use in a regional conflict.

Taiwan continues to promote constitutional reform and other attempts to strengthen local identity. Beijing judges these moves to be a "timeline for independence". If Beijing decides that Taiwan is taking steps toward permanent separation that exceed Beijing's tolerance, we believe China is prepared to respond with various levels of force.

China is increasingly confident and active on the international stage, trying to ensure it has a voice on major international issues, secure access to natural resources, and counter what it sees as US efforts to contain or encircle China.

New leadership under President Hu Jintao is facing an array of domestic challenges in 2005, such as the potential for a resurgence in inflation, increased dependence on exports, growing economic inequalities, increased awareness of individual rights, and popular expectations for the new leadership.

## **RUSSIA**

The attitudes and actions of the so-called "siloviki"—the ex-KGB men that Putin has placed in positions of authority throughout the Russian government—may be critical determinants of the course Putin will pursue in the year ahead.

- Perceived setbacks in Ukraine are likely to lead Putin to redouble his efforts to defend Russian interests abroad while balancing cooperation with the West. Russia's most immediate security threat is terrorism, and counterterrorism cooperation undoubtedly will continue.
- Putin publicly acknowledges a role for outside powers to play in the CIS, for example, but we believe he is nevertheless concerned about further encroachment by the US and NATO into the region.
- Moscow worries that separatism inside Russia and radical Islamic movements beyond their borders might threaten stability in Southern Russia. Chechen extremists have increasingly turned to terrorist operations in response to Moscow's successes in Chechnya, and it is reasonable to predict that they will carry out attacks against civilian or military targets elsewhere in Russia in 2005.

Budget increases will help Russia create a professional military by replacing conscripts with volunteer servicemen and focus on maintaining, modernizing and extending the operational life of its strategic weapons systems, including its nuclear missile force.

- Russia remains an important source of weapons technology, materials and components for other nations. The vulnerability of Russian WMD materials and technology to theft or diversion is a continuing concern.

## POTENTIAL AREAS FOR INSTABILITY

Mr. Chairman, in the MIDDLE EAST, the election of Palestinian President Mahmud Abbas, nevertheless, marks an important step and Abbas has made it clear that negotiating a peace deal with Israel is a high priority. There nevertheless are hurdles ahead.

- Redlines must be resolved while Palestinian leaders try to rebuild damaged PA infrastructure and governing institutions, especially the security forces, the legislature, and the judiciary.
- Terrorist groups, some of who benefit from funding from outside sources, could step up attacks to derail peace and progress.

In AFRICA, chronic instability will continue to hamper counter-terrorism efforts and pose heavy humanitarian and peacekeeping burdens.

- In Nigeria, the military is struggling to contain militia groups in the oil-producing south and ethnic violence that frequently erupts throughout the country. Extremist groups are emerging from the country's Muslim population of about 65 million.
- In Sudan, the peace deal signed in January will result in de facto southern autonomy and may inspire rebels in provinces such as Darfur to press harder for a greater share of resources and power. Opportunities exist for Islamic extremists to reassert themselves in the North unless the central government stays unified.
- Unresolved disputes in the Horn of Africa—Africa's gateway to the Middle East create vulnerability to foreign terrorist and extremist groups. Ethiopia and Eritrea still have a contested border, and armed factions in Somalia indicate they will fight the authority of a new transitional government.

In LATIN AMERICA, the region is entering a major electoral cycle in 2006, when Brazil, Colombia, Costa Rica, Ecuador, Mexico, Nicaragua, Peru, and Venezuela hold presidential elections. Several key countries in the hemisphere are potential flashpoints in 2005.

- In Venezuela, Chavez is consolidating his power by using technically legal tactics to target his opponents and meddling in the region supported by Castro.
- In Colombia, progress against counternarcotics and terrorism under President Uribe's successful leadership, may be affected by the election.
- The outlook is very cloudy for legitimate, timely elections in November 2005 in Haiti—even with substantial international support.

- Campaigning for the 2006 presidential election in Mexico is likely to stall progress on fiscal, labor, and energy reforms.
- In Cuba, Castro's hold on power remains firm, but a bad fall last October has rekindled speculation about his declining health and succession scenarios.

In SOUTHEAST ASIA, three countries bear close watching.

- In Indonesia, President Yudhoyono has moved swiftly to crackdown on corruption. Reinvigorating the economy, burdened by the costs of recovery in tsunami-damaged areas, will likely be affected by continuing deep-seated ethnic and political turmoil exploitable by terrorists.
- In the Philippines, Manila is struggling with prolonged Islamic and Communist rebellions. The presence of Jemaah Islamiyah (JI) terrorists seeking safe haven and training bases adds volatility and capability to terrorist groups already in place.
- Thailand is plagued with an increasingly volatile Muslim separatist threat in its southeastern provinces, and the risk of escalation remains high.