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# TESTIMONY ON CURRENT AND FUTURE WORLDWIDE THREATS TO THE NATIONAL SECURITY OF THE UNITED STATES

UNITED STATES SENATE, COMMITTEE ON ARMED SERVICES

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**Statement by Director of Central Intelligence**

**George J. Tenet**

**Before the**

**Senate Committee on Armed Services**

**3 February 2000**

**on**

**The Worldwide Threat in 2000: Global Realities of Our National Security**

**Introduction**

Mr. Chairman, as we face a new century, we face a new world. A world where **technology**, especially information technology, develops and spreads at lightning speed—and becomes obsolete just as fast. A world of increasing **economic integration**, where a US company designs a product in Des Moines, makes it in Mumbai, and sells it in Sydney. A world where nation-states remain the most important and powerful players, but where multinational corporations, nongovernment organizations, and even individuals can have a dramatic impact.

This new world harbors the **residual effects of the Cold War**—which had frozen many traditional ethnic hatreds and conflicts within the global competition between two superpowers. Over the past 10 years they began to thaw in Africa, the Caucasus, and the Balkans, and we continue to see the results today.

It is against this backdrop that I want to describe the realities of our national security environment in the first year of the 21<sup>st</sup> century: where technology has enabled, driven, or magnified the threat to us; where age-old resentments threaten to spill-over into open violence; and where a growing perception of our so-called “hegemony” has become a lightning rod for the disaffected. Moreover, this environment of rapid change makes us even more vulnerable to sudden surprise.

**TRANSNATIONAL ISSUES**

Mr. Chairman, bearing these themes in mind, I would like to start with a survey of those issues that cross national borders. Let me begin with the proliferation weapons of mass destruction.

Mr. Chairman, on **proliferation**, the picture that I drew last year has become even more stark and worrisome. Transfers of enabling technologies to countries of proliferation concern have not abated. Many states in the next ten years will find it easier to obtain weapons of mass destruction and the means to deliver them. Let me underline three aspects of this important problem:

- First, the missile threat to the United States from states other than Russia or China is steadily emerging. The threat to US interests and forces overseas is here and now.
- Second, the development of missiles and weapons of mass destruction in South Asia has led to more-advanced systems, and both sides have begun to establish the doctrine and tactics to use these weapons.
- Third, some countries that we have earlier considered exclusively as weapons technology importers may step up their roles as “secondary suppliers,” compounding the proliferation problem even further.

Let’s look at the first issue, the growing **threat to the United States**. We’re all familiar with Russian and Chinese capabilities to strike at military and civilian targets throughout the United States. To a large degree, we expect our mutual deterrent and diplomacy to help protect us from this, as they have for much of the last century.

Over the next 15 years, however, our cities will face ballistic missile threats from a wider variety of actors—North Korea, *probably* Iran, and *possibly* Iraq. In some cases, this is because of indigenous technological development, and in other cases, because of direct foreign assistance. And while the missile arsenals of these countries will be fewer in number, constrained to smaller payloads, and less reliable than those of the Russians and Chinese, they will still pose a lethal and less predictable threat.

- North Korea already has tested a space launch vehicle, the Taepo Dong-1, which it could theoretically convert into an ICBM capable of delivering a small biological or chemical weapon to the United States although with significant inaccuracies. Moreover, North Korea has the ability to test its

Taepo Dong-2 this year; this missile may be capable of delivering a nuclear payload to the United States.

- Most analysts believe that Iran, following the North Korean pattern, could test an ICBM capable of delivering a light payload to the United States in the next few years.
- Given that Iraqi missile development efforts are continuing, we think that it too could develop an ICBM—especially with foreign assistance—sometime in the next decade.

These countries calculate that possession of ICBMs would enable them to complicate and increase the cost of US planning and intervention, enhance deterrence, build prestige, and improve their abilities to engage in coercive diplomacy.

- As alarming as the long-range missile threat is, it should not overshadow the immediacy and seriousness of the threat that US forces, interests, and allies already face overseas from short- and medium-range missiles. **The proliferation of medium-range ballistic missiles (MRBMs)—driven primarily by North Korean No Dong sales—is significantly altering strategic balances in the Middle East and Asia.**

Mr. Chairman, nowhere has the regional threat been more dramatically played out than in South Asia. Both Pakistan and India have intensified their missile and nuclear rivalry. Further nuclear testing is possible and both states have begun to develop nuclear-use doctrines and contingency planning. This is a clear sign of maturing WMD programs. I will discuss South Asia's broader problems later in my briefing.

Mr. Chairman, another sign that WMD programs are maturing is the emergence of **secondary suppliers** of weapons technology.

While Russia, China, and North Korea continue to be the main suppliers of ballistic missiles and related technology, long-standing recipients—such as Iran—might become suppliers in their own right as they develop domestic production capabilities. Other countries that today import missile-related technology, such as Syria and Iraq, also may emerge in the next few years as suppliers.

Over the near term, we expect that most of their exports will be of shorter range ballistic missile-related equipment, components, and materials. But, as

their domestic infrastructures and expertise develop, they will be able to offer a broader range of technologies that could include longer-range missiles and related technology.

- Iran in the next few years may be able to supply not only complete Scuds, but also Shahab-3s and related technology, and perhaps even more-advanced technologies if Tehran continues to receive assistance from Russia, China, and North Korea.

Mr. Chairman, the problem may not be limited to missile sales; we also remain very concerned that new or nontraditional **nuclear** suppliers could emerge from this same pool.

This brings me to a new area of discussion: that more than ever we risk **substantial surprise**. This is not for a lack of effort on the part of the Intelligence Community; it results from significant effort on the part of proliferators.

There are **four main reasons**. **First** and most important, proliferators are showing greater proficiency in the use of **denial and deception**.

**Second**, the **growing availability of dual-use technologies**—including guidance and control equipment, electronic test equipment, and specialty materials—is making it easier for proliferators to obtain the materials they need.

- The dual-use dilemma is a particularly vexing problem as we seek to detect and combat **biological warfare programs**, in part because of the substantial overlap between BW agents and legitimate vaccines. About a dozen countries either have offensive BW programs or are pursuing them. Some want to use them against regional adversaries, but others see them as a way to counter overwhelming US and Western conventional superiority.

**Third**, the potential for surprise is exacerbated by the growing capacity of countries seeking WMD to **import talent** that can help them make dramatic leaps on things like new chemical and biological agents and delivery systems. In short, they can buy the expertise that confers the advantage of technological surprise.

Finally, the accelerating pace of **technological progress** makes information and technology easier to obtain and in more advanced forms than when the weapons were initially developed.

We are making progress against these problems, Mr. Chairman, but I must tell you that the hill is getting steeper every year.

## **TERRORISM**

Let me now turn to another threat with worldwide reach—**terrorism**.

Since July 1998, working with foreign governments worldwide, we have helped to render more than two dozen terrorists to justice. More than half were associates of Usama Bin Ladin's Al-Qa'ida organization. These renditions have shattered terrorist cells and networks, thwarted terrorist plans, and in some cases even prevented attacks from occurring.

Although 1999 did not witness the dramatic terrorist attacks that punctuated 1998, our profile in the world and thus **our attraction as a terrorist target** will not diminish any time soon.

We are learning more about the perpetrators every day, Mr. Chairman, and I can tell you that they are a diverse lot motivated by many causes.

**Usama Bin Ladin** is still foremost among these terrorists, because of the immediacy and seriousness of the threat he poses. Everything we have learned recently confirms our conviction that he wants to strike further blows against America. Despite some well-publicized disruptions, we believe he could still strike without additional warning. Indeed, Usama Bin Ladin's organization and other terrorist groups are placing increased emphasis on developing surrogates to carry out attacks in an effort to avoid detection. For example, the Egyptian Islamic Jihad (EIJ) is linked closely to Bin Ladin's organization and has operatives located around the world—including in Europe, Yemen, Pakistan, Lebanon, and Afghanistan. And, there is now an intricate web of alliances among Sunni extremists worldwide, including North Africans, radical Palestinians, Pakistanis, and Central Asians.

Some of these terrorists are actively sponsored by national governments that harbor great antipathy toward the United States. **Iran**, for one, remains the most active state sponsor. Although we have seen some moderating trends in Iranian domestic policy and even some public criticism of the security apparatus, the fact remains that the use of terrorism as a political tool by

official Iranian organs has not changed since President Khatami took office in August 1997.

Mr. Chairman, we remain concerned that terrorist groups worldwide continue to explore how **rapidly evolving and spreading technologies** might enhance the lethality of their operations. Although terrorists we've preempted still appear to be relying on conventional weapons, we know that a number of these groups are seeking chemical, biological, radiological, or nuclear (**CBRN**) agents. We are aware of several instances in which terrorists have contemplated using these materials.

- Among them is Bin Ladin, who has shown a strong interest in **chemical weapons**. His operatives have trained to conduct attacks with toxic chemicals or biological toxins.
- HAMAS is also pursuing a capability to conduct attacks with toxic chemicals.

Terrorists also are embracing the opportunities offered by recent leaps in **information technology**. To a greater and greater degree, terrorist groups, including Hizballah, HAMAS, the Abu Nidal organization, and Bin Ladin's al Qa'ida organization are using computerized files, e-mail, and encryption to support their operations.

Mr. Chairman, to sum up this part of my briefing, we have had our share of successes, but I must be frank in saying that this has only succeeded in buying time against an increasingly dangerous threat. The difficulty in destroying this threat lies in the fact that our efforts will not be enough to overcome the fundamental causes of the phenomenon—poverty, alienation, disaffection, and ethnic hatreds deeply rooted in history. In the meantime, constant vigilance and timely intelligence are our best weapons.

## **NARCOTICS**

Mr. Chairman, let me now turn to another threat that reaches across borders for its victims: narcotics. The problem we face has become considerably more global in scope and can be summed up like this: **narcotics production is likely to rise dramatically in the next few years** and worldwide trafficking involves **more diverse and sophisticated groups**.

On the first point, **coca cultivation in Peru and Bolivia has continued to decline**—due largely to successful eradication efforts—but that will probably

be offset to some extent by **increases in Colombian cultivation**. More productive coca varieties and more efficient processing results in production of cocaine more than two and a half times that previously estimated.

- There is some good news in Colombia. Under President Pastrana's leadership, Bogota is beginning to improve on its 1999 counterdrug efforts. In November, Pastrana approved the first extradition of a Colombian drug trafficker to the United States since passage of a 1997 law.

On the other side of the world, a dramatic increase of **opium and heroin production in Afghanistan** is again a cause for concern. This year, Afghanistan's farmers harvested a crop with the potential to produce 167 tons of heroin, making Afghanistan the **world's largest producer of opium**. Burma, which has a serious drought, dropped to second place, but will likely rebound quickly when the weather improves.

- Explosive growth in Afghan opium production is being driven by the shared interests of traditional traffickers and the Taliban. And as with so many of these cross-national issues, Mr. Chairman, what concerns me most is the way the threats become intertwined. In this case, there is ample evidence that Islamic extremists such as Usama Bin Ladin use profits from the drug trade to support their terror campaign.

## **INTERNATIONAL ORGANIZED CRIME**

Mr. Chairman, let me turn now to the related issue of organized crime. Organized crime has become a serious international security issue. It not only can victimize individuals, but it also has the potential to retard or undermine the political and economic development of entire countries, especially newly independent ones or those moving from command systems to open societies.

The threat is quite apparent in Russia, where it has become a powerful and pervasive force. Crime groups there have been aggressive in gaining access to critical sectors of Russia's economy—including strategic resources like the oil, coal, and aluminum industries.

Meanwhile, money is moving out of Russia on a large scale. Russian officials estimate that some \$1.5 to \$2 billion leaves the country monthly. Most is not derived from criminal activities but rather is sent abroad to avoid taxation and the country's economic instability. Still, Russian officials say that criminal activity may account for about one-third of the capital flight.

## INFORMATION OPERATIONS

Finally Mr. Chairman, before I end this chapter on transnational issues, let me note the especially threatening nature of a relatively new phenomenon—information warfare. I say especially threatening because as this century progresses our country’s security will depend more and more on the unimpeded and secure flow of information. Any foreign adversary that develops the ability to interrupt that flow or shut it down will have the potential to weaken us dramatically or even render us helpless.

A surprising number of information warfare-related tools and “weapons” are available on the open market at relatively little cost. Indeed, the proliferation of personal computers, and the skills associated with them, has created millions of potential “information warriors”.

Already, we see a number of countries expressing interest in information operations and information warfare as a means to counter US military superiority. Several key states are aggressively working to develop their IW capabilities and to incorporate these new tools into their warfighting doctrine.

This is one of the most complex issues I’ve put on the table, Mr. Chairman, but, simply put, **information warfare has the potential to be a major force multiplier**. And why is this?

- It enables a single entity to have a significant and serious impact.
- It is a weapon that "comes ashore" and can effect the daily lives of Americans across the country.
- It gives a force projection capability to those who have never had it before, and it can be used as an asymmetric response.
- It will be a basic capability of modern militaries and intelligence services around the world in the near future and of secondary players not long thereafter.

All of this amounts to one of the “cutting edge” challenges for intelligence in the 21<sup>st</sup> century. We are working on means of prevention, warning, and detection, but as in so many areas in this technological age, Mr. Chairman, we are truly in a race with technology itself.

## REGIONAL ISSUES

At this point, Mr. Chairman, I'd like to leave the transnational issues and turn briefly to some of the regions and critical states in the world.

### RUSSIA

We begin with **Russia**. As you know, we are now in the post-Yeltsin era, and difficult choices loom for the new president Russians will choose in exactly two months:

#### **He will face three fundamental questions:**

- First, will he keep Russia moving toward further consolidation of its new democracy or will growing public sentiment in favor of a strong hand and a yearning for order tempt him to **slow down or even reverse course**?
- Second, will he try to build a consensus on quickening the pace of **economic reform and expanding efforts to integrate into global markets—some Russian officials favor this—or will he rely on heavy state intervention to advance economic goals**?
- Finally, will Moscow give **priority to a cooperative relationship with the West** or **will anti-US sentiments continue to grow**, leading to a Russia that is isolated, frustrated, and hostile? This would increase the risk of an unintended confrontation, which would be particularly dangerous as Russia increasingly relies on nuclear weapons for its defense— an emphasis reflected most recently in its new national security concept.
- As these questions indicate, a new Russian President will inherit a country in which much has been accomplished — but in which much still needs to be done to fully transform its economy, ensure that democracy is deeply rooted, and establish a clear future direction for it in the world outside Russia.

Russian polls indicate that Acting President Putin is the odds on favorite to win the election—though I must tell you, Mr. Chairman, that two months can be an eternity in Russia's turbulent political scene. Putin appears tough and pragmatic, but it is far from clear what he would do as president. If he can continue to consolidate elite and popular support, as president he may gain political capital that he could choose to spend on moving Russia further along the path toward economic recovery and democratic stability.

- Former Premier Primakov is in the best position to challenge Putin, though he faces a big uphill battle. He would need the backing of other groups—most importantly the Communists. The Communists, however, have shown their willingness to deal with Putin's party in a recent agreement that divided Duma leadership positions between them. Such tactical alliances are likely to become more prevalent as parties seek to work out new power relationships in the post-Yelt'sin era.

At least two factors will be pivotal in determining Russia's near-term trajectory:

- **The conflict in Chechnya:** Setbacks in the war could hurt Putin's presidential prospects unless he can deftly shift blame, while perceived successes there will help him remain the front runner.
- **The economy:** The devalued ruble, increased world oil prices, and a favorable trade balance fueled by steeply reduced import levels have allowed Moscow to actually show some economic growth in the wake of the August 1998 financial crash. Nonetheless, Russia faces \$8 billion in foreign debt coming due this year. Absent a new I-M-F deal to reschedule, Moscow would have to redirect recent gains from economic growth to pay it down, or run the risk of default.

Over the longer term, the new Russian president must be able to stabilize the political situation sufficiently to address structural problems in the Russian economy. He must also be willing to take on the crime and corruption problem—both of which impede foreign investment.

In the foreign policy arena, US-Russian relations will be tested on a number of fronts. Most immediately, Western criticism of the Chechen war has heightened Russian suspicions about US and Western activity in neighboring areas, be it energy pipeline decisions involving the Caucasus and Central Asia, NATO's continuing role in the Balkans, or NATO's relations with the Baltic states. Moscow's ties to Iran also will continue to complicate US-Russian relations, as will Russian objections to US plans for a National Missile Defense. There are, nonetheless, some issues that could move things in a more positive direction.

- For example, Putin and others have voiced support for finalizing the START II agreement and moving toward further arms cuts in START III.

- Similarly, many Russian officials express a desire to more deeply integrate Russia into the world economy, be it through continued cooperation with the G-8 or prospective membership in the WTO.

One of my biggest concerns—regardless of the path that Russia chooses—remains the security of its nuclear weapons and materials. Russia’s economic difficulties continue to weaken the reliability of nuclear personnel and Russia’s system for securing fissile material. We have no evidence that weapons are missing in Russia, but we remain concerned by reports of lax discipline, labor strikes, poor morale, and criminal activities at nuclear storage facilities.

## **THE CAUCASUS AND CENTRAL ASIA**

Mr. Chairman, earlier I mentioned the war in Chechnya in the context of Russia’s domestic situation. Chechnya also has significance for the Caucasus and Central Asia, a part of the world that has the potential to become more volatile as it becomes more important to the United States.

As you know, the United States has expended great effort to support pipelines that will bring the Caspian’s energy resources to Western markets. One oil pipeline is expected to pass through both Georgia and Azerbaijan. Western companies are trying to construct a gas pipeline under the Caspian Sea from Turkmenistan through Azerbaijan and Georgia en route to Turkey.

Although many of the leaders in the region through which the pipelines will flow view the United States as a friend, regime stability there is fragile.

Most economies are stagnating or growing very slowly, unemployment is rising, and poverty remains high. This creates opportunities for **criminals, drug runners, and arms proliferators**. It also means the region could become a breeding ground for a new generation of Islamic extremists, taking advantage of increasing dissatisfaction.

There is not much popular support for Islamic militancy anywhere in Central Asia or the Caucasus, but as militants are pushed out of Chechnya, they may seek refuge—and stoke militancy—in the South Caucasus and Central Asia.

## **THE MIDDLE EAST**

Mr. Chairman, let me turn now to another region of the world where vital US interests are at stake: the strategically important Middle East. Many positive

developments are apparent, most notably the new potential for progress on peace. But if we step back for a moment, it is clear that the Middle East is entering a major transition in many aspects of its political, economic, and security environment.

In addition to the leadership successions that have begun with the passing of King Hussein of Jordan, the Amir of Bahrain, and King Hassan of Morocco, there is the challenge of **demographics**. Many of the countries of the Middle East still have population growth rates among the highest in the world, significantly exceeding 3 percent, meaning that job markets will be severely challenged to create openings for the large mass of young people entering the labor force each year.

Another challenge is **economic restructuring**. There is a legacy of statist economic policies and an inadequate investment climate in most countries in the Middle East.

- As the region falls behind in competitive terms—despite a few positive steps by some countries—governments will find it hard over the next 5 to 10 years to maintain levels of state sector employment and government services that have been key elements of their strategy for domestic stability.

Finally, there is the **information revolution**. The rise of regional newspapers, satellite television, and the Internet are all reducing governments' control over information flows in the Middle East. Islamist groups, among others, already are taking advantage of these technologies to further their agendas.

What all of this means, Mr. Chairman, is that the Middle East—a region on which we will depend even more for oil a decade from now (40 percent compared to 26 percent today)—is heading into a much less predictable period that will require even greater agility from the United States as it seeks to protect its vital interests there.

## **Iran**

Turning now to **Iran**: Change in Iran is inevitable. Mr. Chairman. The election of President Khatami reflected the Iranian popular desire for change. He has used this mandate to put Iran on a path to a more open society. This path will be volatile at times as the factions struggle to control the pace and direction of political change.

A key indicator that the battle over change is heating up came last July when student protests erupted in 18 Iranian cities for several days. The coming year promises to be just as contentious as Iran elects a new Majles (Parliament) in February.

- Many Iranians particularly the large cohort of restive youth and students will judge the elections as a test of the regime's willingness to accommodate the popular demand for reform.
- If they witness a rigged election, it could begin to radicalize what has so far been a peaceful demand for change.
- Fair elections would probably yield a pro-reform majority, but opponents of change still exert heavy control over the candidate selection process.

Former President Rafsanjani's decision to run for the Majles—apparently at the urging of the conservatives— highlights the leadership's desire to bring the two factions back to the center. The conservatives are supportive of his candidacy, because they believe a centrist Rafsanjani is a more trustworthy alternative to the reformers.

Even if the elections produce a Majles dominated by Khatami's supporters, further progress on reform will remain erratic. Supreme Leader Khamenei and key institutions such as the Revolutionary Guard Corps and the large parastatal foundations will remain outside the authority of the Majles and in a position to fight a stubborn rearguard against political change.

- Moreover, even as the Iranians digest the results of the Majles elections, the factions will begin preliminary maneuvering for the presidential election scheduled for mid-2001, which is almost certain to keep the domestic political scene unsettled.

The factional maneuvering probably means that foreign policy options will still be calculated first to prevent damage to the various leaders' domestic positions. This will inhibit politically risky departures from established policy. This means that Iran's foreign policy next year will still exhibit considerable hostility to US interests. This is most clearly demonstrated by Tehran's continued rejection of the Middle East peace process and its efforts to energize rejectionist Palestinian and Hizballah operations aimed at thwarting a negotiated Arab-Israeli peace. Iranian perceptions of increasing US influence in the Caucasus—demonstrated most recently by the signing of the Baku-Ceyhan pipeline agreement—could similarly motivate Iran to more

aggressively seek to thwart what it regards as a US effort to encircle it to the north.

## **Iraq**

With regard to Iraq, Saddam faced a difficult start in 1999—including the most serious Shia unrest since 1991 and significant economic difficulties.

- The Shia unrest was not confined to the south but also affected some areas of Baghdad itself, presenting Saddam's regime with a major security problem. On the economic side, to rein in inflation, stabilize the dinar, and reduce the budget deficit, Saddam was forced to raise taxes, ease foreign exchange controls, and cut nonwage public spending.

Saddam has, however, shown himself to be politically agile enough to weather these challenges. He brutally suppressed the Shia uprisings of last spring and early summer. The regime is still gaining some revenue from illegal oil sales. Increased access to food and medical supplies through the oil for food program has improved living conditions in Baghdad.

A major worry is that Iraqi reconstruction of WMD-capable facilities damaged during Operation Desert Fox and continued work on delivery systems shows the priority Saddam continues to attach to preserving a WMD infrastructure. And Iraq's conventional military remains one of the largest in the Middle East, even though it is now less than half the size during the Gulf War.

- He can still hurt coalition forces, but his military options are sharply limited. His continuing challenge to the no-fly-zone enforcement remains his only sustainable means of engaging US and UK forces.

In sum, to the extent that Saddam has had any successes in the last year, they have been largely tactical. In a strategic sense, he is still on a downward path. His economic infrastructure continues to deteriorate, the Kurdish-inhabited northern tier remains outside the grip of his army, and although many governments are sympathetic to the plight of the Iraqi people, few if any are willing to call Saddam an ally.

## **THE BALKANS**

Mr. Chairman, looking briefly at **the Balkans**—

Signs of positive long-term change are beginning to emerge there as the influence of the Milosevic regime in the region wanes in the wake of the Kosovo conflict and a new, more liberal government takes the reins of power in Croatia. Political alternatives to the dominant ethnic parties in Bosnia also are beginning to develop, capitalizing on the vulnerability of old-line leaders to charges of corruption and economic mismanagement. Despite this progress, there is still a long way to go before the Balkans move beyond the ethnic hatreds and depressed economies that have produced so much turmoil and tragedy. Of the many threats to peace and stability in the year ahead, **the greatest remains Slobodan Milosevic**—the world's only sitting president indicted for crimes against humanity.

**Milosevic's hold on power has not been seriously shaken** in the past few months. He retains control of the security forces, military commands, and an effective media machine. His inner circle remains loyal or at least cowed. The political opposition has not yet developed a strategy to capitalize on public anger with Milosevic.

Milosevic has two problems that could still force him from power—**the economy** and the **Montenegrin challenge**. The Serbian economy is in a virtual state of collapse, and Serbia is now the poorest country in Europe. Inflation and unemployment are rising, and the country is struggling to repair the damage to its infrastructure from NATO air strikes. The average wage is only \$48 a month and even these salaries typically are several months in arrears. Basic subsistence is guaranteed only by unofficial economic activity and the traditional lifeline between urban dwellers and their relatives on the farms.

- Milosevic's captive media are trying—with some success—to blame these troubles on the air strikes and on international sanctions. Nonetheless, as time passes, we believe the people will increasingly hold Milosevic responsible. Moreover, a sudden, unforeseen economic catastrophe, such as hyperinflation or a breakdown this winter of the patched-up electric grid, could lead to mass demonstrations that would pose a real threat.

For its part, **Montenegro** may be heading toward independence, and tensions are certainly escalating as Montenegrin President Djukanovic continues to take steps that break ties to the federal government. Milosevic wants to crush Djukanovic, because he serves as an important symbol to the democratic opposition in Serbia and to the Serbian people that the regime can be successfully challenged. Djukanovic controls the largest independent media operation in Yugoslavia, which has strongly criticized the Milosevic

regime over the past several years for the Kosovo conflict, political repression and official corruption. Both Milosevic and Djukanovic will try to avoid serious confrontation for now, but a final showdown will be difficult to avoid.

### **Kosovo**

Regarding Kosovo, Mr. Chairman, the international presence has managed to restore a semblance of peace, but it is brittle. Large-scale interethnic violence has vanished, but the UN Mission in Kosovo and K-FOR have been unable to stop daily small-scale attacks, mostly by Kosovar Albanians against ethnic Serbs. This chronic violence has caused most of the remaining 80,000-100,000 Serbs to congregate in enclaves in northern and eastern Kosovo, and they are organizing self-defense forces.

The campaign to disarm the former Kosovo Liberation army has had success, but both sides continue to cache small arms and other ordnance. There is even a chance that fighting between Belgrade's security forces and ethnic Albanians will reignite should Belgrade continue to harass and intimidate the Albanian minority in southern Serbia, and should Kosovo Albanian extremists attempt to launch an insurgency aimed at annexing Southern Serbia into a greater Kosovo.

### **CHINA**

Mr. Chairman, let us now turn to East Asia, where **China** has entered the new century as the world's fastest rising power.

The leadership there is continuing its bold, 20-year-old effort to propel the nation's economy into the modern world, shedding the constraints of the old Communist central command system. The economy is the engine by which China seeks world prestige, global economic clout, and the funding for new military strength, thereby redressing what it often proclaims as a hundred years of humiliation at the hands of Western powers. Domestically, it also was the engine that Deng Xiaoping and his successors calculated would enable the Party to deliver on its unspoken social contract with the Chinese people: monopoly of political power in exchange for a strong China with a higher standard of living for its citizens.

But events conspired last year to tarnish Beijing's achievements, to remind people that China had not yet arrived as a modern world power, and to make the leadership generally ill-at-ease:

- China put on an impressive display of military might at its 50<sup>th</sup> anniversary parade in Beijing, but the leadership today sees a growing technological gap with the West.
- Inside China, the image of domestic tranquillity was tarnished by last April's appearance of the Falungong religious sect, whose audacious, surprise demonstration outside the leadership compound called into question the Communist Party's ability to offer an ethos that still attracts the Chinese people.
- Even the return of Macau in late December—the fall of another symbol of a divided China—was overshadowed by the actions of Taiwan President Lee Teng-hui. Lee declared last July that his island's relations with the mainland should be conducted under the rubric of “state to state” rather than “one China”.

Lee's statement has China deeply worried that Taiwan's return to Beijing rule is less likely than before. Chinese leaders act as if they believe that, at a minimum, a show of force is required if they are to preserve any hope of reunification.

Because of this, we see **high potential for another military flare-up across the Taiwan Strait this year**. The catalyst for these tensions is the Taiwan election on 18 March, which Beijing will be monitoring for signs that a new president will retreat from Lee Teng-hui's statements—or further extend the political distance from reunification

Although Beijing today still lacks the air and sealift capability to successfully invade Taiwan:

- China has been increasing the size and sophistication of its forces arrayed along the Strait, most notably by deploying short-range ballistic missiles.
- China should receive the first of two modern, Russian-built Sovremenny destroyers later this month; we expect the ship to join the East Sea Fleet, which regularly conducts operations near Taiwan.

In the coming year, we expect to see an uncertain Chinese leadership launching the nation deeper into the uncharted waters of economic reform while trying to retain tight grip political control. Thus far, Beijing's approach has largely succeeded. But the question remains open whether, in the long run, a market economy and an authoritarian regime can co-exist successfully.

## NORTH KOREA

Looking further east, **North Korea's** propaganda declares 1999 the “year of the great turnaround.” This is a view not supported by my analysts, however. Indeed, we see a North Korea continuing to suffer from serious economic problems, and we see a population, perhaps now including the elite, that is losing confidence in the regime. Mr. Chairman, **sudden, radical, and possibly dangerous change** remains a real possibility in North Korea, and that change could come at any time.

**The North Korean economy is in dire straits.** Industrial operations remain low. The future outlook is clouded by industrial facilities that are nearly beyond repair after years of underinvestment, spare parts shortages, and poor maintenance.

- This year's harvest is more than 1 million tons short of minimum grain needs. International food aid has again been critical in meeting the population's minimum food needs.
- Trade is also down. Exports to Japan—the North's most important market—fell by 17 percent from \$111 million to \$92 million. Trade with China—the North's largest source of imports—declined from nearly \$200 million to about \$160 million, primarily because China delivered less grain.

Kim Chong-il does not appear to have an effective longterm strategy for reversing his country's economic fortunes. Kim's inability to meet the basic needs of his people and his reliance on coercion makes his regime more brittle because even minor instances of defiance have greater potential to snowball into wider anti-regime actions.

- Instead of real reform, North Korea's strategy is to garner as much aid as possible from overseas, and the North has reenergized its global diplomacy to this end. It is negotiating for a high-level visit to reciprocate Dr. Perry's trip to P'yongyang. It has agreed to diplomatic talks with Japan for the first time in several years. It has unprecedented commercial contacts with South Korea, including a tourism deal with a South Korean firm that will provide almost \$1 billion over six years.
- But P'yongyang's maneuvering room will be constrained by Kim's perception that openness threatens his control and by the contradictions inherent in his overall strategy – a strategy based on hinting at concessions

on the very weapons programs that he has increasingly come to depend on for leverage in the international arena. Squaring these circles will require more diplomatic agility than Kim has yet to demonstrate in either the domestic or international arenas.

## **EAST ASIA**

Mr. Chairman, China and North Korea do not exist in a vacuum. They influence the policies of other states—including how those states relate to us. Nowhere is this more true than in East Asia. Let me talk about **two trends** there that I believe will affect US interests over the next several years.

The first is the **growing concern in the region about China and North Korea**. Leaders in Southeast Asia have long worried about Chinese interference in their internal affairs, but the concerns of these governments and publics also now focus on China's growing economic and military power and the potential influence it will provide Beijing. Concerns about North Korea are more varied and localized. Japan fears North Korea's expanding missile capabilities, while South Korea—along with the historical threat of a North Korean invasion—wonders that the collapse of the regime in the North will create humanitarian, economic, and military challenges for the South.

These concerns create several dynamics. For one thing, they fuel incentives to expand and modernize defense forces. Japan's interest in building its own satellite imaging system, for example, is a direct result of its concern about North Korea. Vietnam's recent acquisition of Su-27 aircraft from Russia reflect concerns about China's future military might. And Seoul's attempts to modernize its air force and navy reflect the fact that it is looking beyond North Korea toward potential future threats.

In addition, these concerns reinforce the long-standing desire among almost all the states of the region for the US to remain engaged militarily. In short, regional leaders—and most publics—continue to see the US presence as key to East Asian stability, although I must tell you, Mr. Chairman, that some leaders in the region have doubts about our staying power there.

The second trend worth noting for you **is the continuing pressure in East Asia for more open and accountable political systems**. Over the last 15 years, that pressure brought political change to the Philippines, Thailand, South Korea, Taiwan, Japan, and most recently Indonesia. Others, including Malaysia and China, are certain to face similar pressure for change in the years ahead as the spread of information technology limits the ability of

authoritarian leaders to control the public's exposure to democracy and to constrain opponents from organizing. These pressures, of course, create the potential for political instability, particularly if they are resisted by incumbent leaders.

## **INDONESIA**

Mr. Chairman, I've mentioned Indonesia a couple of times earlier, so let me take a moment to say a few words about it. Indonesia is in the midst of a difficult transition to democracy that will have a powerful bearing on the country's future direction and perhaps even on its cohesion as a nation. President Wahid is grappling with a variety of long-standing, intractable issues including communal violence, separatist sentiments, and an economy in distress. At the same time, he is trying to forge a new role for the Indonesian military -- which includes tighter civilian control and the gradual withdrawal of the armed forces from the domestic political arena -- and create an open, consensual decisionmaking process in a country accustomed to 30-years of one-man rule.

Since his selection to the presidency last October, Wahid has implemented a variety of initiatives designed to set the country on the path to democracy. A popularly elected president who preaches religious and political tolerance, Wahid has succeeded in forming a viable coalition government drawn from disparate elements. He is actively supporting a national investigation into alleged human rights abuses by the Indonesian military in East Timor, and a once muzzled national press is flourishing. He also is taking steps to improve Jakarta's bilateral relations with a number of countries and restore Indonesia's regional prominence, which suffered in the wake of the Asian financial crisis in 1997 and the domestic political uncertainty that surrounded the fall of President Soeharto in 1998.

Addressing demands from restive provinces to redefine their relationship with Jakarta is Wahid's most immediate challenge. Several leaders in the region remain concerned that Jakarta's loss of East Timor—coupled with growing separatist tensions and communal violence across the archipelago—could result in the Balkanization of the country over the next several years. The challenges are myriad: in the west, pressure is mounting from Acehese separatists who have resisted Jakarta's control since the 1950s and began an insurgency in 1976. To the east in Irian Jaya—recently renamed Papua—there is local resentment of Jakarta's exploitation of the province's natural resources, but the insurgent movement is weak. The nearby Maluku have been wracked by communal violence for the past year; this is Christian-

Muslim violence with an ethnic overlay that may not only be difficult to pacify, but could ignite sectarian violence elsewhere in the archipelago, testing the country's long commitment to religious tolerance. Indonesia's ASEAN partners particularly fear the refugee and humanitarian crisis that would accompany such worst-case scenarios.

## **INDIA-PAKISTAN**

Whatever suspicions and fissures exist among states in East Asia, they pale in comparison to the deep-seated rivalry between India and Pakistan. Mr. Chairman, last spring, the two countries narrowly averted a full-scale war in Kashmir, which could have escalated to the nuclear level.

The military balance can be summarized easily: India enjoys advantages over Pakistan in most areas of conventional defense preparedness, including a decisive advantage in fighter aircraft, almost twice as many men under arms, and a much larger economy.

- Recent changes in government in both countries add tensions the picture. The October coup in Pakistan that brought to power Gen. Musharraf—who served as Army chief during the Kargil conflict with India last summer—has reinforced New Delhi's inclination not to reopen the bilateral dialogue anytime soon.
- Pakistanis are equally suspicious of India's newly elected coalition government in which Hindu nationalists hold significant sway.

Clearly, the dispute over Kashmir remains as intractable as ever.

- We are particularly concerned that heavy fighting is continuing through the winter, unlike in the past, and probably will increase significantly in the spring.
- New Delhi may opt to crack down hard on Kashmiri militants operating on the Indian side of the Line of Control or even order military strikes against militant training camps inside Pakistani-held Kashmir.
- Thus, we must head into the new year, Mr. Chairman, with continuing deep concerns about the antagonisms that persist in South Asia and their potential to fuel a wider and more dangerous conflict on the subcontinent.

## **AFRICA**

Mr. Chairman, South Asia presents a discouraging picture but it hardly compares to sub-Saharan Africa, which has been largely bypassed by globalization and the accelerating spread of technology. The region has little connectivity to the rest of the world—with just 16 telephone lines per 1,000 people—and its battered infrastructure, the population's limited access to education, and widespread health problems such as AIDS and malaria have deterred many foreign investors.

- One indicator of Sub-Saharan Africa's marginalization is its infinitesimal share of world trade in goods and services, which slipped from 2.8 percent in the early 1980s to just 1.5 percent in recent years.

As Africa's already small role in the international economy has faded, instability has intensified. Humanitarian crisis is constant. Since 1995, violent internal unrest has wracked 15 of the region's 48 countries, and 19 Sub-Saharan governments have deployed military forces—as peacekeepers, protectors of beleaguered regimes, or outright invaders—to other African states.

Instability fosters conditions potentially leading to genocide and other massive human rights abuses. In the Great Lakes region, Congo (K)'s beleaguered government periodically targets Tutsis as suspected saboteurs, while the civil war in Burundi could with little warning degenerate into another round of wholesale ethnic killings. In Sierra Leone, the rebels who used widespread mutilations of civilians as a conscious tactic of intimidation are poised to break a tenuous cease-fire and resume a campaign of terror.

Finally, endemic violence and instability increase the danger that criminal and insurgent groups will zero in on individual US citizens as soft targets.

## **CONCLUSION**

Mr. Chairman, this has been a long briefing, and I'd like to get to your specific questions on these and other subjects. Before doing so, I would just sum it up this way: the fact that we are arguably the world's most powerful nation does not bestow invulnerability; in fact, it may make us a larger target for those who don't share our interests, values, or beliefs. We must take care to be on guard, watching our every step, and looking far ahead. Let me assure you that our Intelligence Community is well prepared to do that.

Thank you, Mr. Chairman. Now, I'd welcome any questions from you and your colleagues.

Prepared Statement by Vice Adm. Thomas R. Wilson

## The Global Security Environment

To paraphrase the ancient Chinese curse . . . 'we are living in very interesting times.' More than a decade has passed since the end of the Cold War, yet we seem no closer to the emergence of a new, stable international order. Rather, the complex mix of political, economic, military, and social factors that have undermined stability during much of the 1990s remain at play. The most important of these include:

Significant continuing uncertainties, especially regarding the future of Russia, China, Europe, the Middle East, and the Korean peninsula. Developments in each of these key states and regions will go a long way towards defining the future security environment. But it would, be difficult to be highly confident in predicting outcomes.

Rogue states, groups, and individuals (e.g. Iran and North Korea, numerous terrorist and international criminal groups, Usama Bin Ladin, etc.) who do not share our vision of the future and are willing to engage in violence to improve their position and undermine order. Many of these adversaries view the United States as the primary source of their troubles, and will continue to target our policies, facilities, interests, and personnel.

Rapid technology development and proliferation particularly in the areas of information processing, biotechnology, communications, nano-technology, and weapons. Technology will continue to have a staggering impact on the way people live, think, work, and fight. Some aspects of our general military-technological advantage are likely to erode. Some technological surprises will undoubtedly occur.

Declining global defense spending. The 50 percent real reduction in global defense spending during the past decade is having multiple impacts. First, both adversaries and allies have not kept pace with the U.S. military (despite our own spending reductions). This has spurred foes toward asymmetric options, widened the gap between U.S. and allied forces, reduced the number of allied redundant systems, and increased the demand on unique U.S. force capabilities. Additional, longer-term impacts on global defense technology development and proliferation, and on U.S.-allied defense industrial consolidation, cooperation, and technological competitiveness are likely.

Pressures resulting from unfavorable demographic developments. By 2020, developing world population will increase some 25 percent. Meanwhile, some 200 million of the world's poorest people move into urban areas each year. These trends will continue to stress the resources, infrastructure, and leadership of states throughout Africa, Asia, and Latin America.

Growing disparities in global wealth and resource distribution. One quarter of the world's population (the developed world) controls nearly 80 percent of today's wealth and consumes the great majority of the world's resources. The numbers will get worse (from the developing world's

perspective) during the next 15 years, exacerbating north-south and interregional tensions.

Evolving global security structures, organizations, and institutions. The changing structure, role, adaptability, and influence of familiar Cold War entities—the UN, NATO, the Nation state, etc.—and the increasing presence and impact of NGOs, brings greater uncertainty to the way policy is made and implemented in the post Cold War era.

Reaction to 'western dominance.' Many individuals, groups, and states fear the global expansion and perceived dominance of western (and especially U.S.) values, ideals, culture, and institutions. Efforts to resist, halt, or undo this trend will spur anti-U.S. sentiments and behavior.

International drug cultivation, production, transport, and use will remain a major source of instability, both within drug producing, transit, and target countries, and between trafficking and consumer nations. The connection between drug cartels, corruption, and antigovernment activities (terrorism and insurgency) will increase as the narcotics trade provides an important funding source for criminal and antigovernment groups. States with weak democratic traditions and poor economic performance and prospects will be particularly susceptible. Counternarcotic activities will become more complex and difficult as new areas of cultivation and transit emerge and traffickers exploit advances in technology, communications, transportation, and finance.

Ethnic, religious, and cultural divisions will remain a motivation for and source of conflict in much of the world. As the situation in Kosovo demonstrates, ethnic-based conflict is often brutal and intractable.

Increasing numbers of people in need. A combination of factors—many of those listed above, plus inadequate infrastructure and health facilities, resource shortages, natural disasters, epidemics, and insufficient local, regional, and global response capabilities—have combined to increase the numbers of people requiring international humanitarian assistance. According to UN assessments, some 350 million people worldwide needed aid each year during the 1990s, compared to slightly more than 20 million in 1985. Likewise, the number, size, cost, and duration of UN and other 'peace operations' have risen significantly since the late 1980s.

These factors create the conditions in which threats and challenges emerge, and define the context in which U.S. strategy, interests, and forces operate. Collectively, they foster a complex, dynamic, and dangerous global security environment. A review of just a few of last year's headlines—Iraq's continued combativeness, prolonged ethnic tensions in the Balkans and Indonesia, Russia's ongoing offensive in Chechnya, North Korea's intransigence, continued hostility between India and Pakistan, Colombia's insurgency, and tribal and internecine disputes throughout many parts of Africa—underscores the point. Moreover, no power, condition, or circumstance is likely to emerge during the next 15 years capable of transcending this general instability and imposing a new global order. Accordingly, we can expect the global dynamic will continue to spur numerous crises, hotspots, and issues that will directly affect U.S. policy and interests. Containing, managing, and responding to these will be a constant challenge.

Against this backdrop of general global turmoil, I'd like to focus on three specific developments

that present more direct long term military challenges to U.S. policy and interests:

**The asymmetric threat.** Most adversaries recognize our general military superiority and want to avoid engaging the U.S. military on our terms, choosing instead to pursue a wide variety of initiatives designed to circumvent or minimize our strengths and exploit perceived weaknesses. Asymmetric approaches will become the dominant characteristic of most future threats to our homeland and a defining challenge for U.S. strategy, operations, and force development.

**Strategic nuclear missile threats.** We will continue to face strategic nuclear threats from Russia and China, and eventually from North Korea and other 'rogue' states. While the total number of warheads targeted against us will be much lower than during the Cold War, the mix of threat nations, force structures, capabilities, and employment doctrines will complicate the strategic threat picture.

**Large regional military threats.** Several potential regional adversaries will maintain large military forces featuring a mix of Cold War and post-Cold War technologies and concepts. Under the right conditions, these regional militaries could present a significant challenge.

### The Growing Asymmetric Threat

Most of the rest of the world believes the United States will remain the dominant global power during the next 15 years. Foreign assessments generally point to the following U.S. strengths: our economy weathered the recent global financial crisis in excellent shape and is uniquely positioned to capitalize on the coming 'high-tech boom;' we are among the world's leaders in the development and use of the most important technologies (both civilian and military); we have the world's best university system and the most fluid and effective capital markets; we spend nearly half of what the advanced industrial world spends on all types of research and development each year; we retain strong alliances with key nations; and we enjoy unrivaled 'soft power'\_the global appeal of American ideas, institutions, leadership and culture.

Perhaps even more striking, however, is how potential adversaries think about our military advantage. The superiority of U.S. military concepts, technology, and capabilities has been a key theme in foreign military assessments since Operation Desert Storm. Moreover, many foreign military leaders and writings express concern that our conventional warfighting lead will grow, given our doctrinal and resource commitment to achieving the operational capabilities envisioned in Joint Vision 2010.

Adversary anticipation of continued U.S. military superiority is the genesis of the asymmetric challenge. Potential U.S. opponents (from druglords and terrorists to criminal gangs, insurgents, and the civilian and military leadership of opposing states) do not want to engage the U.S. military on its terms. They are more likely to pursue their objectives while avoiding a U.S. military confrontation, and/or to develop asymmetric means (operational and technological) to reduce U.S. military superiority, render it irrelevant, or exploit our perceived weaknesses. Asymmetric approaches are imperative for U.S. adversaries and are likely to be a dominant component of most future threats.

The asymmetric problem is extremely complex because adversaries, objectives, targets, and means of attack can vary widely from situation to situation. Moreover, some developments\_such as WMD and missile proliferation, counterspace capabilities, denial and deception operations, etc.\_could have both symmetric and asymmetric applications, depending on the context. Recognizing these potential ambiguities, and understanding that many different approaches are possible, I am most concerned about the following `asymmetric' trends, developments, and capabilities.

**Threats to Critical Infrastructure.** Many adversaries believe the best way to avoid, deter, or offset U.S. military superiority is to develop a capability to threaten the U.S. homeland. In addition to the strategic nuclear threats discussed below, our national infrastructure is vulnerable to disruptions by physical and computer attack. The interdependent nature of the infrastructure creates even more of a vulnerability. Foreign states have the greatest potential capability to attack our infrastructure because they possess the intelligence assets to assess and analyze infrastructure vulnerabilities, and the range of weapons\_conventional munitions, WMD, and information operations tools\_to take advantage of vulnerabilities.

The most immediate and serious infrastructure threat, however, is from insiders, terrorists, criminals, and other small groups or individuals carrying out well-coordinated strikes against selected critical nodes. While conventional munition attacks are most likely now, over time our adversaries will develop an increased capacity, and perhaps intent, to employ WMD. They are also likely to increase their capabilities for computer intrusion. Commercial off-the-shelf products and services present new security challenges and concerns, providing opportunities to develop software functions allowing unauthorized access, theft and manipulation of data, and denial of service.

**Information Operations.** Information operations can involve many components including electronic warfare, psychological operations, physical attack, denial and deception, computer network attack, and the use of more exotic technologies such as directed energy weapons or electromagnetic pulse weapons. Adversaries recognize our civilian and military reliance on advanced information technologies and systems, and understand that information superiority provides the U.S. unique capability advantages. Many also assess that the real center of gravity for U.S. military actions is U.S. public opinion. Accordingly, numerous potential foes are pursuing information operations capabilities as relatively low cost means to undermine support for U.S. actions, attack key U.S. capabilities, and counter U.S. military superiority.

The information operations threat continues to spread worldwide, with more mature technologies and more sophisticated tools being developed continuously. However, the level of threat varies widely from adversary to adversary. Most opponents currently lack the foresight or the capability to fully integrate all information operations tools into a comprehensive attack. Many with limited resources will seek to develop only computer network attack options\_relying on modest training, computer hardware and software purchases, and/or the use of `hired' criminal hackers. At present, most nations probably have programs to protect their own information systems, and some\_particularly Russia and China have offensive information operations capabilities. Today,

we are more likely to face information operations carried out by terrorists, insurgents, cults, criminals, hackers, and insider individuals spurred by a range of motivations.

**Terrorism.** Terrorism remains a very significant asymmetric threat to our interests at home and abroad. The terrorist threat to the U.S. will grow as disgruntled groups and individuals focus on America as the source of their troubles. Most anti-U.S. terrorism will be regional and based on perceived racial, ethnic or religious grievances. Terrorism will tend to occur in urban centers, often capitals. The U.S. military is vulnerable due to its overseas presence and status as a symbol of U.S. power, interests, and influence. However, in many cases, increased security at U.S. military and diplomatic facilities will drive terrorists to attack `softer' targets such as private citizens or commercial interests.

Terrorism will be a serious threat to Americans especially in most Middle Eastern countries, North Africa, parts of Sub-Saharan Africa, Turkey, Greece, the Balkans, Peru, and Colombia. The characteristics of the most effective terrorist organizations\_highly compartmented operations planning, good cover and security, extreme suspicion of outsiders, and ruthlessness\_make them very hard intelligence targets. Middle East-based terrorist groups will remain the most important threat. State sponsors (primarily Iran) and individuals with the financial means (such as Usama bin Ladin) will continue to provide much of the economic and technological support needed by terrorists. The potential for terrorist WMD use will increase over time, with chemical, biological, and radiological agents the most likely choice.

**WMD and Missile Proliferation.** Many potential adversaries believe they can preclude U.S. force options and offset U.S. conventional military superiority by developing WMD and missiles. Others are motivated more by regional threat perceptions. In either case, the pressure to acquire WMD and missiles is high, and, unfortunately, the post Cold War environment is more amenable to proliferation activities. New alliances have formed, providing pooled resources for developing these capabilities, while technological advances and global economic conditions have made it easier to transfer materiel and expertise. The basic sciences necessary to produce these weapons are widely understood. Most of the technology is readily available, and the raw materials are common. All told, the prospects for limiting proliferation are slim, and the global WMD threat to U.S.-allied territory, interests, forces, and facilities will increase significantly.

Several rogue states will likely acquire nuclear weapons during the next decade or so, and some existing nuclear states will undoubtedly increase their inventories. As these trends unfold, the prospects for limited nuclear weapons use in a regional conflict will rise. So too will the potential for a terrorist or some other subnational group to acquire and use a weapon.

Chemical and biological weapons are generally easier to develop, hide, and deploy than nuclear weapons and will be readily available to those with the will and resources to attain them. I expect these weapons to be widely proliferated, and they could well be used in a regional conflict over the next 15 years. I am also concerned that sub-national groups or individuals will use chemical or biological agents in a terrorist or insurgent operation. Such an event could occur in the United States or against U.S.-allied forces and facilities overseas. The planning for such `smaller-scale' incidents would be extremely difficult to detect, and consequently, to deter or warn against.

Theater-range ballistic and cruise missile proliferation is another growing challenge. I expect the numbers of ballistic missiles with ranges between 500 and 3,000 kilometers to increase significantly during the next 15 years and to become more accurate and destructive. Likewise, the potential for widespread proliferation of land attack cruise missiles is high. While the types of missiles most likely to be proliferated will be a generation or two behind the global state of the art, states that acquire them will have new or enhanced capabilities for delivering WMD or conventional payloads inter-regionally against fixed targets. Major air and sea ports, logistics bases and facilities, troop concentrations, and fixed communications nodes will be increasingly at risk.

**The Foreign Intelligence Threat.** Adversaries hoping to employ asymmetric approaches against the United States desire detailed intelligence on U.S. decisionmaking, operational concepts, capabilities, shortcomings, and vulnerabilities. Consequently, we continue to face extensive intelligence threats from a large number of foreign nations and sub-national entities including terrorists, international criminal organizations, foreign commercial enterprises, and other disgruntled groups and individuals. These intelligence efforts are generally targeted against our national security policy-making apparatus, our national infrastructure, our military plans, personnel, and capabilities, and our critical technologies. While foreign states—particularly Russia and China—present the biggest intelligence threat, all our adversaries are likely to exploit technological advances to expand their collection activities. Moreover, the open nature of our society, and increasing ease with which money, technology, information, and people move around the globe in the modern era, make effective counterintelligence and security that much more complex and difficult to achieve.

**Cover, Concealment, Camouflage, Denial and Deception (C<sup>3</sup>D<sup>2</sup>).** Many potential adversaries—nations, groups, and individuals—are undertaking more and increasingly sophisticated C<sup>3</sup>D<sup>2</sup> activities against the United States. These operations are generally designed to hide key activities, facilities, and capabilities (e.g. mobilization or attack preparations, WMD programs, advanced weapons systems developments, treaty noncompliance, etc.) from U.S. intelligence, to manipulate U.S. perceptions and assessments of those programs, and to protect key capabilities from U.S. precision strike platforms. Foreign knowledge of U.S. intelligence and military operations capabilities is essential to effective C<sup>3</sup>D<sup>2</sup>. Advances in satellite warning capabilities, the growing availability of camouflage, concealment, deception, and obscurant materials, advanced technology for and experience with building underground facilities, and the growing use of fiber optics and encryption, will increase the C<sup>3</sup>D<sup>2</sup> challenge.

**Counter-Space Capabilities.** The U.S. reliance on (and advantages in) the use of space platforms is well known by our potential adversaries. Many are attempting to reduce this advantage by developing capabilities to threaten U.S. space assets, in particular through denial and deception, signal jamming, and ground segment attack. By 2015, future adversaries will be able to employ a wide variety of means to disrupt, degrade, or defeat portions of the U.S. space support system. A number of countries are interested in or experimenting with a variety of technologies that could be used to develop counter-space capabilities. These efforts could result in improved systems for space object tracking, electronic warfare or jamming, and directed energy weapons.

## The Strategic Nuclear Threat

Russia. Russian strategic forces are in flux. During the 1990s, force levels were reduced significantly, and additional reductions are certain during the next 15 years. But the precise size and shape of Moscow's future strategic deterrent will depend on several 'unknown' factors, including: future resource levels, arms control considerations, threat perceptions, Russia's ability to maintain aging force elements, and the success of strategic force modernization programs. Despite this general uncertainty, I can foresee virtually no circumstance, short of state failure, in which Russia will not maintain a strong strategic nuclear capability, with many hundreds of warheads and relatively modern delivery platforms capable of striking the United States. I say this because even during the past decade, with severe economic constraints and other more pressing priorities, Moscow mustered the political will and resources to maintain key aspects of its strategic forces capability, fund several new strategic weapons programs, and upgrade portions of its strategic infrastructure. Moreover, strategic forces continue to receive priority today in terms of manpower, training, and other resources.

In addition to the changes in strategic force composition, Moscow's thinking about the role, utility, and employment of nuclear forces is in flux. The 1999 Draft Russian Military Doctrine provides some insights. It includes a nuclear weapons use formulation similar to that described in the 1993 doctrinal document, but widens the theoretical threshold for Russian employment of nuclear weapons during a conventional conflict if the situation becomes 'critical' to national security. Russia's strategic force posture and strategy will continue to evolve, reflecting the uncertain political and economic situation, changing Russian perceptions of the international security environment and strategic threats, and the increased dependence on strategic forces as the 'backbone' of Russian military power. This uncertainty in Russian strategic thinking is troubling.

China. China's strategic nuclear force is small and dated at present, but Beijing's top military priority is to strengthen and modernize its strategic nuclear deterrent. Several new strategic missile systems are under development, along with upgrade programs for existing missiles, and for associated command, control, communications and other related strategic force capabilities. In early August 1999, China conducted the first test flight of its DF0931 ICBM. It will be deployed on a road-mobile launcher and will have the range to target portions of North America. While the pace and extent of China's strategic modernization clearly indicates deterrent rather than 'first strike' intentions, the number, reliability, survivability, and accuracy of Chinese strategic missiles capable of hitting the United States will increase significantly during the next two decades.

Rogue Strategic Forces. Russia and China are the only potential threat states capable today of targeting the United States with intercontinental ballistic missiles. However, I am increasingly concerned that more radical hostile nations particularly North Korea and Iran will develop that capability over the next several years. The growing availability of missile technology, components, and expertise, intense political pressure to acquire longer-range ballistic missiles, the willingness of some states to take shortcuts and accept more risk in their missile development programs, and our sometimes limited ability to reliably track these protected programs, are all cause for concern. Moreover, we must assume that any state capable of developing or acquiring

missiles with intercontinental range will likely be able to arm those missiles with weapons of mass destruction.

Whether this broader threat emerges sooner or later, during the next 15 years, the strategic nuclear environment will become more diverse and complex. This has significant implications for U.S. strategic force planning, doctrine, deterrence, and targeting.

### Large Regional Militaries

Joint Vision 2010 is the conceptual template for U.S. force development. It envisions a 21st Century 'information age' U.S. military that leverages high quality, highly-trained personnel, advanced technology, and the development of four key operational concepts—dominant maneuver, precision engagement, full dimensional protection, and focused logistics—to achieve dominance across the range of military operations. The United States, and to a lesser extent our closest allies, are moving steadily toward the capabilities embodied in this vision.

In contrast, most other large militaries will continue to field primarily 'industrial age' forces—generally mass and firepower oriented, employing large armored and infantry formations, late-generation Cold War (vice 21st Century) technologies, and centralized, hierarchical command-and-control structures. Over the next 15 years, many regional states will seek to augment these forces with selected high-end capabilities, including: WMD and missiles, advanced C<sub>4</sub>I systems, satellite reconnaissance, precision strike systems, global positioning, advanced air defense systems, and advanced anti-surface ship capabilities. It is likely that in any large regional conflict beyond 2010, U.S. forces will face adversaries who combine the mass and firepower of a late 20th century force with some more-advanced systems and concepts.

On paper, such forces would be hard pressed to match our dominant maneuver, power projection, and precision engagement capabilities. Most would prefer not to engage in traditional conventional warfare with the US. But in an actual combat situation, the precise threat these forces pose will depend on the degree to which they have absorbed and can apply key technologies, have overcome deficiencies in training, leadership, doctrine, and logistics, and on the specific operational-tactical environment. Under the right conditions, their quantitative capability, combined with situational advantages—e.g. initiative, limited objectives, short lines of communication, familiar terrain, time to deploy and prepare combat positions, and the skillful use of asymmetric approaches—will present significant challenges to U.S. mission success. China and Russia at the high end, followed by North Korea, Iran, and Iraq, are all examples of militaries that could field large forces with a mix of current and advanced capabilities.

China. Beijing is modernizing and improving the People's Liberation Army (PLA) at a steady pace, consistent with the country's overall emphasis on general economic and infrastructure development. During the past year, the PLA has fielded several new ballistic missiles, agreed to purchase Su-30 FLANKER aircraft from Russia (delivery within 2 years), and taken delivery of the fourth Russian KIL0 submarine and additional indigenous submarines. Just this month, the PLA received the first of two SOVREMENNYY destroyers from Russia, and could field its first airborne early warning aircraft within the next year or so.

Beyond modernization, the PLA has revised its training program to improve pilot proficiency, improve its capabilities for engaging stealth aircraft, cruise missiles, and helicopter gunships, and improve its ability to defend against precision strikes, electronic jamming, and all forms of reconnaissance. In addition, logistics are being centralized and modernized across the force. The PLA is also upgrading C\4I links to its forces with satellite dishes, fiber optic, and video links.

As a result of these and other developments, China's capability for regional military operations will improve significantly. By 2010 or so, some of China's best units will have achieved a reasonably high level of proficiency at maneuver warfare (though they will probably not fully master large, complex joint service operations until closer to 2020). Moreover, by 2015 Chinese forces will be much better equipped, possessing more than a thousand theater-range missiles, hundreds of fourth-generation aircraft, thousands of 'late Cold War equivalent' tanks and artillery, a handful of advanced diesel and third generation nuclear submarines, and some 20 or so new surface combatants. China is also likely to field an integrated air defense system and modern command-and-control systems at the strategic and operational levels.

The Taiwan issue will remain a major potential flashpoint, particularly over the near term. As tensions between China and Taiwan remain high, there is an increased risk of small scale military 'incidents' \_intimidating exercises, heightened force readiness in border regions, accidents involving opposition air or naval forces in close proximity, etc. It is doubtful, however, unless Taipei moved more directly toward independence, that China would attempt a larger scale military operation to attack Taiwan outright. Beijing recognizes the risk inherent in such a move and, at least for the near term, probably has questions about its military ability to succeed. Nevertheless, by 2015, China's conventional force modernization will provide an increasingly credible military threat against Taiwan (though probably not the large amphibious capability necessary for invasion).

Russia. Moscow will remain focused on internal political, economic, and social imperatives for at least the next decade. Meanwhile, Russia's Armed Forces continue in crisis. The military leadership remains capable of exercising effective control, but there is increased potential for collapse in military discipline, particularly in the event of a large-scale internal crisis. The Defense Ministry and General Staff are attempting to cope with broad-based discontent while struggling to implement much-needed reforms. Compensation, housing, and other shortfalls continue to undermine morale. Under these conditions \_chronic underfunding and neglect\_ there is little chance that Moscow's conventional forces will improve significantly during the next decade.

Beyond that timeframe, the size, characteristics, and capabilities of Russia's conventional forces could vary widely, depending on the outcome of numerous unsettled issues. Among the most important of these are the size of Russia's defense budget, Russian threat perceptions, the achievement of national consensus on a blueprint for military reform, and Moscow's success at restoring the 'intangible' components of military effectiveness (leadership, readiness, morale, sustainment, etc.). Two alternatives seem most likely:

If the Russian military experiences continued underfunding, indecision, and leadership

indifference, it will remain chronically weak, and present about the same (or even a reduced) level of threat to U.S. interests in 2015 as it does today. This alternative becomes more likely the longer Russia's economic problems persist, defense budgets decline or remain relatively stagnant, there is no consensus on the direction for defense reform, and the National leadership continues to neglect the needs of the military.

If economic recovery and political stability come sooner rather than later, and the military receives stable, consistent leadership and resources, Russia could begin rebuilding an effective military toward the end of this decade, and field a smaller, but more modern and capable force in the 2015 timeframe. This improved force would be large and potent by regional standards, equipped with thousands of late-generation Cold War systems, and hundreds of more advanced systems built after 2005.

North Korea. North Korea will remain a challenging dilemma: a 'failing' state with rising internal pressures and limited conventional military capability, but posing an increasing regional and global threat by virtue of its expanding WMD and long-range missiles. As the pressure builds on the economy, society, and military, there is increased potential for internal collapse, instability, and leadership change.

North Korea's capability to successfully conduct complex, multi-echelon, large-scale operations to reunify the Korean peninsula declined in the 1990s. This was, in large measure, the result of severe resource constraints, including widespread food and energy shortages. Still, Pyongyang has managed to maintain a huge military force numbering over one million personnel. I am most concerned about Pyongyang's very large, forward-deployed forces, and its extensive 'asymmetric' capabilities\_WMD and missiles, underground facilities, and special operations forces. These capabilities, combined with the time, distance, terrain, and other theater characteristics, make a Korean war scenario very challenging. War on the peninsula would be very violent and destructive, and could occur with little warning.

North Korea's resource difficulties will continue with limited policy changes insufficient to allow a major economic recovery. Nevertheless, Pyongyang will continue to place a high premium on military power (as a source of leverage in international and bilateral fora), and will strive, with some limited success, to slow the erosion of its conventional military forces and to continue to expand its asymmetric capabilities.

Iran. Iran's armed forces are embarked on an uneven, yet deliberate, military buildup designed to ensure the security of the cleric-led regime, increase its influence in the Middle East and Central Asia, deter Iraq or any other regional aggressor, and limit U.S. regional influence. Iran's leaders seek to dominate the Gulf area, and, at present, we have major concerns over how Teheran may act to undermine agreements between Israel and Syria, Lebanon, and the Palestinians. Iran's conventional land and air forces have significant limitations with regard to mobility, logistics infrastructure, and modern weapons systems. Rivalry and mistrust between Revolutionary Guards, the regime's main internal security arm, and the regular armed forces is serious and hampers effective operations among the nearly half million in the uniformed services. Iran has compensated for these weaknesses by developing (or pursuing) numerous asymmetric capabilities,

to include subversion and terrorism, the deployment of air, air defense, missile, mine warfare, and naval capabilities to interdict maritime access in and around the Strait of Hormuz, and the acquisition of WMD and longer range missiles to deter the U.S. and to intimidate Iran's neighbors.

Iran has a relatively large ballistic missile force, and is likely assembling SCUD SSMs in the country. Last June, in response to the assassination of a high-ranking Iranian army general, Iran used SSMs to attack anti-regime Iranians encamped about 100 kilometers inside Iraq. Teheran intends to develop longer range SSMs capable of striking the entire Arabian Peninsula and Israel.

Iran's navy is the most capable in the region and, even with the presence of Western forces, can probably stem the flow of oil from the Gulf for brief periods employing KILO submarines, missile patrol boats, and numerous naval mines, some of which may be modern and sophisticated. Aided by China, Iran has developed a potent anti-ship cruise missile capability to threaten sea traffic from shore, ship, and aircraft platforms.

Although Iran's force modernization efforts will proceed gradually, during the next 15 years it will likely acquire a full range of WMD capabilities, field substantial numbers of ballistic and cruise missiles\_including some with intercontinental range\_increase its inventory of modern aircraft, expand its armored forces, and continue to improve its anti-surface ship capability. Iran's effectiveness in generating and employing this increased military potential against an advanced adversary will depend in large part on `intangibles'\_command and control, training, maintenance, reconnaissance and intelligence, leadership, and situational conditions and circumstances.

Iraq. Years of UN sanctions and embargoes as well as U.S. and Coalition military actions have significantly degraded Iraq's military capabilities. Overall manpower and materiel resource shortages, a problematic logistics system, and a relative inability to execute combined arms doctrine have adversely affected Iraqi military capabilities. These shortcomings are aggravated by intensive regime security requirements.

Nevertheless, Iraq's ground forces continue to be one of the most formidable within the region. They are able to protect the regime effectively, deploy rapidly, and threaten Iraq's neighbors absent any external constraints. Iraq's air and air defense forces retain only a marginal capability to protect Iraqi air space and project air power outside Iraq's borders. Although the threat to Coalition Forces is minimal, continued Iraqi confrontational actions underscore the regime's determination to stay the course. Iraq has probably been able to retain a residual level of WMD and missile capabilities. The lack of intrusive inspection and disarmament mechanisms permits Baghdad to enhance these capabilities. Lessons learned and survivability remain the regime's watchwords.

Absent decisive regime change, Iraq will continue to pose complex political and military challenges to Coalition interests well into the future. Baghdad's attempts to upgrade its military capabilities will be hampered as long as effective UN sanctions remain in place. Reconstitution of strategic air defense assets, WMD, and ballistic missile capabilities remain Baghdad's highest priorities. Expansion and modernization of ground and air forces are secondary objectives. Over the longer term, assuming Iraq's leadership continues to place a high premium on military power, is able to 'get around the sanctions regime' sooner rather than later, and the price of oil is stable,

Baghdad could, by 2015, acquire a large inventory of WMD, obtain hundreds of theater ballistic and cruise missiles, expand its inventory of modern aircraft, and double its fleet of armored vehicles. While this force would be large and potent by regional standards, its prospects for success against a western opponent would depend ultimately on how successful Baghdad was in overcoming chronic weaknesses in military leadership, reconnaissance and intelligence, morale, readiness, logistics, and training.

#### Other Issues of Concern

There are two other nearer term issues—the situation in the Balkans and the continuing rivalry between India and Pakistan—that deserve comment based on their potential impact on U.S. security interests.

Federal Republic of Yugoslavia. During 1999, there was great upheaval within the Federal Republic of Yugoslavia (FRY). Despite remaining nominally part of the FRY, Kosovo was lost to Serb control during the summer. The year ended with increased tensions between the last two constituent republics of the FRY, Serbia and Montenegro. President Djukanovic of Montenegro, a long-time political rival of Milosevic, has moved to redefine relations between the two republics. His program calls for virtual political, economic, and foreign and defense policy independence of Montenegro. Predictably, Serbian President Milosevic resists these efforts. Though the Yugoslav Army maintains a garrison in Montenegro that could easily defeat the small Montenegrin paramilitary forces, neither side appears ready to force the issue at this time.

Despite defeat by NATO and the loss of Kosovo, FRY President Milosevic does not appear in imminent danger of losing his political control. This is probably attributable to the near total lack of unity among the various political opposition parties within Serbia. There is currently no reason to believe that Milosevic will not serve his entire term of office, which expires in the summer of 2001.

Kosovo. Since entering Kosovo, NATO forces have overseen the withdrawal of Serb forces and the demobilization and disarmament of the UCK. KFOR is in control of the province, but ethnic violence continues, most directed at remaining Serbs by vengeful Kosovar Albanians. There is no direct military threat to KFOR, but there is always the possibility that KFOR troops could be caught in ethnic fighting. The FRY military has reorganized following the loss of Kosovo, but is concentrating on force and facility reconstitution and does not appear able or willing to attempt a re-entry into Kosovo.

Bosnia. International peacekeeping forces in Bosnia continue to operate in a complex inter-ethnic environment that poses significant challenges to the establishment of a stable and enduring peace.

Deep mutual distrust among Bosnia's ethnic factions and the legacy of war has created an impetus toward de facto partition of Bosnia. At three of the Bosnian factions have resisted full implementation of the Dayton Accords at one time or another. Each ethnic group will only cooperate as long its perceived, long-term interests are not forfeited or marginalized. Although the civilian aspects of Dayton are lagging in their implementation, progress has been made. We believe the Bosnian factions will continue to generally comply with the military aspects of the

Dayton Accords and SFOR directives, and will not engage in widespread violence, so long as peacekeeping forces remain credible. Pervasive international engagement\_both political and economic\_will be necessary to prevent a permanent division of Bosnia along ethnic lines.

SFOR is the dominant military force in Bosnia, and the direct military threat facing it remains low. SFOR monitors all factional armies, permitting the entities to train only with SFOR approval, and keeping all equipment in cantonment sites. None of the factions will risk taking any kind of overt military action against SFOR. The Federation Army is receiving assistance from the Train and Equip Program, which is moving the military balance in its favor. However, the Federation Army continues to be hampered by the unwillingness of the Muslims and Croats to effectively integrate. The Bosnian Serb Army, which no longer enjoys an overwhelming superiority in heavy weapons, poses very little threat to SFOR as it is hampered by its own internal problems such as insufficient funds for training, equipment modernization, maintenance, and personnel.

Participating in refugee resettlement, freedom of movement, and other civil implementation issues may expose SFOR personnel to increased risk. The international community proclaimed 1999 as a year of refugee returns, and it began to focus on moving people back to areas where they are ethnically in the minority. An increase of 40 percent was realized in minority returns in 1999, but this is a slow and uncertain process that is marked by occasional incidents of local violence.

India and Pakistan. The tense rivalry between India and Pakistan remains an important security concern. Both nations continue to invest heavily in defense and the procurement of military equipment. At present, each side possesses sufficient material to assemble a limited number of nuclear weapons, has short-range ballistic missiles, and maintains large standing forces in close proximity across a tense line of control. With each viewing their security relationship in zero-sum terms, we remain concerned about the potential, particularly over the near term, for one of their military clashes to escalate into a wider conflict.

The dispute between India and Pakistan concerning the status of the state of Jammu and Kashmir is the most likely trigger for war between the two countries. The state was the site of major fighting in 1947, 1965 and 1971; and again witnessed heavy military action in 1999. With Islamabad and Delhi's respective positions on Kashmir firmly entrenched, meaningful progress on the issue is unlikely in the near term.

## Conclusion

The dynamic change and uncertainty that characterized the 1990s will likely continue through 2015 because the basic engines of turmoil remain largely in place. The volatile mix of global political, economic, social, technological, and military conditions will continue to bring great stress to the international order. While no Soviet-like military competitor will emerge during this timeframe, the combined impact of numerous local, regional, and transnational challenges presents a formidable obstacle to our strategic vision.

Most adversaries will attempt to avoid directly confronting the United States military on our terms, choosing instead to pursue a variety of asymmetric means that undermine our power, leadership, and influence. Strategic nuclear threats will endure through this timeframe, but the

mix of adversary strategic doctrines and capabilities will complicate deterrence planning. China, Russia, North Korea, Iran, and Iraq will maintain relatively large and well-equipped militaries, which could pose a significant challenge under the right operational conditions.