



Countering Transnational Threats

Terrorism, Narco-Trafficking,
and WMD Proliferation

Matthew Levitt and Michael Jacobson, Editors

Policy Focus #92 | February 2009

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Front cover: A government security guard protects a local farmer as he plows under fields of poppies in the Marjah District, thirty-five miles west of Lashkar Gah, Afghanistan, April 2002, after the government demanded the destruction of all poppies grown to produce opium. The burgeoning involvement of terrorist groups in drug trafficking is a growing concern for U.S. counterterrorism officials. (AP Photo/Adam Butler)

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Michael Braun

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Contributors

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Thomas Fingar served as the deputy director of national intelligence for analysis and chairman of the National Intelligence Council from May 2005 until his retirement in December 2008. Previously, Dr. Fingar was assistant secretary at the State Department’s Bureau of Intelligence and Research from July 2004 until May 2005. While at the State Department, he also served as principal deputy assistant secretary, deputy assistant secretary for analysis, director of the Office of Analysis for East Asia and the Pacific, and chief of the China division.

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Mario Mancuso served as the undersecretary of commerce for industry and security from May 2007—when he was confirmed unanimously by the U.S. Senate for this post—until January 2009. Previously, he was the deputy assistant secretary of defense for special operations and combating terrorism. Before entering government service in January 2005, Mr. Mancuso spent a decade in the private sector as an international corporate lawyer and business executive.

Michael Vickers was confirmed by the U.S. Senate as the assistant secretary of defense (special operations/low-intensity conflict and interdependent capabilities) on July 23, 2007. He is the senior civilian advisor to both the secretary and the deputy secretary of defense on the operational employment and future capabilities of special operations forces, strategic forces, and conventional forces. From 1973 to 1986, Mr. Vickers served as an army special forces noncommissioned officer, special forces officer, and CIA operations officer. During the mid-1980s, Mr. Vickers was the principal strategist for the largest covert-action program in the CIA's history: the paramilitary operation that drove the Soviet army out of Afghanistan.

Kenneth Wainstein* was appointed homeland security advisor by former president George W. Bush on March 30, 2008, and served in this position until January 2009. Mr. Wainstein chaired the Homeland Security Council and reported to the president on a range of security and counterterrorism matters. He served previously as the Justice Department's assistant attorney general for national security and oversaw the establishment of the National Security Division, the first new division at the Justice Department in nearly fifty years. From May 2004 until September 2006, Mr. Wainstein served as U.S. attorney for the District of Columbia.

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Organizing and publishing the content produced at these events is an exhaustive process, and we are especially grateful to the Institute's research and publications staffs for their deft assistance throughout. The lecture series would not have been possible without their support. We also owe sincere thanks to Washington Institute research assistants Becca Wasser, Larisa Baste, and Sana Mahmood for their help in compiling and analyzing the various lectures.

And last, but certainly not least, this volume would not have been possible without the contributions of the experts quoted herein. Their varied perspectives on these evolving transnational threats are integral to a unified front.

Matthew Levitt
Michael Jacobson
February 2009

Introduction

Matthew Levitt and Michael Jacobson

DECEMBER 2007 MARKED THE LAUNCH of a lecture series by senior U.S. government counterterrorism officials, sponsored by The Washington Institute's Stein Program on Counterterrorism and Intelligence. *Terrorist Threat and U.S. Response: A Changing Landscape* (Policy Focus 89), published in September 2008, featured analysis of the first seven lectures in the series, including National Counterterrorism Center director Michael Leiter, Deputy National Security Advisor Juan Zarate, and Department of Homeland Security undersecretary Charlie Allen.

This second volume, *Countering Transnational Threats: Terrorism, Narcotrafficking, and WMD Proliferation*, features the next six participants in this unique series: Homeland Security Advisor Kenneth Wainstein; Drug Enforcement Administration Assistant Administrator Michael Braun; National Intelligence Officer Ted Gistaro; Commerce Undersecretary Mario Mancuso; Chairman of the National Intelligence Council Thomas Fingar; and Department of Defense Assistant Secretary Michael Vickers.

This Policy Focus, like the first volume, should provide valuable insights for the Obama administration regarding the nature of the transnational threats it has inherited. The lectures cover a wide range of counterterrorism-related topics, including the threat posed by weapons of mass destruction (WMD), the growing nexus between drugs and terrorism, the current state of al-Qaeda, and the nature of the threats that the United States will likely face by the year 2025. With speakers drawn from the law enforcement, intelligence, and military communities, this series provides a window into the variety perspectives on these issues.

The lecture series will continue into 2009, providing senior-level officials from the Obama administration an opportunity to comment on the challenges facing the United States and to share their thoughts on the future of U.S. counterterrorism strategy.

State of the Terrorist Threat

The current state of the terrorist threat facing the United States has been one of the topics covered extensively throughout the lecture series. Although the United States has made tangible progress in combating terrorism during the past eight years, the threat posed by global jihadist terrorists remains serious.



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Looking ahead to 2025, Fingar projected that al-Qaeda's appeal would continue to diminish.

Ted Gistaro and Michael Vickers both observed how effectively al-Qaeda has been able to recover from serious blows inflicted by the United States and its allies. Gistaro noted that in 2008, despite the deaths of key al-Qaeda figures, the group still managed to gain strength and improve its capability to attack the United States. The group did so by deepening its alliances with militants in the tribal areas of Pakistan, replenishing its cadre of midlevel lieutenants, developing detailed succession plans, and identifying and training Western operatives. Vickers remarked that al-Qaeda had “demonstrated an ability to regenerate” and that the tribal areas in Pakistan remained the most serious strategic threat to the United States. In Vickers’s view, al-Qaeda has not only managed to reconstitute itself, it has also helped invigorate and strengthen the Pakistani militant groups with which it has aligned.

The threat to the United States, however, emanates not just from Afghanistan and Pakistan, but from a total of more than sixty countries, explained Vickers. Gistaro pointed to al-Qaeda in the Islamic Maghreb (AQIM) as an example of the expanding threat, with this North-Africa-based group having turned its focus to Western targets in the wake of its 2006 merger with al-Qaeda. Other areas of concern for the United States are Yemen, which Gistaro called a “jihadist battleground and potential base of operations,” and East Africa, where a number of al-Qaeda fugitives remain at large.

The global counterterrorism effort has also seen areas of success. Vickers observed that al-Qaeda in Iraq (AQI) is “only a whisper of what it used to be,” and al-Qaeda’s Saudi branch has been largely defeated. Southeast Asia—known in counterterrorism circles as the “terrorist transit triangle”—is another region where great progress had been made, with Jemaah Islamiyah and the Abu Sayyaf groups severely undermined by international efforts.

Al-Qaeda has also had to contend with the growing number of voices rising to challenge the organization—taking issue with its violent tactics, especially when directed against fellow Muslims. Perhaps most important, these critics have included a number of al-Qaeda’s foremost supporters and other extremists. Al-Qaeda’s leaders have felt the pressure and, as Gistaro noted, had to spend half of their airtime in 2007 responding to such criticisms—certainly an indication that they are, at the very least, somewhat unsettled by them.

Looking ahead toward 2025, Thomas Fingar projected that al-Qaeda’s appeal would continue to diminish. While terrorism will remain a problem in the Middle East—as an “instrument of the weak against the strong”—al-Qaeda’s decline will continue as its ideology grows less popular. Al-Qaeda’s vision, according to Fingar, “doesn’t have a great deal of resonance” in the region, and its program has little appeal. On the other hand, groups such as Hizballah, Hamas, and Palestinian Islamic Jihad are more likely to remain strong.

WMD Terrorism

While the long-term prospects for terrorist groups like al-Qaeda may not be promising, these groups still pose an immediate conventional threat today and remain intent on acquiring weapons of mass destruction. Vickers pointed to this combination, the “nexus between terrorism and weapons of mass destruction” as the “most dangerous threat” that exists.

This potential combination is so deadly, Wainstein noted, because, as the September 11 attacks illustrated, al-Qaeda possesses a “single-minded fanaticism” and is focused on carrying out mass destruction on as wide a scale as possible. The United States has also discovered, since September 11, numerous indications that al-Qaeda is intent on developing WMD capability, including weaponizing anthrax. Furthermore, in global jihadist extremists the United States and its allies face an adversary that, unlike the Soviets during the Cold War, is not easily deterred from carrying out attacks that cause mass destruction, if deterred at all.

Dell Dailey, the first speaker in the counterterrorism lecture series (his talk is included in the first volume), recently offered the assessment that al-Qaeda has been badly hurt of late, commenting that the “international community has really beaten them into a hold” and that “their ability to reach us is nonexistent.” Still, even Dailey acknowledged that the possibility of a WMD attack makes any analysis of al-Qaeda’s capabilities more complicated. Dailey noted the “slight but lingering” possibility that al-Qaeda could pull off a WMD attack, citing the group’s intent “to come after the U.S. all ways it possibly can, to include WMD.”¹

Wainstein outlined the multifaceted U.S. efforts to prevent terrorist groups from obtaining WMD, including the establishment of new entities to focus on these issues, such as the National Counterproliferation Center and the FBI’s new WMD directorate. The United States has also built stronger international ties and partnerships on these issues. One example Wainstein cited is the Bratislava Initiative, through which the United States has worked closely with Russia to ensure that weapons of the former Soviet Union are accounted for and adequately safeguarded.

The most pressing and immediate challenge on the WMD front, however, from Mario Mancuso’s perspective, is keeping nuclear weapons out of the hands of Iran. If Iran develops nuclear weapons, the repercussions will be felt not only in terms of proliferation but in the terrorism arena as well. As Mancuso remarked, “While Iran’s inward proliferation activities are deeply disturbing, there remains the broader concern that Iran itself will become a primary source for outward proliferation. This is not mere conjecture—Iran is already one of the primary suppliers of conventional weapons in the region, including to known terrorist groups.”

Achieving success on the counterproliferation front against Iran is easier said than done. As Mancuso explained, one of the challenges is that many seemingly innocuous dual-use items—commercial items that also have military applications—could play an important role in a covert nuclear program. Mancuso displayed a triggered spark gap as an example, noting its size as only a “bit larger than a simple thread spool.” The spark gap has two notable uses: as a medical device to destroy kidney stones, and—startlingly—as a detonator for nuclear weapons. Keeping technology like this out of Iran’s hands is an uphill struggle.

While senior U.S. officials are clearly focused on the high-end WMD terrorism threat, they are no less concerned about the threat of low-end,

Many seemingly innocuous dual-use items could play an important role in a covert nuclear program.

1. Randall Mikkelsen, “Bin Laden Thwarted in Terrorism Goals: Official,” Reuters, January 6, 2009. Available online (<http://uk.reuters.com/article/usPoliticsNews/idUKTRE50562K20090106>).

Nineteen of the forty-three designated FTOs are definitively linked to the global drug trade.

Mumbai-style attacks in the United States. In fact, since this type of attack is much easier for terrorists to pull off, it poses a far more realistic danger. As Wainstein stated, “You could envision that happening in any American city,” adding that the U.S. government has been working with the hotel industry to prepare against the possibility of such an attack in the United States. Needless to say, this remains something that the United States is “very worried about.”

Terrorism and Crime

Beyond the WMD threat, the growing links between terrorist groups and the criminal world are rendering such groups not only more complicated, but more dangerous. The ties between terrorist groups and the illicit drug industry are particularly strong. Michael Braun noted that nineteen of the forty-three designated Foreign Terrorist Organizations (FTOs) are linked definitively to the global drug trade, and up to 60 percent of terror organizations are suspected of being connected in some fashion with the illegal narcotics trade.²

As FTOs become more heavily involved in the drug trade, the DEA and others have begun to identify such terrorist groups as “hybrid organizations.” As Braun stated, “The Taliban and FARC are two perfect examples, and they are, in essence, the face of twenty-first-century organized crime—and they are meaner and uglier than anything law enforcement or militaries have ever faced. They represent the most significant security challenge facing governments around the world.”³

Considering the massive profit potential, Braun explained, it should come as no surprise that terrorist groups are attracted to the drug trade. The United Nations estimates that the international drug trade generates \$322 billion per year in revenue, making drugs by far the most lucrative illicit activity.⁴ Revenues from other types of illicit transnational activity, such as arms trafficking and alien smuggling, are small by comparison. Drugs provide many different avenues of revenue, including the taxing of farmers and local cartels, high-cost provision of security, and production and distribution of the drugs themselves.

According to Braun, in the Tri-Border Area in Latin America, it is possible to make a profit of \$1 million from the sale of fourteen or fifteen kilos of drugs, an amount transportable in a single suitcase. In addition, packages of this size do not necessarily attract the notice of an agency like the DEA, which routinely intercepts much larger shipments. Hamas and Hizballah, in particular, are heavily involved in the drug trade in the Tri-Border Area. In Afghanistan, a ledger seized during a raid showed ten months of transactions that yielded \$169 million from the sale of eighty-one tons of heroin.

While the ties between terrorism and drugs are particularly strong, terrorists are increasingly resorting to all types of criminal activity to fund their

2. Michael Braun, “Drug Trafficking and Middle Eastern Terrorist Groups: A Growing Nexus?” (lecture presented at The Washington Institute for Near East Policy, Washington, D.C., July 18, 2008).

3. Ibid.

4. Ibid.

operations, ranging from cigarette smuggling to theft to selling counterfeit products. As a UN official noted, the type of criminal activity that terrorist organizations choose to get involved in depends very much on local circumstances.⁵ The evolving nature of the terrorist threat—its centers of power and funding source—also helps explain groups' growing involvement in criminal activity. The funding for the East Africa embassy bombings in 1998 and, in 2001, the September 11 attacks came from al-Qaeda itself, from its base in Afghanistan. Even in the period after September 11, al-Qaeda continued to provide the money for operations, including \$20,000 for the 2002 Bali bombings.⁶ While today al-Qaeda's core is somewhat resurgent, it is not funding operations as it did in the past. The budding local terrorist cells are increasingly self-funded through the proceeds of criminal activity, use of personal funds, or government welfare benefits. Some of these cells have connections to al-Qaeda senior leadership but are independently and locally funded; others operate on their own in "leaderless" communities, with only virtual connections to al-Qaeda.

The case of the July 7, 2005, London subway bombers offers a perfect example of a locally funded cell. British authorities concluded that the attacks—estimated to have cost less than £8,000—were self-financed. Investigators found "no evidence of external sources of income" and stressed that the group raised the necessary funds "by methods that would be very difficult to identify as related to terrorism or other serious criminality." One cell member provided the majority of the funds, defaulting on a £10,000 personal loan and overdrawing on his multiple bank accounts.⁷ In contrast, Dhiren Barot, a terrorist operative eventually sentenced to thirty years in prison on charges of conspiracy to murder, reached out to senior al-Qaeda leaders abroad seeking some £60,000 for a bombing plot he concocted that involved limousines packed with explosives.⁸

In some cases, acts of petty crime such as welfare fraud raise limited amounts of money for small operations. In others, brazen crimes raise significant sums. In France, one cell netted about £1 million when a cell member whose job was to restock ATMs perpetrated robberies on several machines. In another case in France, a cell blew a hole in the wall of a cash distribution center and—had the hole not been too small to enter—would have walked away with £4 million.⁹ Both the U.S. State Department and NATO have highlighted the criminal activities of the Kurdistan Workers Party (PKK), particularly in Europe. According to a 2007 Europol report, "Two PKK members were arrested in France in 2006 for money laundering aimed at financing terrorism. At the end of 2005, three members of the PKK were arrested in Belgium and another one in Germany suspected of financing the PKK. In Belgium, the authorities seized receipt booklets indicating that the arrested suspects were collecting 'tax' from their fellow countrymen."¹⁰

While today al-Qaeda's core is somewhat resurgent, it is not funding operations as it did in the past.

5. U.N. official, interview by author, New York City, May 22, 2008.

6. 9/11 Commission Staff Monograph, July 2004.

7. Financial Action Task Force, *Terrorist Financing*, February 29, 2008. Available online (<http://www.fatf-gafi.org/dataoecd/28/43/40285899.pdf>), p. 14.

8. British counterterrorism official, interview by author, March 6, 2008.

9. French intelligence officials, interview by author, March 25, 2008.

10. Abdulkadir Onay, "PKK Criminal Networks and Fronts in Europe," PolicyWatch #1344 (Washington Institute for Near East Policy, February 21, 2008). Available online (<http://www.washingtoninstitute.org/templateC05.php?CID=2720>).

Although terrorists do not appear to have the capability to carry out a WMD attack today, they remain committed to that ideal.

Conclusion

As the Obama administration's counterterrorism team assesses the terrorist threat today, it will find that much work remains to be done, notwithstanding progress over the past eight years. Global jihadist terrorists remain intent on carrying out acts of spectacular violence targeting the United States and its allies, including attacks using weapons of mass destruction. And although terrorists do not appear to have the capability to carry out a WMD attack today, they remain committed to that ideal. In the meantime, al-Qaeda senior leadership is plotting attacks from the safe haven of tribal areas along the border of Pakistan and Afghanistan while franchise groups and like-minded followers plot attacks of their own—sometimes independently and sometimes in collaboration with al Qaeda planners. Facilitation of terrorist planning is a growing nexus between terrorism and crime, through which terrorists not only gain access to significant sums of money but also develop cooperative relationships of convenience with violent criminal networks.

As the first volume of this lecture series stressed, the terrorist threat continues to evolve. Identifying and keeping pace with changes is critically important for a successful counterterrorism campaign. To that end, the insights of the senior counterterrorism officials who participated in this series are timely indeed.

Tackling the Terrorist Threat: Progress Made and Future Challenges

Kenneth Wainstein

JANUARY 7, 2009
PREPARED REMARKS

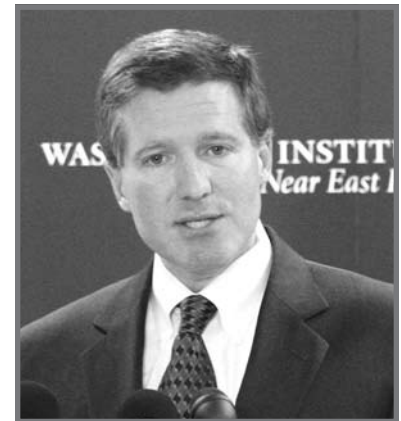
I APPRECIATE THE WASHINGTON INSTITUTE—especially the Stein Program on Counterterrorism and Intelligence—for focusing its attention on the challenges of counterterrorism and for inviting me to contribute to this lecture series on those challenges. Having reviewed the list of prior speakers in your lecture series, it’s also an honor to be counted among their company.

As you heard, as homeland security advisor, I have responsibility for advice and policy coordination regarding all facets of the terrorism threat. Today I will focus on one aspect of this threat in particular: the risk that terrorist organizations could acquire weapons of mass destruction—or WMD—and use them against us, our homeland, or our allies.

Our discussion today is very timely. In less than two weeks, Barack Obama will take the oath as the forty-fourth president of the United States, and he and his colleagues will assume responsibility for protecting America from this threat. I can assure you that throughout this transition period my colleagues and I are working closely with our counterparts in the new administration to ensure that they are fully equipped to carry out that responsibility starting on January 20, 2009.

Our discussion is also timely because last month, the Commission on the Prevention of Weapons of Mass Destruction Proliferation and Terrorism (WMD Commission) issued their thoughtful and comprehensive report on many of the WMD programs I will discuss today. The commission recognized the gravity of the threat posed by weapons of mass destruction—and, in particular, biological and nuclear weapons; it noted the progress the administration has made in addressing the threat; and it offered a series of important recommendations to the incoming administration. The commission did the nation an important service by carefully analyzing this issue and providing a roadmap for enhancing our ability to confront what amounts to the gravest and most immediate threat facing our nation.

So, for these reasons, today is a good opportunity to step back, look at how this threat evolved, assess the defenses we have erected against this threat, and reflect on the challenges the international community will continue to face in the years to come.



■ *Kenneth Wainstein, Homeland Security Advisor*

The Threat: Imagining the Unimaginable

During the Cold War, terrorism and WMD proliferation were seen as two serious—but separate—problems. In that era, the threat of mass destruction came not from terrorists and terrorist groups, but from nation-state adversaries whose destructive ambitions could be curbed and deterred by the prospect of mutually assured destruction.

But that all changed after September 11, 2001. Those attacks highlighted the single-minded fanaticism of our adversaries, their focus on mass destruction, and their immunity from the traditional deterrence strategies that had served us well against our Cold War adversaries. We realized that a catastrophic attack was no longer solely the province of a nation-state, and that it was only a matter of time before we faced the prospect of a WMD attack from al-Qaeda or another terrorist group.

That reality was made clear when we went into Afghanistan and learned that al-Qaeda had been developing a program to cultivate and weaponize anthrax that could be used to kill by the hundreds or thousands.

And it has been made even more clear with events in the years since:

- In the fall of 2001, we suffered an attack with anthrax-laced letters that killed five, sickened seventeen others, and caused somewhere in the range of \$6 billion in damage to our economy.
- In December 2001, we and the United Nations designated as a supporter of terrorism a group of Pakistani scientists and former government officials—known as the UTN—who had worked with the Taliban and had previously discussed nuclear, chemical, and biological weapons with Osama bin Laden.
- In 2002, we discovered an al-Qaeda laboratory in Afghanistan that was built to produce anthrax.
- In 2003, Georgian authorities seized highly enriched uranium from a smuggler who was trying to cross the Georgian border into Armenia.
- In 2004, we and our partners undertook a concerted international effort to dismantle the A.Q. Khan network, which was, to use the words of the WMD Commission, “a one-stop shop for aspiring nuclear weapons countries.”
- And in 2006, Georgian authorities again seized sensitive nuclear materials that were being smuggled across their border.

The reality of this threat has forced us to imagine the unimaginable. It has forced us to consider the prospect that terrorist groups who are not deterred by the prospect of punishment or retaliation could unleash destruction of a type we had previously associated only with our Cold War adversaries. And it has therefore forced us to expand our WMD prevention strategy from nation-state deterrence to a broader effort to deny terrorists the expertise, the components, the wherewithal, and the operational stability that they need to carry out a WMD attack.

We have sought to meet that challenge by transforming our operations in two overarching ways.

The September 11 attacks highlighted our adversaries’ immunity from traditional deterrence strategies.

Counterterrorism Transformation

First, we have overhauled our overall counterterrorism program to enhance our ability to prevent terrorism of any type, no matter whether it entails weapons of mass destruction or otherwise. The architecture, organization, and operations of our counterterrorism program have changed dramatically since the attacks of 2001.

- We have stood up a number of new departments and agencies with counterterrorism capabilities, including the Department of Homeland Security, the Office of the Director of National Intelligence, the National Counterterrorism Center, NORTHCOM, and the White House organization I lead, the Homeland Security Council.
- We have strengthened the counterterrorism capabilities of existing institutions—enhancing the intelligence capacity of the FBI, developing a stronger and better-resourced human intelligence capacity at the CIA, and creating a new division devoted to attacking terrorist and proliferation financing at the Treasury Department.
- And we have worked with Congress to develop new statutory and regulatory authorities that equip our professionals to meet the asymmetrical terrorist threat we face today. These authorities include statutes like the Patriot Act and its reauthorization, which lowered the wall that had separated our intelligence and law enforcement operations and otherwise strengthened our hand against today’s terrorists, and the revised Foreign Intelligence Surveillance Act, which modernized our surveillance laws so that we can effectively monitor terrorists using today’s communication technologies. They also include regulations like the new Attorney General Guidelines, which allow the FBI to blend and use both intelligence authorities and traditional law enforcement investigative tools in their effort to investigate and disrupt terrorist plots, and the new Executive Order 12333, which was recently revised to reflect the new structures in our intelligence community and to give our intelligence agencies clear guidance about their roles and responsibilities in the effort both to protect our nation and to protect our rule of law.

The architecture, organization, and operations of our CT program have changed dramatically since the 2001 attacks.

The WMD-Terrorism Strategy

In addition to these macro changes to our counterterrorism program, we have developed and pursued a strategy specifically tailored to the WMD threat. This strategy is based on the premise that all elements of national power must be focused on the effort to undermine the terrorist capability to use WMD. To that end, this strategy prescribes six different operational objectives—or what we call “pillars”—that drive the formulation of our approach to WMD terrorism. Those pillars are:

- to use our intelligence assets and operations effectively to learn the enemy’s thinking and plans for the use of WMD;
- to stop terrorists from getting access to WMD-related materials, expertise, and other enabling technologies;

A number of international initiatives and multilateral coalitions greatly enhance our global collective ability to combat WMD terrorism.

- to strengthen deterrence by making clear the consequences of any WMD attack;
- to detect the movement of WMD-related materials, weapons, and personnel and to disrupt specific terrorist plots as they unfold;
- to respond and recover effectively if we are, in fact, attacked; and finally
- to have the capacity to identify the perpetrator of any WMD attack, so that we can develop our strategic response quickly and effectively.

These are straightforward objectives, but we have long recognized that we can accomplish them only if we work cooperatively with all parties to this effort. And that cooperative approach is evident in our operations both domestically and overseas.

On the domestic front, we have devised new governmental structures that are designed specifically to ensure cooperation and the sharing of information among all of the relevant agencies.

- For instance, we established the National Counterproliferation Center, with the charge to coordinate strategic planning for intelligence regarding WMD proliferators, to identify critical gaps in collection and analysis, and to develop solutions to fix those shortfalls.
- The FBI established a new WMD directorate to consolidate and leverage the bureau's WMD and counterproliferation initiatives and resources.
- And at the White House, we created a joint policy coordination committee to harmonize the counterterrorism and counterproliferation policy agendas and to focus them on the implementation of the president's WMD-terrorism strategy across the government.

We have also worked hard to develop cooperative efforts across borders with our foreign partners. Thanks to dedicated and effective diplomacy by President Bush and others, we and our allies are now jointly involved in a number of international initiatives and multilateral coalitions that greatly enhance our global collective ability to combat WMD terrorism. Thanks to these diplomatic efforts—and the willing cooperation of so many of our foreign allies and friends—America now has more partners, in more regions of the world, who are doing more to help keep our people safe from WMD terrorism.

These efforts at home and abroad have allowed us to make tremendous progress in the effort against weapons of mass destruction and particularly in regard to the two types that pose the most immediate threat of catastrophic harm to the United States: nuclear and biological.

The Nuclear Threat

On the nuclear front, we have made strides all along the preventive continuum—preventing nascent plots by denying terrorists access to nuclear materials in the first place, to detecting and disrupting terrorist operations once they are in train. The effort to deny terrorists access to nuclear expertise and materials has truly been a group effort over the years, based on the cooperative efforts of many international partners.

One such partnership is the Bratislava Initiative. Through this initiative, the departments of Defense and Energy have worked closely with Russia and a number of other countries, including former Soviet states, to improve their security and accounting of nuclear materials—an effort that has entailed, for example, the installation of security fences and high-technology sensors at nearly 150 sites that store nuclear weapons and fissile material.

In another cooperative effort, we have worked with Russia to reduce the legacy nuclear stockpiles of the Cold War, by downblending more than 350 metric tons of highly enriched uranium from Russian nuclear weapons. This material, which could have created about 14,000 nuclear warheads, is instead being used as reactor fuel that helps to generate around 10 percent of the electricity we use here in the United States.

Another cooperative effort is the Global Initiative to Combat Nuclear Terrorism that we launched with the Russians in 2006—an initiative that builds the operational capacity to improve security and disrupt nuclear smuggling, the legal capacity to prosecute cases involving nuclear threats and materials, and the response and recovery capacity to mitigate the consequences of an actual attack. Today, seventy-five nations are partners in this initiative.

In addition to our efforts to secure and keep nuclear materials from the terrorists, we have developed a stronger capacity to detect and intercept such materials if and when terrorists succeed in procuring them.

In 2005, we established the Domestic Nuclear Detection Office within the Department of Homeland Security to develop and coordinate a global nuclear detection architecture to identify and act on illicit attempts to store, develop, or transport nuclear or radiological material for use against the homeland.

In addition, through innovative programs such as the Container Security Initiative and the Megaports program, we and our partners are installing radiation detection equipment around the world that is helping to detect and interdict dangerous nuclear materials as they are in transit. Thanks to the use of such equipment both here and abroad, 98 percent of all incoming seaborne containerized cargo is being scanned for radiological material, 100 percent of the container traffic entering the United States on the southern border is being scanned; and 95 percent of the container traffic entering the United States on the northern border is being scanned.

Moreover, we have increased our capabilities and resources devoted to the mission of locating, diagnosing, and disabling a WMD device in the event that one makes its way into the United States. This mission was originally assigned to the Department of Defense. Over the past three years, the FBI has assumed responsibility for this vital mission. The bureau continues to increase and refine these capabilities—by, for example, training and improving its response time to a suspected WMD device—while the Defense Department stands ready to provide support if and where needed.

The Biological Threat

Much work has also been done to prevent terrorists from striking us with a biological weapon of mass destruction—a deadly bacterium like anthrax, a virus

We have increased our capabilities and resources devoted to locating, diagnosing, and disabling a WMD device that makes its way into the United States.

Beyond working to secure dangerous pathogens, we have improved our ability to mitigate the effects of a biological attack.

like smallpox, or a toxin like ricin that could kill thousands of Americans if prepared and disseminated correctly.

Like our work in the nuclear arena, our efforts on the biological threat begin with cooperation with Russia and with the states of the former Soviet Union. Through a number of cooperative efforts, we are working together to eliminate the biowarfare infrastructure that developed during the Cold War, to consolidate and secure dangerous biological materials, to enhance biosafety and biosecurity, to redirect former Soviet biological weapons scientists to peaceful employment, and to reconfigure former bioweapons facilities for the development of drugs and vaccines.

These efforts extend far beyond the former Soviet Union to developing nations in every continent—particularly to nations that face significant risks from transnational terrorist groups or that have poorly secured biological laboratories.

These efforts to secure dangerous pathogens also extend here to the United States, where there has been a well-deserved focus placed on laboratory security since last summer, when the FBI identified the 2001 anthrax killer as Dr. Bruce Ivins, a government biodefense scientist who worked at the U.S. Army biodefense research laboratory at Fort Detrick, Maryland. That incident prompted an exhaustive Department of Defense review and upgrade of its security and personnel assurance practices.

It has also led to a more comprehensive effort to review and enhance the security measures at laboratories that handle dangerous biological agents and toxins. In fact, as we end our final weeks in office, we continue our work in this field. We are establishing an interagency working group of government experts in the scientific and security community to make recommendations to the next president in the coming months to further enhance security in our nation's biological laboratories.

Beyond working to secure dangerous pathogens, we have improved our ability to mitigate the effects of a biological attack.

- We have launched a program to improve early detection of biological attacks, with the installation of a state-of-the-art air monitoring system in thirty U.S. cities that can detect the release of biological agents.
- We have taken steps to develop and ensure ample supplies of countermeasures in the event of an attack. We now have enough smallpox vaccine to inoculate every American, and we have greatly expanded our inventories of other vaccines and medical countermeasures we would use in case of a bioterrorist attack or pandemic.
- We have increased biodefense research and development at the National Institutes of Health from \$53 million in 2001 to more than \$1.6 billion today.
- And we launched Project BioShield—an effort to speed the development of new vaccines and treatments against biological agents that could be used in a terrorist attack.

WMD Deterrence

On a broader level, beyond the defenses we have built against the nuclear and biological threat, we have also made progress in reshaping how we and our allies deter persons, networks, states, and organizations from engaging in any conduct that contributes to the terrorist use of weapons of mass destruction.

While it is difficult to deter today's terrorists with the traditional notion of punishment or retribution, there are other means of achieving deterrence. For instance, we know that al-Qaeda and terrorist leadership and operatives actually care about the perceived theological, moral, and political legitimacy of their actions, especially within Muslim communities. This is why encouraging debate, especially among credible voices, about the legitimacy of using weapons of mass destruction is important and can affect the intentions and planning of terrorists.

We also know that deterrent measures can gain purchase against states, organizations, or facilitators who may assist terrorists in their efforts to acquire or use WMD—measures such as the designation of proliferation facilitators or financiers under Executive Order 13382, which was issued in 2005. This tool allows the secretaries of treasury or state to freeze the assets and block the transactions of the designated individuals or entities, resulting in their isolation from the worlds of legitimate commerce and finance.

A strong deterrence also involves constantly reinforcing the declaratory policy that was first enunciated early last year by National Security Advisor Steve Hadley—which is the statement of principle that we reserve the right to respond with overwhelming force to the use of weapons of mass destruction against the United States, our people, our forces, and our friends and allies; and that we will hold any state, terrorist group, or other nonstate actor fully accountable for supporting or enabling terrorist efforts to obtain or use weapons of mass destruction—whether by facilitating, financing, or providing expertise or safe haven for such efforts.

While no deterrence strategy is foolproof when dealing with modern terrorists, these measures have an impact, and I recommend that they be maintained and strengthened in the future.

Conclusion

In sum, it is clear that our nation has made considerable progress in combating the threat of WMD terrorism. Absent the president's commitment to this mission, his ability to imagine the unimaginable of WMD terrorism, and the work of the last eight years, the report from the WMD Commission might have been much starker and the world of today might look much different.

- There would be no comprehensive strategy to meet the threat of WMD terrorism, along with the corresponding investments in institutions, defenses, countermeasures, and implementing policies.
- There would be no international consensus with multilateral coalitions addressing the WMD threat through cooperation and vigorous enforcement.

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- And absent these efforts, Libya would still be developing its WMD programs and the A.Q. Khan network would still be sharing the world's most dangerous secrets and equipment with rogue actors.

We appreciate the WMD Commission for recognizing these efforts and the strategy with which this administration has confronted the WMD terrorism threat. We also appreciate its assessment that much more work needs to be done—and that we must continue to build our defenses and adapt our strategy to meet the evolving threat posed by terrorist groups and their WMD ambitions.

We urge the next administration to follow the lead set by this administration and by the WMD Commission. They are inheriting a comprehensive WMD strategy, one that is being implemented by strong counterterrorism institutions, far-reaching initiatives, and cooperative international relationships. This is a firm foundation, and I look forward to seeing it develop into an increasingly formidable bulwark that will continue to protect our country and our people from catastrophic attacks of the type that truly are unimaginable.

The Future of the Middle East

Thomas Fingar

NOVEMBER 18, 2008
RAPPORTEUR'S SUMMARY

THE “GLOBAL TRENDS: 2025” REPORT is not a prediction, but a stimulus for strategic thinking—a collection of possibilities and their contributing and mitigating factors that aims to provide ideas and encourage new thinking and analysis. In producing the report, our team asked hundreds of experts worldwide a series of questions relating to their vision of the future. Although the report was deliberately timed with the change in administration, its intended audience is not just U.S. officials, but the world at large. If current trends continue, today’s unipolar world will almost certainly become multipolar and therefore less stable. The world of 2025 might be characterized as “incompletely transformed”; it will be different from today’s world, but exactly how remains in doubt. Since the nature of the world in 2025 depends largely on the planning and decisionmaking of today’s leadership, the trends and projections set forth in the report are not irreversible.

The Middle East, from the Maghreb to central Asia, will be at the center of an arc of instability. The multiplicity of challenges may be the region’s defining characteristic, since almost every problem that could face a political leader will be found in the Middle East, and most likely at a high degree of severity and intensity. The ability to cope with problems will be complicated by their interaction, by the need to address many simultaneously, and because action taken on one will most likely affect the resolution of the remainder.

Demographically, 97 percent of the projected 1.4 billion additional people in 2025 will come from sub-Saharan Africa, the Middle East, Central Asia, and Central America. This youth bulge—complicated by the natural propensity of youth to question authority and with views shaped by the global communications revolution—will create increasing challenges, especially in the Middle East. The region’s new population, however, will at least create the possibility of a workforce that can help move the Middle East away from its heavy dependence on fossil fuel commodities.

Nonetheless, the large populations of China, India, and Brazil will require tremendous amounts of energy, promising to keep the demand for and price of oil and gas high for a long time. As such, money will continue to pour into the Middle East, providing regimes the cushion and capacity to buy off demands for fundamental change. Of course, the level of demand could be marginally



■ *Thomas Fingar, Chairman,
National Security Council*

One must consider the rising influence of alternative models of governance on the international landscape.

reduced if the world is more serious than it was in the 1970s about finding energy alternatives, and if those alternatives can be fully realized and put in place by 2025.

Regardless of the price of hydrocarbons, the transfer of wealth from West to East will continue, with the oil- and gas-rich countries—not just in the Middle East, but in Russia, Nigeria, and Venezuela—accruing large amounts of money. While historically much of this wealth flowed into the United States and Western Europe, there may be a pull in the future to invest these funds in the Gulf or the broader Middle East to ward off instability. However, if the region does not look favorable for investment from an economic perspective, the relative standing of the Middle East vis-à-vis the world will be affected.

Climate-change projections indicate that water shortages and the high cost of food could be significant issues by 2025. Portions of the Middle East are clearly among the areas most vulnerable to water shortages, and competition for water, agricultural land, and other scarce resources could add severe strains to the international system. If water is a problem today, it will be a bigger problem by 2025.

Another important factor is nuclear development. One way or another, today's issues surrounding the Iranian nuclear program will be resolved by 2025, whether by a control regime, collaboration, and cooperation, or through a nuclear arms race that potentially involves outside powers. The issues surrounding the use of civilian nuclear technology—facilities safeguards, desalination capabilities, and energy alternatives—will also play an important role in the region's trajectory.

Terrorism is likely to persist in the region, in part as an instrument of the weak against the strong. If regional governments resist change and do not accommodate their youthful populations' expectations, the Middle East will be ripe for terrorist recruitment and activity. In contrast, projections assume a continued decline in the resonance of al-Qaeda-type ideologies through 2025, although groups such as Hizballah, Hamas, and the Palestinian Islamic Jihad, among others, may remain.

Finally, one must consider the rising influence of alternative models of governance on the international landscape. In recent decades, the appeal of the Washington consensus model has fallen. The rising powers, specifically China and to some extent Russia, promote an alternative model marked by fewer democratic values and a larger state role. This model may have some appeal in the Middle East, although it is questionable whether it would work well in a region with very different traditions, populations, expectations, and relationships to authority.

Building the Global Counterterrorism Network

Michael Vickers

OCTOBER 24, 2008
RAPPORTEUR'S SUMMARY

ALTHOUGH MUCH WORK still remains on the counterterrorism front, the past seven years have witnessed notable achievements. The Philippines and the area of Southeast Asia referred to as the “terrorist transit triangle” have seen considerable success against Abu Sayyaf and Jemaah Islamiyah. In the Middle East, the tide turned against al-Qaeda on the Arabian Peninsula in 2003, and al-Qaeda in Iraq is now only “a whisper of what it used to be.” Moreover, although there have been many plots, no attacks have occurred on the U.S. homeland since September 11, 2001.

The threat, however, remains significant. Al-Qaeda has demonstrated an ability to regenerate, and its ambitions remain high. The group aims to catalyze an Islamist insurgency, break up and prevent the formation of international coalitions arrayed against it, exhaust and expel the West from Muslim lands, overthrow “illegitimate states,” establish a caliphate, and transform the international balance of power in favor of this new Islamic polity.

In Iraq, the situation has improved, but Gen. David Petraeus and others have pointed out that the durability of the past year’s dramatic change is difficult to measure, though the signs are pointing in the right direction. In Afghanistan, the insurgency has intensified over the past two years, and the international community faces a growing challenge to prevent the country from becoming a safe haven for terrorists and a source of instability.

The tribal areas of western Pakistan remain the most significant strategic threat, and the problem has escalated over the past decade. In late 2001 al-Qaeda’s senior leaders fled Afghanistan after the successful U.S. operation there and managed to align themselves with local Pakistani groups in this unsettled region. These groups have become more militant as a result and now present an internal threat to Pakistan’s government; in the past year, Osama bin Laden and Ayman al-Zawahiri have declared open war on the country. Not only is this threat serious for Pakistan, it poses an immense challenge to international strategy and stability in the region and beyond.

Furthermore, the United States faces challenges in the Horn of Africa, Somalia, Yemen, the Levant, and the Maghreb—all areas that al-Qaeda targets strategically. The threat remains global, emanating not just from traditional Muslim lands but also from the United Kingdom and other parts of Western Europe. In



■ *Michael Vickers, Assistant Secretary of Defense*

fact, we have seen just as many or more threats emerging from Europe over the past decade as we have seen emanating from the greater Middle East.

The long-term strategic challenge of the war on terror is dealing with a threat that has spread across the globe to some sixty countries. We can take either a direct approach, applying power ourselves as primary actors, or an indirect approach, working through others whom we advise, train, and enable. A clandestine component is also imperative, as this is primarily an intelligence war, or a “war in the shadows.” Our intelligence disciplines are therefore essential—particularly covert action, which was the decisive instrument of the Cold War and remains critical to the war on terror today.

Above all, the critical operational instrument of this war is what we describe as a global counterterrorism network. This network’s purpose is to create a persistent, ubiquitous presence in many countries that prevents adversaries from gaining traction and gradually smothers them over time. Ultimately, it takes a network to defeat a network. It is not enough to have a strong partner in one or more countries; we must be stronger than our adversaries everywhere. The principal operational element of this network is the intelligence community, which gives us our global reach and allows us to move at the speed of war.

In particular, the national clandestine service of the Central Intelligence Agency, in conjunction with U.S. Special Forces and the security apparatuses of our partners around the world, is central in this battle. Special Operations Forces have grown tremendously in the Department of Defense in recent years. By the end of the decade, the forces will be twice as large (reaching upward of 64,000 in terms of total manpower) as they were at its outset, with more than double the original budget. In addition, more senior leaders will have special-operations backgrounds.

The core of U.S. Special Forces consists of approximately 15,000 ground operators, ranging from Army Special Forces and Green Berets to Rangers, Seals, Marine Corps Special Operations, and other classified units. Each of these elements has increased its capacity by a third since 2001, constituting the largest growth in Special Operations history. These forces are present in sixty countries around the globe, with more than 80 percent concentrated in the greater Middle East, the U.S. Central Command’s area of responsibility, particularly Iraq and Afghanistan. Thus, we are expanding our force significantly to achieve broader global coverage.

These forces have invented a new way to fight the war on terror, waging it from an operational perspective and taking a proactive and sustained approach to counterterrorism. We now have intelligence-driven operations, with new tactics, techniques, and procedures—the cumulative effect of which will enable us to take down a network over time.

Gaps, however, still exist in the areas of intelligence, surveillance, and reconnaissance. We need to increase capacity in civil affairs and psychological operations, and we are also taking steps to acquire foreign-language expertise, in part by recruiting foreign-born operators. Additional organizational reform may also be in order, such as greater integration and consolidation, as exemplified by the Department of Homeland Security. We are looking at alternative command arrangements within the Department of Defense as well as mainstreaming

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Special Operations officers into senior leadership positions. We have the necessary institutions, but we must now focus on getting the right people and ensure that they receive the necessary resources and authority.

Some of our current capabilities, capacities, and relationships predate the September 11 attacks, some have been significantly expanded since then, and others will reach the projected end state by the end of the next administration. There will likely be a need for more integration as we go forward, and we must operate simultaneously in countries with whom we are not at war. Thus, partner development and partner alignment remain critical issues, making diplomacy essential to achieving our goals. The pieces are gradually coming into place as we gain more experience and enhance our ability to build and develop a far more capable network. We are well on our way to building a global counterterrorism network—the critical instrument for keeping America safe through the next decade and beyond.

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Assessing the Fight against al-Qaeda

Ted Gistaro

AUGUST 12, 2008
PREPARED REMARKS



■ *Ted Gistaro, National Intelligence Officer for Transnational Threats*

WE ASSESS THAT greatly increased worldwide counterterrorism efforts over the past five years have constrained the ability of al-Qaeda to attack the United States and our allies and have led terrorist groups to perceive the homeland in particular as a harder target to strike than on September 11. These security measures have helped disrupt known plots against the United States since September 11. That said, al-Qaeda remains the most serious terrorist threat to the United States, and we remain in the heightened threat environment we noted in the July 2007 National Intelligence Estimate.

We are not aware of any specific, credible al-Qaeda plot to attack the U.S. homeland. But we do receive a steady stream of threat reporting from sources of varying credibility, which the U.S. intelligence community is investigating aggressively. As the election nears, we expect to see an uptick in such threat reporting—of varying credibility—regarding possible attacks.

We also expect to see an increase in al-Qaeda's propaganda efforts, especially around the anniversary of the attacks of September 11, 2001, which has often been a hook for such propaganda statements. In Osama bin Laden's September 2007 address to the "American people," he labeled the democratic system "a failure." He claimed that there is no difference between Democratic and Republican candidates winning presidential or congressional elections so long as "big corporations" support candidates.

We assess that al-Qaeda's intent to attack the U.S. homeland remains undiminished. Attack planning continues, and we assess it remains focused on hitting prominent political, economic, and infrastructure targets designed to produce mass casualties, visually dramatic destruction, and significant economic and political aftershocks. In his September 2007 statement, bin Laden said that American citizens cannot be considered "innocent" because they are complicit in their government's policies. He called for Americans to convert to Islam and warned that the solution "is to continue to escalate the killing and fighting against you."

The group is proficient with conventional small arms and improvised explosive devices, and is innovative in creating new capabilities and overcoming security obstacles. We assess that al-Qaeda will continue to try to acquire and employ chemical, biological, radiological, or nuclear material in attacks, and would not hesitate to use them if it develops what it deems is a sufficient capability.

In spite of successful U.S. and allied operations against al-Qaeda, especially the death of important al-Qaeda figures since December [2007], the group has maintained or strengthened key elements of its capability to attack the United States in the past year:

First, al-Qaeda has strengthened its safe haven in Pakistan's Federally Administered Tribal Areas (FATA) by deepening its alliances with Pakistani militants and pushing many elements of Pakistani government authority from the area. It now has many of the operational and organizational advantages it once enjoyed across the border in Afghanistan, albeit on a smaller and less-secure scale.

Second, despite some significant losses, al-Qaeda has replenished its bench of skilled midlevel lieutenants capable of directing its global operations. These losses collectively represent the most serious blow to al-Qaeda's leadership since 2005.

While it sometimes can take several months to replace these individuals, al-Qaeda has developed succession plans, reshuffling leadership responsibilities and promoting younger commanders with years of battlefield experience to senior positions. The leaders' collocation in the FATA allows them to manage the organization collaboratively, helping facilitate the replacement of key figures.

Third, bin Laden and his deputy, Ayman al-Zawahiri, continue to maintain al-Qaeda's unity and its focus on their strategic vision and operational priorities, although security concerns likely preclude them from running the day-to-day organization. Bin Laden remains al-Qaeda's authoritative source for strategic and tactical guidance. Subordinates continue to see him as the group's most inspirational force.

Fourth, al-Qaeda is identifying, training, and positioning operatives for attacks in the West, likely including the United States. These operatives include North American and European citizens and legal residents with passports that allow them to travel to the United States without a U.S. visa. Al-Qaeda's ability to establish and manage links to other affiliated terrorist groups and facilitation networks is a key indicator of its organizational health. These links help bolster its operational and propaganda reach.

Despite setbacks in Iraq, al-Qaeda in Iraq (AQI) remains al-Qaeda's most prominent and lethal regional affiliate. While al-Qaeda leaders likely see the declining effectiveness of AQI as a vulnerability to their global recruiting and fundraising efforts, they likely continue to see the fight in Iraq as important to their battle with the United States. Since late 2007 bin Laden and al-Zawahiri have issued eight statements to rally supporters, donors, and prospective fighters by publicly portraying the Iraq jihad as part of a wider regional cause to "liberate" Jerusalem.

Since early 2006, Pakistani militant groups have increased their collaboration with al-Qaeda. This includes ethnic Pashtun groups native to the FATA and groups from eastern Pakistan, most of whom previously focused on attacking Indian-held Kashmir. While a major focus of these groups is conducting attacks against coalition forces in Afghanistan, they provide safe haven to al-Qaeda fighters, collaborate on attacks inside of Pakistan, and support al-Qaeda's external operations, including those targeting the West.

...al-Qaeda is identifying, training, and positioning operatives... [that] include North American and European citizens and legal residents.

Even as al-Qaeda attempts to push its propaganda in the West, its support has suffered several setbacks among its key constituents.

In September 2006, al-Qaeda consolidated jihadist forces in North Africa under its banner by merging Algerian and later Libyan terrorist groups into al-Qaeda in the Islamic Maghreb (AQIM). AQIM has continued to focus on Algerian government targets. But since the merger, AQIM has conducted at least eight attacks against Western interests in the region, including two simultaneous suicide car bomb attacks in Algiers in December—including one against the UN building that killed nearly seventy people. AQIM is training growing numbers of operatives from every country in the Maghreb and the Sahel.

In the Middle East, al-Qaeda has focused on rebuilding its operational, facilitation, and funding networks that have been damaged by our allies in the region. In Saudi Arabia, authorities continue to detain al-Qaeda-linked extremists, highlighting both the threat and the kingdom's commitment to combating it. Yemen is rapidly reemerging as a jihadist battleground and potential base of operations. A March mortar attack against the U.S. embassy and two attacks against the president's compound in late April underscore the al-Qaeda threat there.

In East Africa, senior terrorists responsible for the 1998 U.S. embassy bombings and the 2002 attacks in Mombasa, Kenya, remain at large and are likely trying to merge with local extremists under al-Qaeda's banner.

Al-Qaeda is working to motivate more "homegrown" extremists—radicals who are inspired, but not directed, by the group—to plan attacks inside the United States. Though difficult to measure, the spread of radical Salafist internet sites that provide religious justification for attacks, violent anti-Western rhetoric, and signs that self-generating cells in the United States identify with bin Laden's violent objectives all suggest a small number of individuals here may radicalize to the point that they consider conducting violent attacks.

A growing portion of al-Qaeda propaganda is in English and aimed at an American audience—either in translated form or verbally by American al-Qaeda members. One such member publicly urged Muslims in early January to violently protest the president's Middle East trip. Bin Laden's September 2007 message and al-Zawahiri's May 2007 interview include specific U.S. cultural and historical references almost certainly meant to strike a chord with disaffected U.S. listeners.

Yet even as al-Qaeda attempts to push its propaganda in the West, its support has suffered several setbacks among its key constituents. Al-Qaeda's brutal attacks against Muslim civilians are tarnishing its image among both mainstream and extremist Muslims. In 2007, extremist violence claimed more than 9,500 noncombatant victims in Muslim countries.

Over the past year, some hardline religious leaders and extremists who once had significant influence with al-Qaeda have publicly criticized it, including Sayyid Imam Abd al-Aziz al-Sharif, a jailed Egyptian terrorist who once saved bin Laden's life, and Saudi cleric Sheikh Salman al-Awdah, whom bin Laden credits as a leading ideological influence.

Al-Qaeda senior leaders in 2008 have devoted nearly half their airtime to defending the group's legitimacy. This defensive tone continues a trend observed since at least last summer and reflects concern over allegations by militant leaders and religious scholars that al-Qaeda and its affiliates have violated the Islamic laws of war, particularly in Iraq and North Africa.

Confronting the Challenge of Iran: Comprehensive Solutions for a Comprehensive Threat

Mario Mancuso

JULY 22, 2008
PREPARED REMARKS

FOR OVER TWO DECADES, the Washington Institute for Near East Policy has been a leader in thinking about—and advancing—an American engagement in the Middle East that strengthens our alliances, nurtures our friendships, and promotes security, peace, prosperity, and democracy for all people of the region. It's truly an honor to be standing here at this podium today. Thank you for inviting me to be with all of you.

As undersecretary, I have the great privilege to lead the Bureau of Industry and Security (BIS). As a national security bureau within an economic department, our most solemn obligation is to use our authorities to protect the security of the United States. And one of our most important missions is to administer our nation's dual-use export control system.

Dual-use items are commercial items which also have military applications. A good example of such an item would be this triggered spark gap, which looks like, but is a bit larger than, a simple thread spool. For those of you who may not know, a triggered spark gap has two principal uses: First, it's used widely in medical devices that help destroy kidney stones. It's also used to detonate nuclear weapons. In an era of global proliferation and national security challenges that defy one-dimensional policy responses (as in the vexing case of Iran), the bureau plays a vital role.

Iran: A Comprehensive Threat

In just a relatively brief period of time, the Iranian regime has managed to achieve quite a remarkable feat: it has united the world against its policies, and now counts all of—and only—the world's most dysfunctional regimes as its friends. This striking achievement, however, should not diminish our view of the Iranian challenge, particularly since Iran has a long history of making the most out of a losing hand. While Iran is not ten feet tall—much less ascendant—it nonetheless represents a challenge that is as comprehensive as it is grave.

Tehran's reckless pursuit of weapons of mass destruction and their means of delivery has raised alarms in capitals around the world. At this late date, Iran continues to develop its fissile material production programs and ballistic missile capabilities. And its continued refusal to suspend its uranium enrichment activities raises serious questions about the true purpose of its program.



■ *Mario Mancuso, Undersecretary of Commerce for Industry and Security*

Our nation's response must be strategically sound, tactically flexible, and comprehensive in nature—and it must be firm.

At the same time, the Iranian regime still remains both the world's foremost state sponsor of terror and a fastidious interloper in the affairs of other states. While Iran's inward proliferation activities are deeply disturbing, there remains the broader concern that Iran itself will become a primary source for outward proliferation. This is not mere conjecture—Iran is already one of the primary suppliers of conventional weapons in the region, including to known terrorist groups.

As if that were not enough, Iran's leaders have—against all international norms and the plain language of the UN charter itself—repeatedly called for the destruction of Israel, including by using political and racial arguments that are reminiscent of the darkest hours in human history.

The U.S. Approach in Perspective

To effectively address this urgent challenge, our nation's response must be strategically sound, tactically flexible, and comprehensive in nature—and it must be firm. As [Secretary of State Condoleezza] Rice has made clear, Iran's leaders must know that they must choose a path: one path leads to increased isolation and heightened hardship; the other path leads to greater cooperation with the international community and real benefits for Iran.

Today, the U.S. approach includes energetic diplomacy; targeted financial, export control, and other economic measures; and a vigorous counterproliferation posture. And, of course, as a last, reluctant resort, the military option still remains on the table. In this broad effort, the bureau's role is to deny the Iranian regime access to dual-use goods that would support their nuclear program, harm U.S. and coalition forces in Iraq, or otherwise undermine our security interests in the region.

How BIS Is Responding

Specifically, we're refining and strengthening our export controls, engaging our private sector stakeholders, prioritizing our enforcement efforts, and working with our foreign counterparts to most effectively address the Iranian challenge.

First, we are refining the list of items that we control, to ensure that we are focused on sensitive items. Because very little can be traded today with Iran, this initiative operates indirectly, but powerfully, by focusing attention and resources to our global nonproliferation efforts. Second, to enhance the export control system's overall effectiveness, we are providing more information to our private-sector stakeholders—our frontline partners in the enforcement of our regulations—about customers around the world who raise concerns for us.

Currently, we maintain three separate lists: the Denied Parties List, the Unverified List, and the Entity List. The Denied Parties List is a list of individuals and entities who have been denied export privileges. The Unverified List is a list of parties where BIS has been unable to verify end use in the past. The Entity List is a list of parties whose participation in a given transaction triggers license requirements. All of these lists are available on our website, www.bis.doc.gov.

Third, we are sharpening our enforcement efforts to focus on those areas of greatest concern to us: proliferators, terrorists, and nations of illicit transshipment concern. Every day, our BIS special agents work closely with other federal

law enforcement agencies, including the Department of Justice (DOJ), the FBI, and the Department of Homeland Security, to conduct investigations and punish violations of our export control regulations. Our agents also work with our colleagues in the national security and intelligence community to provide expert analytic support to broader national security efforts.

This past May, with critical BIS support, DOJ successfully prosecuted two separate cases of a U.S. exporter attempting to ship radiographic and computer equipment to Iran. In another recent case, BIS special agents provided crucial support to indict two munitions dealers for conspiring to transfer military aircraft parts to Iran. Some of the particular charges in this latter case carry up to a twenty-year prison sentence and fines of up to \$1 million.

When foreign companies take controlled U.S. technology and illegally transfer it, they also face serious repercussions. In the past few weeks alone, we have issued several temporary denial orders suspending the export privileges of multiple non-U.S. companies and individuals for knowingly reexporting U.S.-origin aircraft to Iran. These are just a few of the Iran-related cases our team is actively working on. There have been others in the past, and we suspect that there will be significant other cases in the future.

Finally, we are also working with our partners and allies around the world to enhance their system of export controls in order to eliminate gaps in the system and to maximize the effective impact of our efforts.

We are especially concerned about the issue of illicit transshipment, where third-country ports around the world are used by private parties to help illegally transfer U.S.-controlled goods to other parties, including, in some cases, to individuals and entities in Iran.

Just three weeks ago, I returned from the Middle East, where I had the opportunity to discuss this important issue with senior public and private sector officials in the United Arab Emirates (UAE), a valued U.S. partner. Over the past year, the UAE and the United States have worked closely together to address this issue, and we have made real progress. In particular, the UAE has taken several important steps, including the adoption of an export control law last summer and increased on-the-ground cooperation with various U.S. agencies to help identify and interdict illicit transshipments. While more work remains to be done, we commend the UAE's real progress thus far, and we remain fully committed to continuing our support of their efforts.

But there is more work we can do to be more effective, and to persuade other nations to adopt responsible export control laws. To begin with, we must reauthorize our own permanent dual-use export control law, the Export Administration Act (EAA), which has been in lapse since 2001.

Currently, BIS must exercise its regulatory and enforcement authorities through temporary, emergency powers granted to us by the president under the International Emergency Economic Powers Act.

The temporary authorities we now have are useful, but they do not eliminate the need for the full set of tools a new EAA would provide. As technology know-how, supply chains, and markets become more global, effectively denying the sale of sensitive U.S. technologies to those who would harm us has become more difficult—and urgent. Foreign locations now increasingly serve as the

We are sharpening our enforcement efforts to focus on . . . proliferators, terrorists, and nations of illicit transshipment concern.

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venue of commercial activities that pose a threat to U.S. national security, and we need to enhance our law enforcement capabilities to investigate, uncover, and stop these activities wherever they may occur.

While BIS special agents have done a tremendous job to date, they need updated tools to combat proliferation in an era of globalization.

Today, our agents are unable to work directly with their foreign law enforcement counterparts. In fact, they do not even have the legal authority to conduct undercover operations—or to make a simple arrest—in the United States without undergoing a cumbersome bureaucratic process. While effective cooperation between U.S. law enforcement agencies has enabled our agents to overcome some of these hurdles, a new EAA would strengthen the system and enhance our security by enabling domestic and international investigations and enforcement actions to proceed more quickly, efficiently, and effectively.

But renewing the EAA would also have another important benefit: it will bolster our diplomatic efforts around the world to encourage other countries to adopt their own export control laws. It is more difficult to make a credible and persuasive case to other nations to enact effective export controls when our own country does not have a permanent dual-use export control law on the books.

I want to take this opportunity to publicly applaud Senator [Christopher] Dodd's efforts to jump-start the process by introducing legislation to reauthorize the EAA. The administration strongly supports this legislation, and I urge Congress to move quickly to pass it.

Conclusion

As President Bush remarked before the Israeli Knesset earlier this year, “For the sake of peace, the world must not allow Iran to have a nuclear weapon.” The United States remains committed to seeking a peaceful and diplomatic solution to the comprehensive threat posed by Iran, including by administering a vigorous and effective export control regime.

Our sincere hope is that our combined efforts—along with those of our partners—will persuade Iran to pursue a new course. There is a path, just as Libya has found, for Iran to improve its relations with the international community, including the United States. But that path must represent a real change in behavior on the part of Iran—one that rejects deception, lying, and terror, and instead embraces accountability, rule of law, and respect for the sovereignty of its neighbors.

It is our urgent work to facilitate, in a timely fashion, a responsible decision by Iran. Let us all hope they make the right choice.

Drug Trafficking and Middle Eastern Terrorist Groups: A Growing Nexus?

Michael Braun

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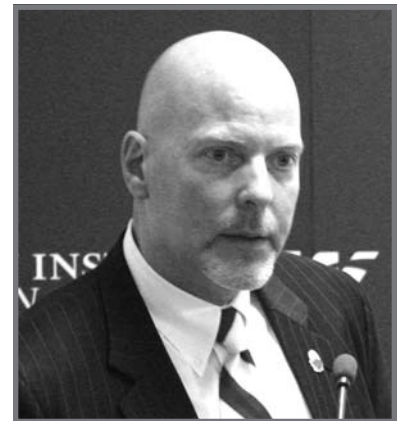
RAPPORTEUR'S SUMMARY

THE NEXUS BETWEEN DRUG TRAFFICKING and terrorism is growing at quantum speed. This trend is not new: the last twenty-five years have seen numerous links identified between drug trafficking and terrorism. Of the forty-three officially designated foreign terrorist organizations (FTOs), nineteen have been linked by the Drug Enforcement Agency (DEA) to some aspect of the global drug trade and it is believed that up to sixty percent of terrorist organizations are connected with the illegal narcotics trade.

Terrorist organizations have chosen to participate in the narcotics market for several reasons. State sponsorship of terrorism is declining, and the U.S. Treasury Department, the Central Intelligence Agency, Immigration and Customs Enforcement, and the FBI have done a very thorough job of identifying private donors and disrupting the flow of terrorist financing from this source. Working with its allies, the United States has significantly disrupted al-Qaeda's ability to communicate with its cells and nodes around the globe. Partially for this reason, al-Qaeda has shifted from a corporate to a franchise leadership model in recent years.

Terrorist groups, therefore, increasingly need new sources of funds, and the drug business fills this need perfectly. The UN estimates that the international drug trade generates \$322 billion revenue annually, making drugs by far the most lucrative illicit activity. According to the UN, revenues from other types of illicit transnational activity, such as arms trafficking and alien smuggling, are small by comparison. Drug trafficking generates many different revenue streams, including the taxing of farmers and local cartels, as well as the provision of security for all aspects of production, trade, and distribution. Terror organizations do not, in general, require massive sums of money for their operations; nonetheless, they must finance recruiting, training, infrastructure, government bribes, equipment, and logistics. The Madrid train bombing by al-Qaeda or an affiliate was funded almost entirely by the sale of illicit drugs.

A terrorist organization and a global drug cartel share many traits. Both oppose nation-state sovereignty, function best in ungoverned spaces, depend on mutual shadow facilitators, have no regard for human rights, rely on the hallmarks of organized crime such as corruption, intimidation, and violence, and are highly sophisticated organizations that operate with the latest technology.



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Both Hamas and Hizballah are active in Latin America, where a profit of \$1 million can be realized from drugs that could be transported in a single suitcase.

Most analysts believe that FTOs copied their decentralized structure of cells and nodes from drug cartels. FTOs and drug cartels often rely on the same money launderers and have a capacity to regenerate themselves when dealt a blow, often reemerging in a new or unrecognizable form. The main difference is in the source of motivation: while drug cartels are motivated entirely by profit, terrorist organizations are driven by politics or ideology.

One of the regions where the drug-terrorism nexus is at its strongest is the area of Latin America where the borders of Brazil, Argentina, and Paraguay are contiguous. Both Hamas and Hizballah are active in this region, where a profit of \$1 million can be realized from the sale of fourteen or fifteen kilos of drugs, an amount that could be transported in a single suitcase. A package of this size does not necessarily attract the notice of an organization like the DEA, which intercepts much larger shipments routinely. Because the cost of drugs is so low in this region, the profit margin is high, particularly when resold in more affluent countries. Illustrating just how profitable the drug trade can be, a drug ledger seized in Afghanistan showed ten months of transactions yielding \$169 million from the sale of eighty-one tons of heroin. Whether in Afghanistan or the Tri-Border Area, drugs facilitate massive revenues that line the pockets of FTOs.

As FTOs become more heavily involved in the drug trade, hybrid organizations are emerging, foreign terrorist organizations that have morphed into one part terrorist organization, one part global drug cartel. The Taliban and FARC—two perfect examples—are, in essence, the face of twenty-first-century organized crime, a visage meaner and uglier than anything law enforcement or militaries have heretofore faced. These hybrids represent the most significant security challenge to governments worldwide. The DEA has tracked the evolution of drug cartels and terrorist organizations for a long time, and estimates that the Taliban currently operates at the organizational level at which the FARC operated ten years ago.

Although the Defense Department estimates that the war on terror could last for another thirty to fifty years, it lacks the organizational infrastructure and know-how to deal effectively with terrorist and insurgent groups engaged in global drug trafficking. The Defense Department therefore has turned to the DEA for advice on how to wage a war that has increasingly become a shared fight.

The DEA contributes to the war on terror in several major ways. Since the mid-1980s, the DEA has focused on attacking and disrupting entire organizations, rather than individuals. Many drug and terror organizations share shadow facilitators, so eliminating these facilitators deals a severe blow to both types of organization. It undertakes communications intercepts through court orders, increasingly using judicial wiretaps that can be used as evidence in courts around the globe. For example, much of the investigation of arms dealer Viktor Bout was supported by wiretaps. The DEA also uses unique, extraterritorial “long-arm” jurisdiction to ensure robust sentencing of individuals worldwide. It conducts extraordinarily complex undercover operations with foreign counterparts and works in conjunction with its local affiliates to carry out regional operations, using human intelligence and confidential sources that it maintains globally. It has a strong foreign presence and focuses on a financial

attack strategy based on a “follow-the-money” approach. For instance, in 2007 the DEA seized \$3.4 billion from intercepted drug transactions, and it expects to seize \$4 billion in 2008. Every dollar that the DEA seizes is a dollar not in the hands of transnational terrorist organizations or drug cartels.

To combat this threat and reinforce its role in the war on terror, the DEA now maintains eighty-seven offices in sixty-three countries. It has briefed more three- and four-star generals and admirals in the last eighteen months than in the last thirty-five years. With the exception of those U.S. forces in uniform throughout the world, the DEA plays as important a role in the war on terror as any other agency.

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