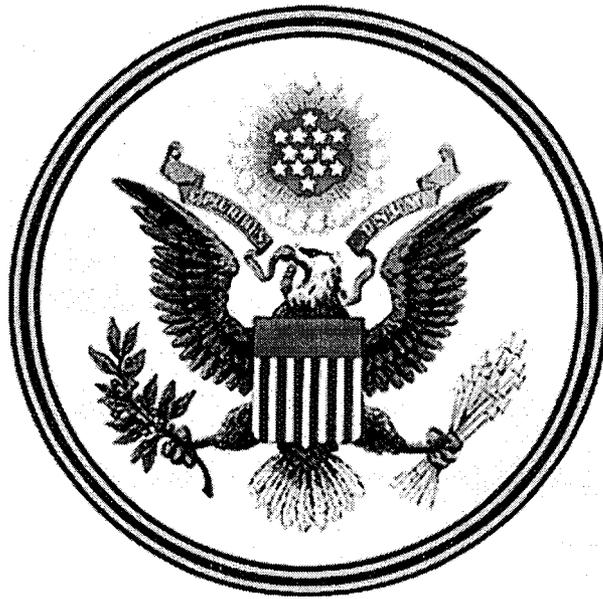


Base Realignment and Closure Commission



**May 3rd, 2005
1:30 PM Hearing**

Base Realignment and Closure Commission

Hearing of the Commission

1:30 pm

May 3, 2005

Index

A. Chairman Principi's opening statement

B. Biography and Testimony:

Mr. David Gordon, Office of Dir. Of National Intelligence

Chairman of National Intelligence Council

Office of Director of National Intelligence.

C. Biography:

Mr. Earl Sheck, DIA

Director of Analysis and Production

D. Biography: Ms. Carol Rodley, Department of State

Principal Deputy Assistant Secretary, Bureau of

Intelligence and Research

E. Questions for witnesses

Statement

of

Chairman Anthony J. Principi

Hearing of the 2005 Base Realignment and Closure Commission

May 3, 2005
1:30 PM

Washington, D.C.

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Good Afternoon,

And welcome to the second hearing of the 2005 Base Realignment and Closure Commission.

As I noted this morning, in less than two weeks the Secretary of Defense will publish his proposal for realigning or closing the military bases he believes are no longer needed to support the men and women of our armed forces. The Congress established this Commission to provide an independent assessment of that DoD proposal.

The Defense Department proposal will lay out a roadmap defining the infrastructure it believes the services will need over decades to come.

But, bases are not an ends, they are a means.



Bases support the divisions, wings, fleets, and expeditionary forces, and their supporting elements, fielded to meet threats to our security. And those formations must in turn be tailored to deter or defeat the threats they are expected to face.

Since it's difficult to know when you've arrived if you don't know where you are going, this Commission must have an understanding of the anticipated future threats to our Nation if we are to intelligently evaluate the appropriateness of the base establishment the Department of Defense proposes for supporting the force structure we anticipate to field in order to meet those threats.

This afternoon, witnesses from the Defense Intelligence Agency and the Bureau of Intelligence and Research of the Department of State will provide the Commission with the foundation for an independent assessment of the DoD BRAC proposal by providing us with their assessment of the possible threats to our national security over the next twenty years.



DCN: 11589

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David Gordon
Vice Chairman
National Intelligence Council (NIC)
Office of the Director of Central Intelligence

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Dr. Gordon became Vice Chairman of the National Intelligence Council on 14 June 2004. Prior to this position Dr. Gordon was the Director of the Office of Transnational Issues (OTI) in the Directorate of Intelligence. Analysts in this office provide direct intelligence on a broad array of critical issues of national security, including global energy and economic security, corruption and illicit financial activity, foreign denial and deception programs, and societal and humanitarian conflicts.

Dr. Gordon joined the CIA in May 1998 when he was appointed National Intelligence Officer (NIO) for Economics and Global Issues on the National Intelligence Council (NIC). While on the NIC, he directed major analytic projects on country-level economic and financial crises, emerging infectious disease risks, global demographic trends, and the changing geo-politics of energy, as well as providing leadership for the NIC's seminal "Global Trends 2015" Report.

Prior to his service on the NIC, Dr. Gordon was Senior Fellow and Director of the US Policy Program at the Overseas Development Council. Earlier, he served as a senior staff member on the International Relations Committee of the US House of Representatives; and as the regional economic policy advisor for the US Agency for International Development, based in Nairobi, Kenya.

In the 1980s, Dr. Gordon pursued an academic career with a joint appointment at the University of Michigan and Michigan State University. Currently, Dr. Gordon is an adjunct professor at the School of Foreign Service at Georgetown University. He has also taught at the College of William and Mary, Princeton University, and the University of Nairobi.

Dr. Gordon is a graduate of Bowdoin College and undertook graduate studies in both political science and economics at the University of Michigan, where he received his PhD in 1981. Dr. Gordon and his wife, Joan Parker, live in Washington, DC, with their sons Alexander and Charles.

13 July 2004

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**Statement by Acting Chairman, National Intelligence
Council, David F. Gordon, Before the Base Closure and
Realignment Commission**

3 May 2005

Global Threats and Challenges

Thank you, Mr. Chairman, for the opportunity to address the Commission with my perspective on the threats and challenges facing our nation today, and over the next 15 to 20 years. My statement draws principally from two sources of analytic effort. First are the finished national intelligence products that have been generated under the auspices of the National Intelligence Council – or NIC. Those assessments reflect the Intelligence Community's take on some of the most important national security issues of our day. Second, I have borrowed heavily from the recently completed yearlong NIC effort entitled *Mapping the Global Future*. That work, based on consultations with more than a thousand nongovernmental experts from around the world, attempts to capture the fundamental trends and factors driving global change through the 2020 timeframe.

Please be clear, however, that while my statement is undeniably influenced by these intelligence-related assessments, this is in no way a coordinated Intelligence Community presentation.

I would like to begin by briefly outlining some of the enduring themes that characterize the present and future security environment. The first of these is the notion that we are in *an extended period of transition and turmoil* that began with the end of the Cold War and will continue well into the future. At no time since the formation of the Western alliance system in 1949 have the shape and nature of international alignments been in such a state of flux. Emerging powers in Asia, retrenchment in Eurasia, a roiling

Middle East, and transatlantic divisions are among the many issues that have only come to a head in recent years. The basic factors and forces driving global change – some of which I will address below – all have 'staying power' and no power, circumstance, or condition is likely to emerge in the next 10 to 15 years capable of overcoming them and creating a more stable global environment. Accordingly, the very magnitude and speed of change will be a defining feature of the world out to 2020.

Globalization – defined as the increasing flow of information, technology, capital, goods, services, and people throughout the world – is an overarching 'mega trend' that constitutes a force so ubiquitous that it will substantially shape all the other major trends in the world. Globalization will in many ways be positive – especially for those countries, regions, and groups that can access and adopt new technologies. China and India, for instance, are well positioned to become technology leaders, and their rise will put more of an Asian face on globalization.

But the benefits of globalization won't be global. In some areas, especially in the southern hemisphere, globalization will leave large numbers of people seemingly worse off, and may exacerbate local and regional tensions, increase the prospects and capabilities for conflict, and empower those who would do us harm. Perhaps our greatest challenge over the next decade or so will be encouraging, furthering, and consolidating the positive aspects of globalization, while managing and containing its 'downsides.'

The likely emergence of China and India as ***new major global players*** will transform the geopolitical landscape with impacts potentially as dramatic as

the rise of a united Germany in the 19th century and the emergence of the United States in the early 20th century. Both states are likely to experience combinations of sustained high economic growth, expanding military capabilities, and growing populations. Barring an abrupt reversal of the process of globalization, or some major internal upheaval, this combination will culminate in both China and India attaining significant political, economic, and military power. How these states, the Asian region, and the world accommodate their rise – whether they emerge in more cooperative or competitive manners – is a critical uncertainty.

The growing demand for *energy*, driven by global economic expansion – especially by rising powers like China and India – will have substantial impacts on geopolitical relations. Despite the trend toward more efficient energy use, total energy consumed probably will rise by some 50 percent in the next two decades, compared to a 34 percent expansion from 1980 to 2000, with an increasing share provided by petroleum. Renewable energy sources will account for only about eight percent of the energy supply in 2020, and nuclear power will probably decline globally in absolute terms during the next decade.

With substantial investment in new capacity, overall energy supplies will be sufficient to meet growing global demand. But continued limited access by the international oil companies to major fields could restrain this investment, and many of the areas that are being counted on to provide increased output – the Caspian Sea, Venezuela, West Africa, and the South China Sea – involve substantial political or economic risk. Traditional suppliers in the Middle East are also increasingly unstable. Thus, sharper demand-driven

competition for resources, perhaps accompanied by a major disruption of oil supplies, is among my key uncertainties.

State instability – driven in part by global demographic patterns, uneven economic development, and the poor quality of governance – will remain a concern. The world will add more than a billion people during the next 10 to 15 years, with 95 percent of that growth occurring in the developing world. Meanwhile, developing world urbanization will continue, with millions of the world's poorest people migrating to urban areas each year. Economic progress in many parts of Asia, Africa, the Middle East, and Latin America is unlikely to keep pace with such change. These conditions will strain the leadership, resources, and infrastructures of developing states. Corrupt and ineffective governments will be particularly hard pressed to cope, and their failings will likely foster instability, spawn ethnic, religious, and cultural conflict, create lawless safe-havens of ungoverned territory, and increase the power of dangerous non-state entities.

Part of the pressure on governance will come from new forms of *identity politics* centered on religious convictions. In a rapidly globalizing world that is experiencing significant population shifts, religious identities provide followers with a ready-made community that serves as a 'social safety net' in times of need. *Political Islam* will have a particularly significant global impact, rallying disparate ethnic and national groups and creating an identity that transcends national boundaries.

Developments in *the broader Muslim world* will remain a challenge as Islamic leaders, groups, and individuals sort through competing visions of

what it means to be a Muslim state in the modern era. Unfavorable demographic and economic conditions, and efforts to strike a balance between modernization and respect for traditional values can be made more difficult by developments in the global war on terrorism, continued Israeli-Palestinian violence, the US presence in Iraq and Afghanistan, and fledgling democratic developments in the Middle East. These pressures will remain very acute in states important to the US, including Pakistan, Afghanistan, Indonesia, Egypt, Jordan, and Saudi Arabia.

Outside the Middle East – and especially in Europe – *political Islam* will continue to appeal to Muslim migrants who are attracted by global economic opportunities, but who do not feel at home in what they perceive to be alien and hostile cultures. In these cases, *identity politics* will likely add stress in states that are forced to reexamine longstanding political, social, and cultural precepts as they attempt to overcome the challenges of rapidly aging 'core' populations and rising immigrant numbers.

Despite our significant successes to date, *international terrorism* will remain a serious threat. The key factors that spawn terrorism show few signs of abating during the next 15 years. Facilitated by global communications, the revival of Muslim identity will create a framework for the potential spread of radical Islamic ideology inside and outside the Middle East – including in Southeast Asia, Central Asia and in Western Europe, where religious identity has traditionally not been as strong. This revival has been accompanied by a deepening solidarity among Muslims caught up in national or regional separatist struggles – in Palestine, Chechnya, Iraq, Kashmir, Mindanao, and southern Thailand – and has

emerged in response to government repression, corruption, and ineffectiveness. Informal networks of charitable foundations, *madrassas*, *hawalas*, and other mechanisms will continue to proliferate and be exploited by radical elements.

While our counter-terrorism focus today is on the al-Qa'ida network, I expect it to be superseded over time by similarly inspired Islamic extremist groups that may, in some cases, merge with or be spawned by local separatist movements. Information technology, allowing for instant connectivity, communication, and learning, will enable the terrorist threat to become increasingly decentralized, evolving into an eclectic array of groups, cells, and individuals that do not need a stationary headquarters to plan and carry out operations. Training materials, targeting guidance, weapons know-how, and fund-raising will become virtual.

Terrorists will continue to employ primarily conventional weapons, but will incorporate new twists as they constantly adapt to counterterrorist efforts. Terrorist innovation probably will come *less* from new technologies or weapons, and *more* from novel operational concepts. That said, strong terrorist interest in acquiring weapons of mass destruction increases the risk of mass casualty attacks. Bio-terrorism appears particularly suited to the smaller, better-informed groups. I also expect future terrorists to seek to develop cyber attack capabilities to enable them to disrupt critical information networks and cause physical damage to information systems.

Rapid technology development and proliferation – in information, computing, processing and communications technologies, biotechnology,

advanced materials and manufacturing, and weapons – especially weapons of mass destruction – will continue to have a profound impact on the way people live, think, work, organize, and fight. New vulnerabilities, interdependencies, and capabilities are being created in both advanced and less developed states. The globalization of 'research-and-development-intensive' technologies is enabling smaller countries, groups, and even individuals access to capabilities previously limited to major powers. These trends, combined with the integration and fusion of various technological advancements, and unanticipated applications of emerging technologies, make it extremely difficult to provide meaningful technology warning. Surprises will result, and some aspects of our current technological advantage – both military and commercial – will remain vulnerable.

I am especially concerned about *weapons of mass destruction and missile proliferation* because, from my perspective, the longer-term trends are bleak. States still seek these capabilities for regional purposes, or to provide a hedge to deter or offset US military superiority. Terrorists seek greater physical and psychological impacts. The perceived need to acquire WMD capabilities is intense and, unfortunately, globalization provides a more amenable proliferation environment, making it easier to transfer material and expertise, and to form partnerships for pooling resources and know-how. Much of the technology and many of the raw materials are available, and in some cases, the basic sciences are well understood. Some two-dozen countries possess or are pursuing WMD and missile programs, along with a handful of sub-state entities. This problem will be with us for a long time to come.

International criminal activity is another enduring concern. Criminal groups in Western Europe, China, Colombia, Mexico, Nigeria, and Russia are broadening their global activities and are increasingly involved in narcotics trafficking, human smuggling, and illicit transfers of arms and other technologies. I am especially troubled by the potential for growing links between terrorist groups and organized criminal elements to facilitate terrorists' financing their activities, trafficking in weapons, and moving operatives.

One other 'core' factor that I believe is of increasing importance is how the world reacts to and copes with *US power and dominance*. One of the key takeaways from our 2020 project is that parts of the world are increasingly apprehensive about the perceived expansion, consolidation, and influence of American values, ideals, culture, and institutions. Reactions to this perception can range from mild chafing to outright fear and violent rejection. I am concerned that these perceptions, mixed with angst over 'US unilateralism' may give rise to significant anti-American behavior.

In this context, asymmetric capabilities – to include terrorism, insurgency, sabotage, infrastructure attacks, information and cyber warfare, the threat or use of WMD, denial and deception, and intelligence operations – are especially appealing to adversaries who understand they cannot match our political, economic, and military power on our terms. We can expect that our opponents will seek to avoid decisive engagement and act indirectly, hoping to extract a price we are unwilling to pay, or to present us with capabilities and situations we cannot or will not react to in a timely manner. While asymmetric concepts are as old as warfare itself, they are important

today because they are in many cases virtually the only means our enemies have for coping with US power.

At the strategic level, asymmetric actions – such as the September 11th attacks – will be designed to fundamentally change the United States, the way we behave in the world, and the way others see us. Adversary goals could include undermining our political, economic, and social infrastructures, destroying our general societal optimism, thwarting US global leadership, eliminating our will and or our capacity to remain globally engaged, curtailing the global appeal of our ideas, institutions, and culture, and denying US leaders the military option.

At the more tactical military level, our enemies are likely to try and 'level the playing field' so that we are unable to fight the way we want to fight. While specific adversaries, objectives, targets, and means of attack will vary, I expect that most military-oriented asymmetric approaches will focus on undermining those key enablers of the 'American way of war.' Accordingly, we should expect our enemies to focus on several overlapping categories, to include:

- ***Counter will*** ... to sever the continuity of will between the US national leadership, the military, our citizens, allied and coalition partners, and world public opinion.
- ***Counter access*** ... to deny US forces easy access into potential combat zones.
- ***Counter precision engagement*** ... to defeat or degrade US precision intelligence and strike capabilities.

- *Counter protection* ... to increase US, allied, or civilian casualties and, in some cases, directly threaten the US homeland, and
- *Counter information* ... designed to prevent us from attaining information and decision superiority.

The complex integration of the factors outlined above with other 'second and third order' trends and consequences – including the frequency, intensity, and brutality of ethnic conflict, local resource shortages, natural disasters, epidemics, mass migrations, and limited global response capabilities – portends an extremely dynamic, complex, and uncertain global future. Collectively these trends create the conditions in which specific threats and challenges emerge, and they define the context in which US strategy, interests, and forces operate.

In my remaining time, I will shift from this more general characterization of the emerging international environment, and focus on a number of specific countries, regions, and issues that are certain to challenge us over the next decade or so.

The prolonged *Israeli-Palestinian conflict* has furthered anti-American sentiment, increased the likelihood of terrorism directed at US interests, increased the pressure on moderate Middle Eastern regimes, and carries with it the potential for wider regional conflict. The election of Palestinian President Mahmud Abbas marks an important positive step and Abbas has made it clear that negotiating a peace deal with Israel is a high priority. His ability to deliver will depend on his success at rebuilding the damaged Palestinian Authority infrastructure and governing institutions, especially the

security forces, the legislature, and the judiciary. Meanwhile, Israeli Prime Minister Sharon's disengagement plan has passed a number of political obstacles, but there are still significant hurdles ahead. I am especially concerned with the potential and capacity of extremists on both sides to disrupt the process.

I expect we will continue to face the prospect of war between *India and Pakistan* for some time to come. Despite recent positive developments, the Kashmir situation remains unresolved and the chance for miscalculation remains high, especially in the wake of some future triggering event – such as another spectacular terrorist attack or political assassination. Meanwhile, both sides maintain their 'zero-sum' perspective, continue to pursue nuclear and long-range delivery capabilities, and retain large forces, in close proximity, along a tense line of control.

North Korea will remain a very troubling state so long as Kim Jong-Il is in power. Pyongyang's open pursuit of nuclear power status is one of the most serious challenges to US regional interests in a generation. Meanwhile, Kim continues to develop long-range missiles, potentially capable of delivering nuclear warheads to US territory. North Korea's chronic proliferation activities, troubling in their own right today, are an indication that Kim might be willing to make good on his threat to market nuclear weapons in the future. At the same time, the North retains significant military capabilities that include forward deployed infantry, armor, and artillery forces, WMD, and hundreds of short-and-medium-range ballistic missiles. War on the peninsula would be violent and destructive, and could occur with little warning.

Turning to *Iran*, in early February, the spokesman of Iran's Supreme Council for National Security publicly announced that Tehran would never scrap its nuclear program. This came in the midst of negotiations with EU-3 members (Britain, Germany and France) who are seeking objective guarantees that Iran will not use nuclear technology for nuclear weapons. The nuclear standoff with Iran has significant regional and global implications, not the least of which is the potential for Israel to strike militarily at Iran's nuclear facilities.

Meanwhile, Iran continues its pursuit of long-range ballistic missiles, such as an improved version of its 1,300 km range Shahab-3, to add to the hundreds of short-range SCUD missiles it already has. And, 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 also reportedly is supporting some anti-Coalition activities in Iraq and seeking to influence the future character of the Iraqi state. Finally, Iran's conservatives are likely to consolidate their power in the June presidential elections, further marginalizing the reform movement.

As I mentioned earlier, *China* is a rising power that is increasingly confident and active on the international stage, trying to ensure it has a voice on major international issues, secure its access to natural resources, and is able to counter what it sees as US efforts to contain or encircle it. During the past decade or so, Beijing has undertaken an impressive military modernization that is tilting the balance of power in the Taiwan Strait, and improving

China's capabilities to threaten US forces in the region. China's total military spending continues to grow with its expanding economy, resulting in an assessed defense budget of some \$60 billion last year.

Strategic force modernization is a continuing priority, and China will likely field three new strategic missiles – more mobile, survivable, and capable – within a decade. Meanwhile, the People's Liberation Army continues to acquire a range of modern conventional arms – especially air, air defense, anti-submarine, anti-surface ship, reconnaissance, missile, and battle management capabilities – and to emphasize the professionalization of the officer corps.

In *Russia*, the attitudes and actions of the so-called 'siloviki' – 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 years ahead. Perceived setbacks in Russia's war on terrorism, 'democratic' developments in Georgia, Ukraine, and Kyrgyzstan, and increased domestic criticism, may make Putin and Russia a more difficult partner, and could complicate the leadership transition process when Putin's term ends in 2008.

In our own hemisphere, *Venezuela* remains troubling. President Hugo Chavez continues to define himself in opposition to the US. Though he claims a mandate to help the poor and end discrimination and inequality, Chavez' six year track record is one of an increasing concentration of power, regional meddling, ties to Castro, and, more recently, plans for significant arms purchases. Over the longer-term, Chavez' increasing authoritarianism,

and professed desire to spread his 'Bolivarian' revolution throughout the region, represent a clear challenge to US Latin American policy.

Mr. Chairman, I could go on to talk about other issues of concern in other regions – to include chronic instability throughout much of sub-Saharan Africa, or the growing terrorist threat in Indonesia, the Philippines, and Thailand – but in the interests of time I will conclude my statement here, and open the floor to your questions.

Thank you.

DCN: 11589



Earl E. Sheck
 Director,
 Analysis and Production

Mr. Sheck was appointed Deputy Director for Analysis (DI) in March, 2003. DI comprises approximately 2,000 intelligence professionals, who provide all-source intelligence analysis, production, and management support to the Secretary of Defense, the Chairman, Joint Chiefs of Staff, and the Combatant Commanders.



Mr. Sheck began his Intelligence career in 1970 as a signal analyst with the Naval Security Group. After 6 years, he left active duty and began his civilian career as a submarine warfare analyst with the Naval Ocean Surveillance Information Center, Suitland, Maryland. For the next 6 years, he held various analytical and supervisory positions.

In 1982, Mr. Sheck transferred to the Staff, Director of Naval Intelligence (DNI). While in this position, he served as the Navy's representative to a special Joint Chiefs of Staff sponsored study group tasked with developing new war fighting capabilities.

Mr. Sheck returned to Suitland in 1984 and assumed the duties as the Head of the Navy Operational Intelligence Center's (NOIC's) Plans, Programs, and Policy Division. Early in 1985, he was named the Executive Director of NOIC, a position he held until 1991 when the Command was merged with both the Naval Technical Intelligence Center and Task Force 168 to form the Naval Maritime Intelligence Center (NAVMIC). For a brief period after the merger, Mr. Sheck was the Deputy Director of NAVMIC's Intelligence Directorate. In April 1992, he was named the Executive Director of NAVMIC and held that position until the merger of all Naval Intelligence activities into the Office of Naval Intelligence in January 1993. At that time, he became Director, Resource Management Directorate and the Navy's General Defense Intelligence Program Manager. Mr. Sheck held this position until his selection to the Senior Intelligence Executive Service and assignment as the Executive Director, Office of Naval Intelligence, in July 1994. Mr. Sheck served as ONI's Executive Director until January, 2000 when he was appointed Assistant Director, Naval Intelligence for Intelligence Support. In that position, Mr. Sheck advised the Director of Naval Intelligence and was the principal point of contact for all substantive intelligence issues until assuming his current position.

Mr. Sheck's contributions have been recognized by Outstanding Performance ratings, the Navy Superior Civilian Service Medal, the Navy Meritorious Civilian Service Medal, the Office of Naval Intelligence Civilian of the Year (Nielsen award), the National Intelligence Medal of Achievement, the National Intelligence Distinguished Service Medal, and a Presidential Rank Award.

Mr. Sheck is married to Kay Handlin Sheck of Rockford, Illinois. They have two children, Thomas and Laurie. The Shecks reside in Prince Frederick, Maryland.



**Current and Projected National Security Threats
to the United States**

**Mr. Earl E. Sheck
Director, Analysis and Production
Defense Intelligence Agency**

**Statement For the Record
Base Realignment and Closure Commission
3 May 2005**

INTRODUCTION

Good morning Mr. Chairman and members of the commission. It is my honor and privilege to represent Defense Intelligence and present what we know and believe to be the principal threats and issues in today's world. The dedicated men and women of Defense Intelligence work around the clock and around the world to protect our country. Many of these active duty, reserve and civilian intelligence professionals are working in remote and dangerous conditions. Our mission is simple, but rarely easy. It is to discover information and create knowledge to provide warning, identify opportunities and deliver overwhelming advantage to our warfighters, defense planners and national security policy-makers.

GLOBAL WAR ON TERRORISM

We continue to face a variety of threats from terrorist organizations.

Al-Qaida and Sunni Extremist Groups. The primary threat for the foreseeable future is a network of Islamic extremists hostile to the United States and our interests. The network is transnational and has a broad range of capabilities, to include mass-casualty attacks. The most dangerous and immediate threat is Sunni Islamic terrorists that form the "al-Qaida associated movement."

Usama bin Ladin and his senior leadership no longer exercise centralized control and direction. We now face an "al-Qaida associated movement" of like-minded groups who interact, share resources and work to achieve shared goals. Some of the groups comprising this movement include Jemaah Islamiyya, responsible for the 9 September bombing of the Australian Embassy in Jakarta and Hezb-e-Islami-Gulbuddin. Some of the groups in the movement provide safe haven and logistical support to al-Qaida members, others operate directly with al-Qaida and still others fight with al-Qaida in the Afghanistan/Pakistan region.

Remnants of the senior leadership still present a threat. As is clear in their public statements, Bin Ladin and al-Zawahiri remain focused on their strategic objectives, including another major casualty-producing attack against the Homeland.

CBRN Terrorism. We judge terrorist groups, particularly al-Qaida, remain interested in Chemical, Biological, Radiological and Nuclear (CBRN) weapons. Al Qaida's stated intention to conduct an attack exceeding the destruction of 9/11 raises the possibility that planned attacks may involve unconventional weapons. There is little doubt it has contemplated using radiological or nuclear material. The question is whether al-Qaida has the capability. Because they are easier to employ, we believe terrorists are more likely to use biological agents such as ricin or botulinum toxin or toxic industrial chemicals to cause casualties and attack the psyche of the targeted populations.

Pressures in the Islamic World. Various factors coalesce to sustain, and even magnify the terrorist threat.

Islam is the world's second largest religion with over 1 billion adherents, representing 22% of the world's population. Due to high birth rates, it is also the world's fastest growing religion. Only twenty percent of Muslims are ethnic Arabs. The top four nations in terms of Muslim population, Indonesia, India, Pakistan and Bangladesh, are non-Arab. While the vast majority of Muslims do not advocate violence, there are deeply felt sentiments that cross Muslims sects and ethnic and racial groups.

Multiple polls show favorable ratings for the United States in the Muslim world at all-time lows. A large majority of Jordanians oppose the War on Terrorism, and believe Iraqis will be "worse off" in the long term. In Pakistan, a majority of the population holds a "favorable" view of Usama bin Ladin. Across the Middle East, surveys report suspicion over US motivation for the War on Terrorism. Overwhelming majorities in Morocco, Jordan, and Saudi Arabia believe the US has a negative policy toward the Arab world.

Usama bin Ladin has relied on Muslim resentment toward US policies in his call for a defensive jihad to oppose an American assault on the Islamic faith and culture. He contends that all faithful Muslims are obliged to fight, or support the jihad financially if not physically capable of fighting. Another goal is the overthrow of "apostate" Muslim governments, defined as governments which do not promote Islamic values or support or are friendly to the US and other Western countries. The goals also call for withdrawal of US and other Coalition forces from Muslim countries, the destruction of Israel and restoration of a Palestinian state and recreation of the caliphate, a state based on Islamic fundamental tenets.

Underlying the rise of extremism are political and socio-economic conditions that leave many, mostly young male adults, alienated. There is a demographic explosion or youth bubble in many Muslim countries. The portion of the population under age 15 is 40% in Iraq, 49% in the Gaza Strip and 38% in Saudi Arabia. Unemployment rates in these countries are as high as 30% in Saudi Arabia and about 50% in the Gaza Strip.

Educational systems in many nations contribute to the appeal of Islamic extremism. Some schools, particularly the private "madrasas," actively promote Islamic extremism. School textbooks in several Middle East states reflect a narrow interpretation of the Koran and contain anti-Western and anti-Israeli views. Many schools concentrate on Islamic studies focused on memorization and recitation of the Koran and fail to prepare students for jobs in the global economy.

Groups like al-Qaida capitalize on the economic and political disenfranchisement to attract new recruits. Even historically local conflicts involving Muslim minorities or fundamentalist groups such as those in Indonesia, the Philippines and Thailand are generating new support for al-Qaida and present new al-Qaida-like threats.

Saudi Arabia. Al Saud rule is under significant pressure. In 2004, 15 significant attacks occurred against the regime, US and other Western targets in the Kingdom, an increase from 7 in 2003. Attacks in 2004 included the 6 December 2004 attack on the US Consulate in Jeddah.

Attacks since May 2003 against housing compounds, an Interior Ministry facility, a petroleum facility and individual assassinations caused Riyadh to attempt to aggressively counter the threat. We expect continued assassinations, infrastructure attacks and operations directed at Westerners in the Kingdom to discredit the regime and discourage individuals and businesses, especially those affiliated with the Saudi military, from remaining in the Kingdom.

Last year Saudi security forces killed or captured many of their 26 most wanted militant extremists and discovered numerous arms caches. However, we believe there may be hundreds, if not thousands of extremists and extremist sympathizers in the Kingdom.

Pakistan. President Musharraf continues to be a key ally in the War on Terrorism and provides critical support against Al-Qaida and Taliban operating in Pakistan. The economy has displayed strong growth over the past two years. Indigenous and international terrorist groups have pledged to assassinate Musharraf and other senior Pakistan government officials and remain a significant threat. Unless Musharraf is assassinated, Pakistan will remain stable through the year; however, further political and economic reform is needed to continue positive trends beyond that time.

Pakistan significantly increased its military operations and pacification efforts in tribal areas along the Afghanistan border in 2004. These operations affected al-Qaida, Taliban, and other threat groups by disrupting safe-havens and, in some cases, forcing them back into Afghanistan where they are vulnerable to Coalition operations. Pakistan also secured agreements with several tribes by successfully balancing military action with negotiations and rewards to encourage cooperation and limit domestic backlash. Pakistan must maintain and expand these operations in order to permanently disrupt insurgent and terrorist activity.

We believe international and indigenous terrorist groups continue to pose a high threat to senior Pakistani government officials, military officers and US interests. The Prime Minister and

a corps commander have been the targets of assassination attempts since last summer. President Musharraf remains at high risk of assassination, although no known attempts on his life have occurred since December 2003. Investigations into the two December 2003 attempts revealed complicity among junior officers and enlisted personnel in the Pakistani Army and Air Force.

Our assessment remains unchanged from last year. If Musharraf were assassinated or otherwise replaced, Pakistan's new leader would be less pro-US. We are concerned that extremist Islamic politicians would gain greater influence.

CONFLICT IN IRAQ

The insurgency in Iraq has grown in size and complexity over the past year. Attacks numbered approximately 25 per day one year ago. Insurgents have demonstrated their ability to increase attacks around key events such as the Iraq Interim Government (IIG) transfer of power, Ramadan and the recent election. Attacks on Iraq's election day reached approximately 300, almost double the previous one day high of about 160 during last year's Ramadan. Since the January 30 elections, the number of attacks has dropped dramatically, to an average of 40 per day. Only within the last two weeks, have the numbers started to creep back into the fifties.

The pattern of attacks remains the same as last year. Approximately 80% of all attacks occur in Sunni-dominated central Iraq. The Kurdish north and Shia south remain relatively calm. Coalition Forces continue to be the primary targets. Iraqi Security Forces and Iraqi Interim Government (IIG) officials are attacked to intimidate the Iraqi people and undermine control and legitimacy. Attacks against foreign nationals are intended to intimidate non-government organizations and contractors and inhibit reconstruction and economic recovery. Attacks against the country's infrastructure, especially electricity and the oil industry, are intended to stall economic recovery, increase popular discontent and further undermine support for the IIG and Coalition.

Recent polls show confidence in the Iraqi Interim Government remains high in Shia and Kurdish communities and low in Sunni areas. Large majorities across all groups opposed attacks on Iraqi Security Forces and Iraqi and foreign civilians. Majorities of all groups placed great

importance in the election. Sunni concern over election security likely explains the relatively poor showing by the Sunni electorate in comparison with the Shia and Kurdish groups. Confidence in Coalition Forces is low. Many Iraqis see them as occupiers and a major cause of the insurgency.

We believe Sunni Arabs, dominated by Ba'athist and Former Regime Elements (FRE), comprise the core of the insurgency. Ba'athist/FRE and Sunni Arab networks are likely collaborating, providing funds and guidance across family, tribal, religious and peer group lines. Some coordination between Sunni and Shia groups is also likely.

Militant Shia elements, including those associated with Muqtada al Sadr, have periodically fought the Coalition. Following the latest round of fighting last August and September, we judge Sadr's forces are re-arming, re-organizing and training. Sadr is keeping his options open to either participate in the political process or employ his forces. Shia militants will remain a significant threat to the political process and fractures within the Shia community are a concern.

Jihadists, such as al-Qaida operative Abu Musab al Zarqawi, are responsible for many high-profile attacks. While Jihadist activity accounts for only a fraction of the overall violence, the strategic and symbolic nature of their attacks, combined with effective Information Operations, has a disproportionate impact.

Foreign fighters are a small component of the insurgency and comprise a very small percentage of all detainees. Syrian, Saudi, Egyptian, Jordanian and Iranian nationals make up the majority of foreign fighters. Fighters, arms and other supplies continue to enter Iraq from virtually all of its neighbors despite increased border security.

Insurgent groups will continue to use violence to attempt to protect Sunni Arab interests and regain dominance. Subversion and infiltration of emerging government institutions, security and intelligence services will be a major problem for the new government. Jihadists will continue to attack in Iraq in pursuit of their long-term goals. Challenges to reconstruction,

economic development and employment will continue. Keys to success remain improving security with an Iraqi lead, rebuilding the civil infrastructure and economy and creating a political process that all major ethnic and sectarian groups see as legitimate.

CONFLICT IN AFGHANISTAN

The people of Afghanistan achieved a major milestone by electing Hamid Karzai president in October 2004 election. Approximately 80% or just over 8 million registered Afghans disregarded scattered attacks by the Taliban and al-Qaida and voted. Karzai garnered 55% of the vote in a field of 18 candidates. The election dealt a blow to insurgents and provides new momentum for reform, such as the demobilization of private militias and increased government accountability.

President Karzai has since assembled a cabinet of reform minded and competent ministers who are ethnically and politically diverse. Most significantly, he removed Afghanistan's most powerful warlord, Marshal Fahim Khan, as Defense Minister.

Despite the overwhelming voter turn-out, the election's results highlighted ethnic divisions. Karzai received a majority of the Pashtun vote, but failed to do so within any of the other ethnic groups. Continued ethnic divisions remain a challenge to political stability. National Assembly elections, scheduled for later this year, will provide the opportunity for non-Pashtuns to increase their participation in the government.

The security situation improved over the past year. Insurgent attacks precipitously dropped after Afghanistan's Presidential election. The primary targets remain Coalition Forces and facilities in the southern and eastern provinces. Voter registration teams and polling sites were attacked in these areas, reflecting the Taliban's concern over legitimate elections. Similar attacks in the same geographic areas are expected for elections later this year, but are unlikely to have a significant impact.

We believe many Taliban leaders and fighters were demoralized by their inability to derail the election and have seen their base of support among Pashtun tribes decrease. Loss of support, plus continued Coalition and Pakistani military operations, have prompted some to express an interest in abandoning the insurgency and pursuing political alternatives. Nevertheless some factions will likely remain committed to the insurgency and seek funding to continue operations.

WEAPONS OF MASS DESTRUCTION AND MISSILE PROLIFERATION

Nuclear Weapons. Immediately behind terrorism, nuclear proliferation remains the most significant threats to our nation and international stability. We anticipate increases in the nuclear weapons inventories of a variety of countries to include China, India, Pakistan and North Korea.

Iran is likely continuing nuclear weapon-related endeavors in an effort to become the dominant regional power and deter what it perceives as the potential for US or Israeli attacks. We judge Iran is devoting significant resources to its weapons of mass destruction and ballistic missile programs. Unless constrained by a nuclear non-proliferation agreement, Tehran probably will have the ability to produce nuclear weapons early in the next decade.

With declining or stagnant conventional military capabilities, we believe North Korea considers nuclear weapons critical to deterring the US and ROK. After expelling IAEA personnel in 2002, North Korea reactivated facilities at Yongbyon and claims it extracted and weaponized plutonium from the 8,000 spent fuel rods. Earlier this year, Pyongyang publicly claimed it had manufactured nuclear weapons. Kim Chong-il may eventually agree to negotiate away parts of his nuclear weapon stockpile and program and agree to some type of inspection regime, but we judge Kim is not likely to surrender all of his nuclear weapon capabilities. We do not know under what conditions North Korea would sell nuclear weapons or technology.

India and Pakistan continue to expand and modernize their nuclear weapon stockpiles. We remain concerned over the potential for extremists to gain control of Pakistani nuclear weapons. Both nations may develop boosted nuclear weapons, with increased yield.

Chemical and Biological Weapons. Chemical and biological weapons pose a significant threat to our deployed forces, international interests and homeland. Numerous states have chemical and biological warfare programs. Some have produced and weaponized agents. While we have no intelligence suggesting these states are planning to transfer weapons to terrorist groups, we remain concerned and alert to the possibility.

We anticipate the threat posed by biological and chemical agents will become more diverse and sophisticated over the next ten years. Major advances in the biological sciences and information technology will enable BW agent – both anti-human and anti-agricultural - development. The proliferation of dual use technology compounds the problem. Many states will remain focused on “traditional” BW or CW agent programs. Others are likely to develop nontraditional chemical agents or use advanced biotechnology to create agents that are more difficult to detect, easier to produce, and resistant to medical countermeasures.

Ballistic Missiles. Moscow likely views its strategic forces, especially its nuclear armed missiles, as a symbol of great power status and a key deterrent. Nevertheless, Russia's ballistic missile force will continue to decline in numbers. Russia is fielding the silo-variant of the SS-27 Intercontinental Ballistic Missile (ICBM) and is developing a road-mobile variant and may be developing another new ICBM and new Submarine Launched Ballistic Missile (SLBM). It recently developed and is marketing a new Short Range Ballistic Missile (SRBM). Russia also is trying to preserve and extend the lives of Soviet-era missile systems.

China is modernizing and expanding its ballistic missile forces to improve their survivability and war-fighting capabilities, enhance their coercion and deterrence value and overcome ballistic missile defense systems. This effort is commensurate with its growing power and more assertive policies, especially with respect to Taiwan. It continues to develop three new solid-propellant strategic missile systems--the DF-31 and DF-31A road-mobile ICBMs and the JL-2 SLBM. By 2015, the number of warheads capable of targeting the continental United States will increase several fold.

China also is developing new SRBMs, Medium Range Ballistic Missile (MRBMs), and Intermediate Range Ballistic Missile (IRBMs). They are a key component of Beijing's military modernization program. Many of these systems will be fielded in military regions near Taiwan. In 2004, it added numerous SRBMs to those already existing in brigades near Taiwan. In addition to key Taiwanese military and civilian facilities, Chinese missiles will be capable of targeting US and allied military installations in the region to either deter outside intervention in a Taiwan crisis or attack those installations if deterrent efforts fail.

We judge Iran will have the technical capability to develop an ICBM by 2015. It is not clear whether Iran has decided to field such a missile. Iran continues to field 1300-km range Shahab III MRBMs capable of reaching Tel Aviv. Iranian officials have publicly claimed they are developing a new 2000-km-range variant of the Shahab III. Iranian engineers are also likely working to improve the accuracy of the country's SRBMs.

North Korea continues to invest in ballistic missiles to defend itself against attack, achieve diplomatic advantage and provide hard currency through foreign sales. Its Taepo Dong 2 intercontinental ballistic missile may be ready for testing. This missile could deliver a nuclear warhead to parts of the United States in a two stage variant and target all of North America with a three stage variant. North Korean also is developing new SRBM and IRBM missiles that will put US and allied forces in the region at further risk.

Pakistan and India continue to develop new ballistic missiles, reflecting tension between those two countries and New Delhi's desire to become a greater regional power. Pakistan flight-tested its new solid-propellant MRBM for the first time in 2004. The Indian military is preparing to field several new or updated SRBMs and an MRBM. India is developing a new IRBM, the Agni III.

Syria continues to improve its missile capabilities, which it likely considers essential compensation for conventional military weakness. Syria is fielding updated SRBMs to replace older and shorter-range variants.

Several nations are developing technologies to penetrate ballistic missile defenses.

Cruise Missiles. Land-Attack Cruise Missiles (LACMs) and Lethal Unmanned Aerodynamic Vehicles (LUAVs) are expected to pose an increased threat to deployed US and allied forces in various regions. These capabilities are already emerging in Asia.

The numbers and capabilities of cruise missiles will increase, fueled by maturation of land-attack and Anti-Ship Cruise Missile (ASCM) programs in Europe, Russia, and China, sales of complete systems, and the spread of advanced dual-use technologies and materials. Countering today's ASCMs is a challenging problem and the difficulty in countering these systems will increase with the introduction of more advanced guidance and propulsion technologies. Several ASCMs will have a secondary land-attack role.

China continues developing LACMs. We judge by 2015, it will have hundreds of highly accurate air- and ground-launched LACMs. China is developing and purchasing ASCMs capable of being launched from aircraft, surface ships, submarines, and land that will be more capable of penetrating shipboard defenses. These systems will present significant challenges in the event of a US naval force response to a Taiwan crisis.

In the next ten years, we expect other countries to join Russia, China, and France as major exporters of cruise missiles. Iran and Pakistan, for instance, are expected to develop or import LACMs. India, in partnership with Russia, will begin production of the PJ-10, an advanced anti-ship and land attack cruise missile, this year.

Major Exporters. Russia, China and North Korea continue to sell WMD and missile technologies for revenue and diplomatic influence. The Russian government, or entities within Russia, continues to support missile programs and civil nuclear projects in China, Iran, India and Syria. Some of the civil nuclear projects can have weapons applications. Chinese entities continue to supply key technologies to countries with WMD and missile programs, especially Pakistan, North Korea and Iran, although China appears to be living up to its 1997 pledge to limit nuclear cooperation with Iran. North Korea remains the leading supplier of missiles and

technologies. In recent years, some of the states developing WMD or ballistic missile capabilities have become producers and potential suppliers. Iran has supplied liquid-propellant missile technology to Syria, and has marketed its new solid-propellant SRBM.

We also are watching non-government entities and individual entrepreneurs. The revelations regarding the A.Q. Khan nuclear proliferation network show how a complex international network of suppliers with the requisite expertise and access to the needed technology, middlemen and front companies can successfully circumvent international controls and support multiple nuclear weapons programs.

NATIONS OF INTEREST

Iran. Iran is important to the US because of its size, location, energy resources, military strength and antipathy to US interests. It will continue support for terrorism, aid insurgents in Iraq and work to remove the US from the Middle East. It will also continue its weapons of mass destruction and ballistic missile programs. Iran's drive to acquire nuclear weapons is a key test of international resolve and the nuclear nonproliferation treaty.

Iran's long-term goal is to see the US leave Iraq and the region. Another Iranian goal is a weakened, decentralized and Shia-dominated Iraq that is incapable of posing a threat to Iran. These goals and policies most likely are endorsed by senior regime figures.

Tehran has the only military in the region that can threaten its neighbors and Gulf stability. Its expanding ballistic missile inventory presents a potential threat to states in the region. As new longer range MRBMs are fielded Iran will have missiles with ranges to reach many of our European allies. Although Iran maintains a sizable conventional force, it has made limited progress in modernizing its conventional capabilities. Air and air defense forces rely on out-of-date US, Russian and Chinese equipment. Ground forces suffer from personnel and equipment shortages. Ground forces equipment is also poorly maintained.

We judge Iran can briefly close the Strait of Hormuz, relying on a layered strategy using predominately naval, air, and some ground forces. Last year it purchased North Korean torpedo and missile-armed fast attack craft and midget submarines, making marginal improvements to this capability.

The Iranian government is stable, exercising control through its security services. Few anti-government demonstrations occurred in 2004. President Khatami will leave office in June 2005 and his successor will almost certainly be more conservative. The political reform movement has lost its momentum. Pro-reform media outlets are being closed and leading reformists arrested.

Syria. Longstanding Syrian policies of supporting terrorism and relying on WMD for strategic deterrence remain largely unchanged. Damascus is providing intelligence on al-Qaida for the War on Terrorism. Its response to US concerns on Iraq has been mixed. Men, material and money continue to cross the Syrian-Iraqi border likely with help from corrupt or sympathetic local officials.

Damascus appears to be responding to calls from Lebanese anti-Syrian political forces and international pressure, including fellow Arab states, to remove its troops and security forces from Lebanon. Regardless, Damascus will attempt to influence Lebanese events through its connections with Hizballah and other Lebanese political leaders and defense and security officials.

Damascus likely sees opportunities and risks with an unstable Iraq. Syria sees the problems we face in Iraq as beneficial because our commitments in Iraq reduce the prospects for action against Syria. However, Damascus is probably concerned about potential spill-over of Iraqi problems, especially Sunni extremism, into Syria. We see little evidence of active regime support for the insurgency, but Syria offers safe-haven to Iraqi Baathists, some of whom have ties to insurgents.

Syria continues to support Lebanese Hizballah and several rejectionist Palestinian groups, which Damascus argues are legitimate resistance groups.

Syria is making minor improvements to its conventional forces. It is buying modern anti-tank guided missiles and overhauling some aircraft, but cannot afford major weapon systems acquisitions.

President Bashar al-Asad is Syria's primary decision-maker. Since becoming President in 2000 upon the death of his father, Asad has gradually replaced long-serving officials. Potential domestic opposition to his rule – such as the Muslim Brotherhood – is weak and disorganized. We judge the Syrian regime is currently stable, but internal or external crises could rapidly threaten it.

China. We do not expect Communist Party Secretary and President Hu Jintao's succession to chairman of the Central Military Command (CMC) to significantly alter Beijing's strategic priorities or its approach to military modernization. The commanders of the People's Liberation Army (PLA) Air Force, Navy, and Second Artillery (Strategic Rocket Forces) joined the CMC in September, demonstrating an institutional change to make China's military more "joint." The CMC traditionally was dominated by generals from PLA ground forces.

China remains keenly interested in Coalition military operations in Afghanistan and Iraq and is using lessons from those operations to guide PLA modernization and strategy. We believe several years will be needed before these lessons are incorporated into the armed forces. We judge Beijing remains concerned over US presence in Iraq, Afghanistan and Central Asia. Beijing may also think it has an opportunity to improve diplomatic and economic relations, to include access to energy resources, with other countries distrustful or resentful of US policy.

China continues to develop or import modern weapons. Their acquisition priorities appear unchanged from my testimony last year. Priorities include submarines, surface combatants, air defense, ballistic and anti-ship cruise missiles and modern fighters. China recently launched a new conventional submarine and acquired its first squadron of modern Su-

30/FLANKER aircraft for the naval air forces from Russia. The PLA must overcome significant integration challenges to turn these new, advanced and disparate weapon systems into improved capabilities. Beijing also faces technical and operational difficulties in numerous areas. The PLA continues with its plan to cut approximately 200,000 soldiers from the Army to free resources for further modernization, an initiative it began in 2004.

Beijing was likely heartened by President Chen Shui-bian coalition's failure to achieve a majority in the recent Legislative Yuan elections. We believe China has adopted a more activist strategy to deter Taiwan moves toward independence that will stress diplomatic and economic instruments over military pressure. We believe China's leaders prefer to avoid military coercion, at least through the 2008 Olympics, but would initiate military action if it felt that course of action was necessary to prevent Taiwan independence.

Beijing remains committed to improving its forces across from Taiwan. In 2004, it added numerous SRBMs to those already existing in brigades near Taiwan. It is improving its air, naval and ground capabilities necessary to coerce Taiwan unification with the mainland and deter US intervention. Last fall, for instance, a Chinese nuclear submarine conducted a deployment that took it far into the western Pacific Ocean, including an incursion into Japanese waters.

North Korea. After more than a decade of declining or stagnant economic growth, Pyongyang's military capability has significantly degraded. The North's declining capabilities are even more pronounced when viewed in light of the significant improvements over the same period of the ROK military and the US-ROK Combined Forces Command. Nevertheless, the North maintains a large conventional force of over one million soldiers, the majority of which we believe are deployed south of Pyongyang.

North Korea continues to prioritize the military at the expense of its economy. We judge this "Military First Policy" has several purposes. It serves to deter US-ROK aggression. Nationwide conscription is a critical tool for the regime to socialize its citizens to maintain the Kim family in power. The large military allows Pyongyang to use threats and bravado in order

to limit US-ROK policy options. Suggestions of sanctions, or military pressure by the US or ROK are countered by the North with threats that such actions are “an act of war” or that it could “turn Seoul into a sea of fire.” Inertia, leadership perceptions that military power equals national power and the inability for the regime to change without threatening its leadership also explains the continuing large military commitment.

The North Korean People’s Army remains capable of attacking South Korea with artillery and missile forces with limited warning. Such a provocative act, absent an immediate threat, is highly unlikely, counter to Pyongyang’s political and economic objectives and would prompt a South Korean-CFC response it could not effectively oppose.

Internally, the regime in Pyongyang appears stable. Tight control over the population is maintained by a uniquely thorough indoctrination, pervasive security services and Party organizations, and a loyal military.

Russia. Despite an improving economy, Russia continues to face endemic challenges related to its post-Soviet military decline. Seeking to portray itself as a great power, Moscow has made some improvements to its armed forces, but has not addressed difficult domestic problems that will limit the scale and scope of military recovery.

Russian conventional forces have improved from their mid-1990s low point. Moscow nonetheless faces challenges if it is to move beyond these limited improvements. Significant procurement has been postponed until after 2010 and the Kremlin is not spending enough to modernize Russia’s defense industrial base. Russia also faces increasingly negative demographic trends and military quality of life issues that will create military manning problems.

Moscow has been able to boost its defense spending in line with its recovering economy. Russia’s Gross National Product averaged 6.7% growth over the past five years, predominately

from increased energy prices and consumer demand. Defense should continue to receive modest real increases in funding, unless Russia suffers an economic setback.

Russia continues vigorous efforts to increase its sales of weapons and military technology. Russia's annual arms exports average several billion dollars. China and India account for the majority of Russia's sales, with both countries buying advanced conventional weapons, production licenses, weapon components and technical assistance to enhance their R&D programs. Efforts to increase its customer base last year resulted in increased sales to Southeast Asia. Russian sales are expected to remain several billion dollars annually for the next few years.

Russia's struggle with the Chechen insurgency continues with no end in sight. Chechen terrorists seized a North Ossetian primary school where over 330 people were killed and two Russian civilian airliners were bombed in flight last summer. Rebels continue targeting Russians in Chechnya and Chechen officials cooperating with Moscow. While Moscow is employing more pro-Russian Chechen security forces against the insurgents, the war taxes Russian ground forces. Although the Chechnya situation remains a minor issue to the average Russian, concerns over spreading violence prompted new government security initiatives and offered cover for imposition of authoritarian political measures.

Russian leaders continue to characterize Operation IRAQI FREEDOM and NATO enlargement as mistakes. They express concerns that US operations in Iraq are creating instability and facilitating terrorism. Russian leaders want others to view the Chechen conflict as a struggle with international terrorism and accuse those who maintain contact with exiled Chechen leaders or criticize Moscow's policies toward Chechnya as pursuing a double standard. Russian officials are wary of potential US and NATO force deployments near Russia or in the former Soviet states. Concern that Ukraine under a President Yushchenko would draw closer to NATO and the EU was a factor motivating Russia's involvement in Ukraine's presidential election.

CLOSING THOUGHTS

The threats and challenges briefed today are the most significant and immediate. They are certainly not the only ones. There are also concerns about the security situation in Africa, Latin America and South and Southeast Asia as well as concerns on information operations, international crime, problems associated with globalization, uneven economic development and ungoverned states. Those issues remain significant concerns and the focus of collection and analytic resources for defense intelligence.

Carol A. Rodley
Principal Deputy Assistant Secretary
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Carol Rodley is a career officer in the Senior Foreign Service, currently serving as Principal Deputy Assistant Secretary in the Bureau of Intelligence and Research.

Ms. Rodley served as Deputy Executive Secretary in the State Department's Executive Secretariat from 2001 to July 2003. From 1997 to 2000, she was Deputy Chief of Mission at the American Embassy in Phnom Penh, Cambodia. Previous Washington assignments included Executive Assistant to the Bosnia Coordinator during the preparation for the Dayton negotiations and the initial phase of Dayton implementation, Deputy Director of the Secretariat Staff, desk officer in the Office of Southern European Affairs, Senior Watch Officer in the Operations Center and intelligence analyst in the Russia Division of the Bureau of Intelligence and Research. Overseas assignments have included Germany, South Africa, the Dominican Republic and Pakistan. From 2000-2001, Ms. Rodley attended the Department of State's senior leadership training course, the 43rd Senior Seminar, at the Foreign Service Institute.

Ms. Rodley has been the recipient of the Department's Senior Performance Award, the Human Rights and Democracy Award, the AFSA Christian Herter Award, the James Clement Dunn Award for leadership, the Director of Central Intelligence Exceptional Humint Collector Award and an Intelligence Community Seal Medallion. Her languages are Khmer, German, Spanish, Urdu and Hindi.

A native of Massachusetts and graduate of Smith College, Ms. Rodley is married to David Newhall and has three children, Alice, Niles, and Steven.

**Suggested Questions for 1:30 PM, May 3, 2005 Hearing
Current and Long Term Threat Confronting US National Security
(Testimony from the Office of the Director of National Intelligence)**

1. As we look to properly structure our forces, what is the likelihood of following types of conflict:
 - a. Major?
 - b. Regional?
 - c. Rogue Nation?
 - d. Asymmetrical/terrorist event?

2. What is the likelihood of future conflict over following "economic/geographic" issues:
 - a. Oil?
 - b. Water?
 - c. Economic zones (ocean floor, fisheries for example)?
 - d. Access (airspace, to the sea for example)?

3. What is the Cyber-Space threat from state sponsored or terrorist organizations to seriously impact:
 - a. Worldwide financial systems?
 - b. Defense networks?
 - c. Commercial Communication Systems?
 - d. Internet?

4. Address the relationship between drug trafficking and terrorist groups.

5. Over the next 5 years, what is the forecasted growth in illegal/undocumented aliens crossing CONUS borders and what is your estimate of the danger to National Security?

6. What is your forecast for government change from within over the next 5-10 years in the following countries:
 - a. Iran?
 - b. Syria?
 - c. North Korea (DPRK)?
 - d. China?

7. What is your estimate of a terrorist WMD attack on CONUS during the next 5 years?
8. In the media recently have been discussions concerning the number of terrorist attacks worldwide as a measure of progress in the Global War on Terror (GWOT):
 - a. How do you measure progress in the GWOT today and what are your measures of effectiveness for the future?
 - b. What is your assessment of the GWOT timeline?
 - c. Will the GWOT become more or less important over the next 20 years?
9. The global economy has been growing strongly and is forecasted to continue that growth but not evenly across all countries:
 - a. What is your assessment of the threat caused by the widening of the gap of "have-have not" countries over the next 20 years?
 - b. Since globalization won't be global, what is your assessment of the "losers" and "winners?"
10. What is your assessment of what terror organizations will replace al-Qa'ida over the next 20 years?
11. With the European Union continuing to mature economically, militarily and politically, what are the implications to:
 - a. Global War On Terror (GWOT)?
 - b. NATO?
 - c. UN?
 - d. Economic globalization?
12. Will the current "wave" of democratization especially in the former Soviet Union and Southeast Asia remain over the next 20 years and what are the potential threats caused by a movement away from democratization?
13. What is your forecast for democratization in the Middle East over the next 20 years?

14. Over the last week we have seen unclassified comments from within the intelligence community that Al Qaeda appears to be focusing more efforts on targeting overseas locations as compared to locations within the continental United States. If that is accurate, will this situation have any bearing on the rate of return of troops from overseas, given the need to maintain strong security forces for those remaining?

15. Will the expected early return of larger quantities of military personnel from overseas over the next few years make receiving installations within the United States more or less vulnerable to terrorist activities?

16. Please discuss what you see as the most realistic and probable threat against commercial aircraft, other than direct hi-jacking activities.

17. Given what appears to be a growing threat against Americans overseas, do you see foresee the need or the political ability to participate on a more global level in the avoidance of such activities, even if it means a presence that might be higher than host nations expect, desire, or even authorize under current agreement?