

**Statement By
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Hearing On Current And Projected National
Security Threats To The United States**

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Mr. Chairman, thank you for the opportunity to address this committee today on threats to US national security.

In the months following the Second World War, the hallmarks of America's new role as a global leader were set:--we needed to ensure that our diplomacy would be engaged, our military power ready, and our intelligence alert. Over the next fifty years, America's leaders summoned the best of the nation to respond to the political, military, and ideological challenges that threatened to undermine our hard fought victory and undercut our dreams of a more hopeful world.

Mr. Chairman, as we survey today's world, core threats which dominated our national security for fifty years have ended or receded. In their place, however, is a far more complex situation that holds at least five critical challenges as we bring this century to a close and usher in the next. As was the case fifty years ago, these challenges will require the best from the Intelligence Community in helping defend American interests and support American leadership. Let me briefly list these challenges and then describe them in greater detail.

- First, is the continuing transformation of Russia and the evolution in China, and the roles each will play beyond their borders.
- Second, are those states -- North Korea, Iran, Iraq -- whose hostile policies can undermine regional stability.
- Third, are transnational issues that cut across nations and regions. These include terrorism, the proliferation of weapons of mass destruction, international drug trafficking and the growth in international organized crime, and threats to our information systems.
- Fourth, are those regional hotspots -- such as the Middle East, the South Asian subcontinent, Bosnia, and the Aegean -- which carry a high potential for conflict.
- Fifth, are states and regions buffeted by human misery and suffering on a large scale; states involved in, or unable to cope with, ethnic and civil conflict, forced migration, refugee flows, and the resulting potential for large scale deaths from disease and starvation. From Bosnia to Burundi,

these crises have resulted in new -- and growing -- demands on our military capabilities and on intelligence to support these operations.

The First Challenge: Great Powers in Transition

Let me begin with Russia.

Russia is in the midst of an unprecedented socio-political- economic transformation. Literally overnight, Russia faced the challenge of building entirely new political and economic institutions--with little preparation, no historical experience and a long tradition of central control dating back hundreds of years. Moscow has made remarkable progress in many areas:

- For the first time in Russian history, national and local elections have become a regular part of the political landscape.
- Since 1991, there have been 2 legislative elections, a Presidential election, and hundreds of local elections-- inculcating a spirit of accountability so essential to the democratic process.
- Equally important, Russia has made great strides toward federalism-- power has flowed to the provinces, and local officials now are directly responsible for meeting the needs of their constituents.

On the economic side, Russia has made significant progress in dismantling the world's biggest state command economy and building a genuine market-driven economy. It has freed prices, achieved some measure of financial stability, joined the World Bank and IMF to move Russia toward integration into the world financial system, privatized most small and medium size industry, and ended the dominant role of the country's defense industries.

These major gains notwithstanding, Russia still faces major challenges in advancing the reform process.

- Renewed concern about President Yel'tsin's health and Duma calls for limiting presidential powers highlight the fact that Russia's political institutions are young, fragile--and untested.
- The Russian people are still trying to adjust to the reality that their fate rests in their own hands. Some have prospered, but others look for a new "strong hand" that would provide them the stability and predictability of the Soviet system which insured them jobs, subsidized housing, and health care.
- Similarly, there are cries for law and order to combat organized crime and government corruption -- problems which also undermine confidence in the economic reform program. These problems stem, in large part, from the absence of legislation that sets down clear rules and guidelines for e-

conomic activity. New laws in areas such as private property and taxation would reduce the size of the burgeoning "unreported economy," generate much needed revenue, and diminish opportunities for crime groups to provide protection and contract enforcement services.

The Russian military, meanwhile, is suffering from serious social and economic difficulties. The process of downsizing, reorganizing, and adjusting to new missions will be long and hard, given reduced defense resources. Russian military planners also are examining very closely various ongoing arms control regimes and treaties -- particularly CFE, START II, CWC, and ABM -- to assure that they adequately protect what they perceive to be key Russian security needs during this period of great change and uncertainty. Economic hardship, flagging morale, and corruption raise other military concerns as well: the security and control of nuclear weapons and fissile materials.

Despite these difficult times for the military, Russia retains a major nuclear arsenal -- nearly 6,000 deployed strategic warheads -- and a range of development programs for conventional and strategic forces. In terms of overall military planning, the Russian government is emphasizing research and development over production in its parceling of a tight defense budget.

In the international arena, Moscow has sought to insure its great power status by bolstering its ties to Germany, France, China and Japan and demanding an equal voice in the resolution of international issues, particularly with regard to the shape of future European security architecture and NATO's role in it. While wary of what it sees as US efforts to dominate a "unipolar" world, Russia still continues to seek close cooperation with the United States on matters of mutual concern, provided that such cooperation is perceived domestically as serving Russia's national interests.

Closer to home, Moscow has placed a high priority on retaining its influence in the New Independent States and minimizing the influence of outside powers. President Yel'tsin and other leaders have pursued integration with some of these states through multilateral mechanisms -- the Commonwealth of Independent States -- and bilaterally. For example, Russia and Belarus have both talked about reuniting, although many practical obstacles remain. Moscow also seeks to play an influential role in the Caucasus and Central Asia, where rich energy resources have drawn considerable outside attention.

Turning Now to China . . .

China is emerging on the world stage as a major economic, political, and military power, and its actions and public statements show it is determined to assert itself as the paramount East Asian power. Led by President and party chief Jiang Zemin, the senior leadership supports the need for continued economic reform, and for China to be taken as a serious player, both regionally and globally.

- Over the past ten years, China's foreign trade has soared from \$83 billion to \$290 billion, with imports more than tripling from \$43 billion to \$139 billion -- making it one of the world's fastest growing markets. China is currently second only to the United States in annual direct foreign investment into its economy. Moreover, with the United States purchasing more than one-third of China's exports, the US annual trade deficit with China is second only to Japan's.
- That said, China has major economic hurdles to overcome in its transition from a command to a market-oriented economy. These include ailing state-owned enterprises, energy production shortfalls, inadequate transportation and communication systems, and an underemployed agricultural work force that has been estimated as high as 100 million people.

With one-fifth of the world's population and the largest standing army, China stands poised to compete as a dominant regional military power, and it can aspire to be the first new great power since World War II. Early in the next century, China will have a much improved force projection capability.

China's military modernization efforts will be hampered by its difficulty in raising revenues from relatively autonomous provinces, competition for available resources with an increasingly urbanized population, and ongoing difficulties in successfully designing, developing and fielding complex weapons systems. One of China's options in pursuing its programs is to use part of its vast foreign exchange reserve -- second only in size to that of Japan -- to fund purchases from foreign suppliers.

- China has bought significant weapons and weapons technology from Russia, including modern fighter aircraft, air defense systems, and submarines. In fact, China's once hostile relationship with Russia is now touted by both sides as a new type of "strategic partnership" for the next century, with a strong emphasis on cooperation and high level contacts but not a strategic alliance.

China's new assertiveness has led, at times, to frictions with Washington over issues of significant US national security interest. Among these are troubling proliferation activities by China, particularly with Pakistan and Iran, and continuing concerns about the human rights situation.

Beijing's leaders view the 1 July 1997 reversion of Hong Kong to Chinese rule as a particularly important symbol of China's reemergence as a world player. Chinese leaders unquestionably understand the economic value of Hong Kong and will work to preserve its economic vibrancy. What remains unclear is the degree to which they will tolerate political activism and dissent in Hong Kong after the reversion, given their intolerance of political dissent within China.

Second Challenge: States That Threaten Regional Stability

Let me turn to those states that can undermine our security interests and the security of our friends and allies in their respective regions. I'll begin with North Korea, then discuss Iran and Iraq.

North Korea

The continued deterioration of the North Korean economy is weakening the stability of the regime. North Korea's grain harvest last fall was less than half of its projected need for this year, and industrial operations in December fell to less than half the pace of 1992. The declines are the result of poor weather, a lack of fertilizer, raw materials shortages, aging factories and infrastructure, the inefficiencies stemming from central planning, and the large share of non-food output that goes to the military.

The decline in living conditions is eroding popular faith in the regime. Shortages of food and fuel in the military are becoming common and causing morale and discipline problems. Potential dangers to the regime could include: food shortages becoming widespread among front-line military units, the security services becoming reluctant to crack down on dissent, or elites concluding that their fortunes were no longer inextricably linked to Kim Chong-il. While we have no evidence that any of these conditions are present at this time, we remain concerned about how the regime's evolution will play out.

The North's economic difficulties make it even more dependent on external assistance -- most of which comes from China, Japan, South Korea, and the United States. Food aid, for example, last year totaled nearly 700,000 tons. Without additional imports or aid, the North probably will face worse food shortfalls this spring.

What makes us especially concerned about the future evolution of North Korea is its military strength. Its 1.1 million-strong military retains the ability to inflict enormous destruction on Allied forces, including the 37,000 US troops deployed in South Korea. North Korea's long-range artillery and surface-to-surface missiles near the DMZ can hit forward defenses, US military installations, and Seoul. We are increasingly concerned about North Korea's exports of major weapons systems.

On a more positive note, regarding the October 1994 Agreed Framework, the IAEA has maintained a continual presence at Yongbyon since the May 1994 defueling of the reactor. North Korea has not refueled its reactor or operated its reprocessing plant at Yongbyon and has halted construction of additional, larger reactors.

Iran

Turning to Iran, conservatives secured a plurality in last March's Majles, or Parliamentary, elections and are positioning themselves to capture the presidency in June. This political feat will not blot out the reality of Iran today: economic stagnation, rising numbers of disaffected youth, and questions about the clerics' day-to-day role in governance.

Despite growing discontent among many Iranians, opposition to clerical rule lacks a charismatic leader or an institutional power base. Moreover, the clerics are adept at burying their differences in the interests of retaining their control.

Iran's leaders know they face twin challenges of ebbing public support for the revolution at home and superior American military power abroad as witnessed in Desert storm. But they have no intention of abandoning their anti-western stance or their goals in the region. Rather, they will seek other ways to undermine the US position -- for example, by improving their military capabilities relative to their neighbors and by using what we call asymmetric means -- ranging from the increased use of terrorism to developing weapons of mass destruction -- in order to subvert or intimidate our allies, undermine the confidence of our friends and allies in our military presence, and eventually expel us from the region. Moreover the Iranians are attempting to improve their foreign ties by reaching out to the Turks and Kazaks, and by solidifying their oil supplier relationship with Japan and Germany.

Iran is improving its ability to potentially interdict the flow of oil through the Strait of Hormuz. For example, it has acquired Kilo- class submarines from Russia and is upgrading its antiship missile capabilities. It is building its capabilities to produce and deliver weapons of mass destruction -- chemical, biological, and nuclear -- and in less than 10 years probably will have longer range missiles that will enable it to target most of Saudi Arabia and Israel.

Iran sees terrorism as a useful tool. In addition to carrying out its own acts, Iran continues to sponsor training in the region and millions of dollars to a variety of militant Islamic groups such as Hizballah and Palestinian groups opposed to the peace process.

Iraq

Iraq under Saddam continues to present a serious threat to US forces, interests, and allies. In 1996 Iraqi forces again fired at coalition forces as Saddam tried to test his limits -- as he has every year since Desert Storm. His long-term goals have not changed. He is unrepentant for having triggered the Gulf war. He remains hostile to Israel and the peace process, and he is determined to possess weapons of mass destruction and to dominate the Gulf region. His military re-

mains the largest in the Gulf region -- an abiding threat to Iraq's southern neighbors, and to Kurdish and Shia Iraqis.

UN sanctions remain intact and, given Baghdad's continued evasive stance toward UN weapons inspectors, are unlikely to be lifted anytime soon. These sanctions severely constrain Saddam, and he has managed to survive the pressures sanctions have created almost entirely due to the strength of his elaborate security services, which have priority access to Iraq's constricted resources. These forces have been very successful in penetrating and destroying organized political opposition inside Iraq. Nevertheless, Iraq's economy is in shambles, and the intense resentment that the regime has engendered in Iraq still poses a constant threat to Saddam and his family, as suggested by the assassination attempt against Saddam's son Uday in December.

Saddam's propaganda machine has touted UN Resolution 986 as the beginning of the end of sanctions and as the first step toward a return to normalcy. If properly enforced, however, Resolution 986 will modestly benefit the average Iraqi without significantly improving the regime's crumbling infrastructure. Indeed, the regime's overselling of Saddam's acceptance of 986 may backfire as sanctions continue, and the modest nature of the gains for the Iraqi people under 986 become clear. Pessimism even at the center -- within Saddam's establishment -- is likely to resurface as Iraqis realize that sanctions remain intact, the economy remains crippled, and institutions like the Iraqi military continue to decline. We cannot rule out that Saddam's frustration with this situation will prompt him to threaten another military confrontation with the United States and its Coalition partners.

The Third Challenge: Transnational Issues

Let me address the third challenge -- those issues which cut across borders, with the potential of affecting our regional, and in many cases, our global interests.

Terrorism

Although recorded incidents of terrorism in 1996 were fewer than at any time since 1971, total deaths and injuries from terrorist attacks have increased during the period 1992-1996. Indeed, even as our counterterrorism efforts are improving, international groups are expanding their networks, improving their skills and sophistication, and working to stage more spectacular attacks.

International terrorist groups have developed large transnational infrastructures, which in some cases literally circle the globe. These networks may involve more than one like-minded group, with each group assisting the others. The terrorists use these infrastructures for a variety of purposes, including finance, recruitment, the shipment of arms and materiel, and the movement of operatives. With regard to finance, we have seen increasingly complicated channels for soliciting

and moving funds, including the use of seemingly legitimate charitable or other nongovernmental organizations as conduits for the money.

These globe-circling infrastructures can also be used by the terrorists to attack at times and places of their own choosing -- as demonstrated by the two bombings by Lebanese Hizballah against Israeli or Jewish targets in Buenos Aires in 1992 and 1994.

Modern international terrorists also exhibit a high degree of sophistication and expertise. We see this whenever a successful counterterrorist operation provides a glimpse into their operations, including how they communicate, conduct surveillance, and maintain operational security. We see the same level of sophistication in actual or attempted terrorist attacks.

State sponsorship of terrorism continues. I noted Iran's significant involvement earlier. Sudan also is continuing to support terrorism by providing a safehaven for a variety of Islamic extremist and opposition forces. We cannot rule out that Iraq, or surrogate groups, will aim for US or UN targets.

Proliferation of Weapons of Mass Destruction

Now let me turn to the issue of proliferation. Not too many years ago, the primary threat facing the United States was from a single country with its thousands of nuclear weapons on alert. Today we face a spectrum of threats from more than two dozen countries developing or acquiring the same kinds of devastating weapons we feared during the Cold War. Our concern is increasing as the ability of these countries to develop indigenous capabilities, including production technologies, continues to grow.

For years, our greatest concern has been the loss of control of nuclear weapons or materials that can be used in such weapons. In the past, there were two impediments to would-be proliferators: the technical know-how for building a bomb and the acquisition of the fissile material. Fissile material is the highly enriched uranium or plutonium whose atoms split apart in a chain reaction and create the energy of an atomic bomb.

Today, the major impediment to a nation committed to acquiring a nuclear capability is the acquisition of fissile material. It is by no means easy to make a nuclear weapon, but knowledge of weapons design is sufficiently widespread that trying to maintain a shroud of secrecy around this technical knowledge no longer offers adequate protection. Much has been written about our concerns about nuclear weapons and materials security in the countries of the Former Soviet Union.

Several US programs, such as the Nunn-Lugar program on Cooperative Threat Reduction, are designed to improve this security. But, Russia and the other states of the former Soviet Union are increasingly not the only potential sources

of nuclear weapons and materials. Weapons stockpiles are increasing in other countries, and materials reprocessed from power reactors are becoming more widespread.

Nuclear weapons are certainly not our only worry. Materials and technologies for other weapons of mass destruction are more accessible now than at any other time in history. About 20 countries, among them Iran, Libya, and Syria, have or are actively developing chemical and biological weapons.

Let's look at two examples. Despite the most intrusive inspection regime ever imposed against weapons of mass destruction programs, Iraq still has not properly accounted for all its program activities, according to the United Nations Special Commission. In the biological weapons area, Iraq declared that it produced a total of 11,000 liters of concentrated botulinum toxin and 8,500 liters of anthrax. At least some of this was weaponized in the form of 122-mm rockets, bombs, and warheads. While the Iraqis have said they were all destroyed after the Gulf war, they have not provided verifiable evidence of their destruction. Moreover, Iraq has the ability to restart these programs as soon as sanctions are lifted and the UN presence reduced.

Iran has an increasingly active chemical weapons program. Over the last year, it has sought the capability to produce not only the chemical agents themselves, but also the precursor chemicals, making it less vulnerable to export controls of its foreign suppliers.

In the last few years, the state-sponsored weapons of mass destruction programs are yielding some of our concern to the possibility of terrorist use. Terrorist interest in chemical and biological weapons is not surprising, given the relative ease with which some of these weapons can be produced in simple laboratories, the large number of casualties they can cause, and the residual disruption of infrastructure. We are increasingly seeing terrorist groups looking into the feasibility and effectiveness of chemical, biological, and radiological weapons. And as the Aum Shinrikyo terrorist incident in the Tokyo subway showed, no country is invulnerable to the possibility of massive, civilian casualties from terrorist use.

Drug Trafficking and International Organized Crime

Narcotics production is expanding, traffickers are developing new transshipment routes and methods, and trafficking networks are increasingly sophisticated in their operations. Narcotics production continues to meet rising worldwide demand for both cocaine and heroin: potential cocaine production in 1996 exceeded 700 metric tons, and potential production of illicit opium--the raw material for heroin--reached a record high for the second successive year, exceeding 4,200 metric tons.

Counternarcotics operations have dealt significant blows to some of the world's most notorious drug trafficking organizations, but the international narcotics trade remains a formidable threat. While top leaders of the Colombian Cali cartel are in prison, other Colombian traffickers -- as well as traffickers in Peru, Bolivia, and Mexico -- seek to increase their role. Mexican drug trafficking organizations, which also smuggle heroin and marijuana into the United States, are now becoming a major source of methamphetamine for the US market. The dismantling of the Burma-based Mong Tai Army in the last year has not significantly affected heroin flows from Southeast Asia.

Powerful drug traffickers manipulate the political and legal systems in many of the major narcotics-producing countries. Just as in many other countries, narcotics corruption and violence are of increasing concern to Mexican Government officials. In late 1996 the Mexican Congress passed a legal reform package to facilitate government efforts to combat crime and corruption.

While narcotics production and trafficking are expanding, so are money laundering, financial crime, alien smuggling, and criminal involvement in the gray arms trade, challenging governments and law enforcement authorities worldwide. Russian, Nigerian, Italian, and ethnic Chinese criminal networks, in particular, have become worldwide in scope and more sophisticated and multifaceted in their operations.

The multi-billion dollar scope of worldwide money laundering poses a significant threat to countries on both a micro- and macro-economic level. The tremendous wealth being legitimized by laundering allows criminal organizations to gain a large amount of economic power fairly quickly. Front companies-- legitimate businesses through which illicit profits are funneled-- are the predominant means of laundering funds used by almost all criminal groups. As drug trafficking and other criminal organizations invest more in these businesses, their toehold in the legitimate economy of a country grows, as does the economic, social, and political influence of the criminal kingpins.

Security of Information Systems

The tremendous growth in communications technology is shrinking distances and weakening barriers to the flow of information. This technology also presents us with an important transnational challenge -- protecting our information systems. Recognizing this problem, we are assessing which countries have such potential, including which appear to have instituted formal information warfare programs. To date the number is not large. This is small comfort, however. We believe that this problem will grow, given the potential lucrative market for criminal groups, and the potential for mischief on the part of foreign intelligence services or rogue groups such as terrorist organizations.

The Fourth Challenge: Regional Hotspots

Mr. Chairman, I'd like to briefly highlight four regional areas of concern: the Middle East, South Asia, Bosnia, and the Aegean.

Middle East Peace Process

The 15 January signing of the Hebron Protocol brings the parties back from the brink of violence and embeds Prime Minister Netanyahu's Likud government more deeply than ever before into the process begun by the previous Labor-led government. But we are still far from the final chapter in the peace process. Many of the most difficult, contentious, and time consuming issues lie ahead, including the status of Jerusalem and settlements. And Israel and Syria continue to haggle over terms to restart talks on the Golan Heights -- which also promises to be a long, difficult, and uncertain process.

The Hebron agreement has temporarily restored some confidence among the Arab states in the new Israeli government's approach to peace and relations with the Arab world. The new calm, though, will soon be tested again with Israel's expected withdrawals from more West Bank territory as extremists from both sides threaten to disrupt the process. Many Arab states put on hold plans to establish or deepen ties with Israel when violence broke out on the West Bank last September. Some may reconsider in the wake of the Hebron agreement, but most appear to be waiting for further progress.

South Asia

In South Asia, relations between India and Pakistan remain poor, and we see few signs that point toward a serious thaw. Although neither side wants war, the two rivals could stumble into it, most likely as a result of misperceptions of each others' intentions or military posture. Deterrence has worked for years; but it could break down in a crisis, and the time available to national leaders and external powers to defuse tensions would be limited.

Leaders in both Pakistan and India face daunting domestic and political challenges at the same time that they have to contend with foreign policy issues that require political strength. These include: nuclear testing, missile proliferation, negotiating global nonproliferation regimes, and working out differences over Kashmir.

Bosnia

Let me turn to the situation in Bosnia, and provide the committee both with a status report, and a look ahead over the next 18 months.

There have been a number of positive trends during the first year of Dayton implementation:

- The exchanges of territory envisioned under Dayton occurred without bloodshed.
- The former warring parties have significantly demobilized their forces and put their weapons in cantonment sites, thereby making it more difficult for them to resume fighting.
- The Iranian-Bosnian military relationship has been terminated and we judge that Bosnia is in compliance with the foreign forces provision of the Dayton Accords.
- Central institutions--albeit still in an early stage of development--were established following national elections.
- Economic reconstruction assistance has begun to flow in-- although still not at a level to make the peace process self-sustaining.

At the same time, however, relatively little progress has been made in implementing other provisions of Dayton which relate to freedom of movement and resettlement of refugees and displaced persons.

Looking out over the next 18 months, opportunities have improved for creating the conditions that would permit the withdrawal of SFOR without a resumption of conflict. In particular, the split between Milosevic and the Bosnian Serb leadership has removed -- for the time being -- the option of Republika Srpska's unification with Serbia. As a result, Bosnian Serb leaders will have an incentive to cooperate to a limited extent with Bosnian central authorities. If this cooperation can be sustained, the next 18 months provides an opportunity to build momentum on economic reconstruction and economic ties between the Srpska and Croatia and the Federation.

There are several challenges in the months ahead that could disrupt the reconciliation process, including reaction to the Brcko arbitration decision -- expected later this month -- and forced resettlement of refugees. Such tensions could complicate OSCE's current plan to conduct municipal elections in mid-July. Meanwhile, two new wildcards have come on the scene in the last few months-- instability in Serbia and the possibility of leadership change in Croatia.

The political turmoil in Serbia has had little impact in Bosnia. The same cannot be said of Kosovo, where the situation remains tense. Some fear that Milosevic might even provoke a crisis in Kosovo to distract attention from domestic problems.

The Aegean

We are concerned about the rising tensions between Greece and Turkey. Long-standing animosity, exacerbated by festering disputes over Cyprus and the Aegean, are fueling growing nationalist sentiments in both countries. Both states

have been more aggressive since January 1996 in challenging Aegean sea and air boundaries and disputing the sovereignty of selected islands. On Cyprus, Greek Cypriots have concluded deals to take delivery of more military equipment, including SA-10 surface-to-air missiles. Several events have the potential for provoking violence in the coming months, including delivery of these missiles and national military exercises by both sides on Cyprus that are scheduled for the fall.

In the current political environment of both countries, maneuvering room is limited and prospects for compromise dim. In Greece, Prime Minister Simitis must balance often competing views about the approach Athens should take to these tensions. As for Turkey, it is beset by a host of domestic and foreign challenges. At home its attention is focused on Kurdish separatism, structural economic problems, and a growing debate about the role of Islam in modern Turkey. To the south and East, Turkey sees rivalries, instabilities, and conflict. To the north, Turkey sees indifference -- if not hostility -- from Western Europe.

Fifth Challenge: Humanitarian Crises

During the past five years we have witnessed a growing phenomenon -- conflict within states has far outstripped conflict between them. The number of people requiring foreign humanitarian assistance remains three times the number in need during the early 1980s. Currently, more than 34 million people have been unable to return to their homes; more than 20 million are internally displaced and 14.5 million are refugees.

As a result, our attention is increasingly focused on, and our resources committed to such crises and their consequences: disruptions in the supply of food and clean water which threaten deaths from starvation and disease, refugee flows impacting on neighboring states, murderous ethnic and civil conflict, and even state disintegration. Because of our military capabilities, nations will turn to us to join, if not play a leading role, in transporting supplies and equipment, distributing needed material, protecting those displaced, and helping to re-establish a semblance of stability and order. Our intelligence capabilities will be needed to warn of impending conflicts, and to help our military forces cope with these crises as they unfold.

Sub-Saharan Africa is a special area of concern. The situation created by civil conflict in sub-Saharan Africa remains critical. In West Africa, 700,000 Liberians have taken refuge in neighboring countries (principally Guinea and Côte d'Ivoire) with 1.5 million internally displaced. Sierra Leone has generated 330,000 refugees, with 1.2 million internally displaced. While internal conditions in Sierra Leone have begun to improve, the possible revival of full-scale factional warfare in Liberia risks extending a human tragedy.

In the Great Lakes area, fighting continues between Hutu insurgents and the government within Burundi, which remains under sanctions by its neighbors. Although Rwanda has done a remarkable job of absorbing 700,000 returning refugees, communal tensions persist and may be aggravated by the genocide prosecutions now underway.

Stability of these smaller countries depends in good measure on the stabilization of the Eastern Zaire border areas -- now under Zairian rebel control -- and on their relations with Kinshasa and the rest of Zaire, where President Mobutu's uncertain health creates the specter of a destabilizing succession struggle.

Grappling with the New World

Mr. Chairman, as we try to array our resources against this expanding list of challenges, we will be working to close critical gaps on the highest priority intelligence targets. Success will mean greater security for US forces and better tools for US efforts to head off regional instability and manage relations with major powers.

At the same time, we are convinced in looking ahead that there will be no relief from the sort of crises that appear suddenly and do not fit the traditional mold. We also will be providing global coverage -- including a capacity to surge during crises -- and investing in longer-term programs that will deliver sound intelligence well into the 21st century

As the century draws to a close, we must be mindful of our duty to preserve and enhance the intelligence capabilities on which our Nation has come to rely.
