



WEAPONS OF MASS DESTRUCTION: A NEW DIMENSION OF U.S. MIDDLE EAST POLICY

A new and extremely important issue has emerged in U.S. Middle East policy concerning the threat of weapons of mass destruction (WMD). Washington's intelligence community is worried about the use of WMD by unstable states or terrorist groups in the Middle East against U.S. forces or population centers. In this address before Congress, CIA director George Tenet outlines U.S. assessments of these threats, stemming mainly from Iran and Iraq.

Editor's Introduction

U.S. government representatives constantly make statements about American goals and actions in the Middle East. Occasionally, their presentations offer a particularly good view of U.S. perceptions and strategy. Such is the case with the following testimony presented on March 21, 2000 by Central Intelligence Agency (CIA) director George J. Tenet to the Senate Foreign Relations Committee.

Tenet reveals few if any secrets but his discussion of the role of weapons of mass destruction (WMD) in U.S. thinking about the Middle East, and analysis of the U.S. government view of Iran and Iraq merits special interest.

Indeed, the priority and spin given the WMD question highlights the fact that it is a new high-priority aspect of U.S. Middle East policy, alongside the peace process and Gulf security. Arguably, in the post-Cold War world where the overall level of threats to America has declined sharply, this relatively new issue is considered to be among the biggest challenges and apparent potential dangers faced by the United States.

It is easy to understand why this issue is so compelling. After all, the Middle East is not a distant or obscure area if missiles, nuclear arms, chemical or biological weapons, or terrorism originating in Baghdad or Tehran could directly target American citizens, soldiers, and even territory. Some of these scenarios seem unlikely, yet avoiding them could involve major U.S. efforts and spending. While the Middle East is not the only area involved in these calculations--China is high on the American list of potential threats--it is certainly the leading such region

Indeed, the United States is planning to spend as much as an astonishing \$12 billion on protecting its armed forces and civilian population from WMD attacks. This includes a program to prepare large and medium-sized cities for handling chemical or biological assaults. In May 2000, the U.S. Department of Justice and Federal Emergency Management Agency simulated a series of mock biological and chemical terrorist attacks in a program involving thousands of people and closely watched by top U.S. officials—to test the readiness of local, state, and federal governments to

handle potential crises involving WMD attacks.

Another sign of how seriously the Clinton administration takes the WMD threat is its willingness to jeopardize U.S.-Russian relations, and its relations with the Republican Congress, in pursuing solutions. Adopting what has historically been a conservative approach, Clinton has favored an anti-missile defense system estimated at \$30 billion. He has even tried to persuade Moscow to accept changes in existing bilateral agreements—most notably the START accord—to permit U.S. deployment of a missile defense system, despite Russian opposition and threats by anti-Clinton congressional Republicans to block any treaty revision. Even if nothing comes of the proposal, the effort has involved a major expenditure of political capital to shield the United States from possible attack by smaller foreign powers. While the Middle East is not the only area involved in these calculations, it is certainly the leading such region.

The themes in Tenet's discussion have been repeated in a number of news articles, and in other congressional testimony. In December 1999, for example, the U.S. military commander in the Persian Gulf, General Anthony Zinni, told the Association of the United States Army in Washington that Iran's new Shihab-3 missile will eventually carry a non-conventional warhead. He said that Iran has replaced Iraq as the greatest threat to the United States in the Middle East. Of course, the U.S. perception of an Iranian WMD threat is somewhat at odds with the perception that Iran is moderating politically. American policy must reflect both aspects of this situation.

Tenet's statement also marks the beginning of a new policy era in another way.

For many years, U.S. policy concerning WMD has emphasized counter-proliferation efforts. Programs have included sanctions against Iran, Iraq, and Libya; export controls and attempts to influence the policies of other countries and their companies; intelligence-gathering efforts; the inspection regime in Iraq; and pressures on various states (notably the Russia and China) to halt exports of sensitive materials and weapons' systems.

For a long time, however, it has become more and more clear that the counter-proliferation strategy has been gradually losing ground. WMD is now increasingly present in the Middle East. The challenge is to find policies to deter the use of these weapons, develop counter-weapons (such as anti-missile systems), and plan on handling crises that might arise should WMD be unleashed.

The probability that WMD in the Middle East will be used is actually low in most cases, though one can cite the use of both missiles and chemical weapons in the Iran-Iraq war and of missiles in the 1991 Gulf war. At the same time, though, WMD can play an important role in providing local powers with strategic and diplomatic leverage. For example, the possession by Iran or Iraq long-range missiles and nuclear warheads could contribute significantly to their ability to affect their neighbors' policies on various issues. For example, one could imagine the 1980-1988 or 1990-1991 Gulf crises occurring in a situation where one or more of the key actors owned WMD.

Thus, the use of WMD to obtain leverage in the region may be more significant than the likelihood that these weapons would actually be used.

One should also clearly understand, however, that the use of such weapons is so frightening, and even their deployment is so

potentially destabilizing, as to inspire caution by most Middle East leaders. It is worth noting that while Israel's edge in nuclear and missile capability has only been mentioned in connection with deterring Iraq's use of WMD against Israel in 1991. In April 2000, Lebanon's defense minister suggested that, in the event of an Israeli withdrawal from southern Lebanon, Syrian troops might fill the vacuum and target Israeli cities with missiles, a proposal that Syria quickly rejected. In Iran's case, the drive to obtain WMD is arguably based partly on the fact that this route is much cheaper than rebuilding a large conventional army requiring expensive planes, tanks, and other such equipment.

Concern over the WMD race also influences countries to seek defense mechanisms. Israel's attempt to create a multi-level defense has been a major military priority. Turkey has become increasingly interested in obtaining anti-missile defenses, and Egypt has pressed for other states to accept the Non-Proliferation Treaty. According to reliable sources, delegations from the United Arab Emirates and Saudi Arabia have inspected Pakistani nuclear facilities, and Gulf Cooperation Council states have also sought their own missiles. One issue that is likely to surface is the question of a declared American umbrella, in which allied states—especially in the Gulf—would be publicly offered protection from WMD attacks in order to deter threats from neighbors. So far, U.S. officials have rejected such an initiative.

In addition to creating conflicts with potential Middle East users of WMD, these new American concerns also raise important questions regarding U.S. relations with potential suppliers. Indeed, a fairly large portion of American bilateral relations with China, Russia, and North Korea in recent

years has revolved around efforts to prevent the sale of parts, arms, and technology to Middle Eastern states.

This strategy also reflects the American position vis-à-vis terrorism originating from the Middle East. Thus, Usama Bin Ladin's very independence from state sponsorship is considered all the more threatening because of the possibility that he might use WMD against, or even within, the United States. A number of arrests have been made of alleged terrorists planning to attack American targets abroad or even having succeeded in entering the United States itself. There is, then, a basis for U.S. concern regarding these issues.

As noted above, presenting this analysis does not necessarily constitute agreement with its assessments. In some way, the threat is being over-blown. Unfortunately, these questions lend themselves to sensationalism. It is easy to exaggerate the likelihood of countries using WMD, or to overstate the size, effectiveness, and international linkages of terrorist groups.

Yet analysts of the Middle East, as well as of U.S. policy, should note and assess the important new dimension in American thinking provided by Tenet here. Studying and evaluating these problems is one of the best ways to avoid worst-case scenarios and to defuse misperceptions, and sensationalism.

**THE WORLDWIDE THREAT IN 2000:
GLOBAL REALITIES OF OUR
NATIONAL SECURITY***

By George J. Tenet

As we face a new century, we face a new world. A world where technology, especially information technology, develops and spreads at lightning speed—and becomes obsolete just as fast. A world of increasing

economic integration, where a U.S. company designs a product in Des Moines, makes it in Mumbai, and sells it in Sydney. A world where nation-states remain the most important and powerful players, but where multinational corporations, non-government organizations, and even individuals can have a dramatic impact.

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

TRANSNATIONAL ISSUES

....We have witnessed continued missile development in Iran, North Korea, Pakistan, and India. Add to this the broader availability of technologies relevant to biological and chemical warfare, nuclear tests in South Asia, as well as continuing concerns about other nuclear programs and the possibility of shortcuts to acquiring fissile material. We are also worried about the security of Russian WMD materials, increased cooperation among rogue states, more effective efforts by proliferants to conceal illicit activities, and growing interest by terrorists in acquiring WMD capabilities.

Our efforts to halt proliferation are complicated by the fact that most WMD programs are based on dual-use technologies and materials that have civil as well as military applications. In addition, a growing trend toward indigenous production of weapons of mass destruction-related equipment decreases, to some extent, the effectiveness of sanctions, interdictions, and other tools designed to counter proliferation.

Although U.S. intelligence is

increasing its emphasis and resources on many of these issues, there is continued and growing risk of surprise. We focus much of our intelligence collection and analysis on some ten states, but even concerning those states, there are important gaps in our knowledge. Our analytical and collection coverage against most of these states is stretched, and many of the trends that I just noted make it harder to track some key developments, even in the states of greatest intelligence focus.

Moreover, we have identified well over 50 states that are of concern as suppliers, conduits, or potential proliferants.

THE MISSILE THREAT

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

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

--North Korea already has tested a space launch vehicle, the Taepo Dong-1, which it could theoretically convert into an ICBM capable of delivering a small biological or chemical weapon to the United

States, although with significant inaccuracies. It is currently observing a moratorium on such launches, but North Korea has the ability to test its Taepo Dong-2 with little warning; this missile may be capable of delivering a nuclear payload to the United States.

--Most analysts believe that Iran, following the North Korean pattern, could test an ICBM capable of delivering a light payload to the United States in the next few years.

--Given the likelihood that Iraq continues its missile development we think it too could develop an ICBM capability sometime in the next decade with the kind of foreign assistance I've already discussed.

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

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

THE BIOLOGICAL AND CHEMICAL THREAT

Against the backdrop of this increasing missile threat, the proliferation of biological and chemical weapons takes on more alarming dimensions. Biological and chemical weapons pose, arguably, the most daunting challenge for intelligence collectors and analysts. Conveying to you an understanding of the work we do to combat

this threat is best dealt with in closed session, but there are some observations and trends that I can highlight in this unclassified setting.

--First, the preparation and effective use of biological weapons (BW) by both potentially hostile states and by non-state actors, including terrorists, is harder than some popular literature seems to suggest. That said, potential adversaries are pursuing such programs, and the threat that the United States and our allies face is growing in breadth and sophistication.

--Second, we are trying to get ahead of those challenges by increasing the resources devoted to biological and chemical weapons and by forging new partnerships with experts outside the national security community.

--Third, many of our efforts may not have substantial impact on our intelligence capabilities for months or even years. There are, and there will remain, significant gaps in our knowledge. As I have said before, there is continued and growing risk of surprise.

About a dozen states, including several hostile to Western democracies—Iran, Iraq, Libya, North Korea, and Syria—now either possess or are actively pursuing offensive biological and chemical capabilities for use against their perceived enemies, whether internal or external.

Some countries are pursuing an asymmetric warfare capability and see biological and chemical weapons as a viable means to counter overwhelming U.S. conventional military superiority. Other states are pursuing BW programs for counterinsurgency use and tactical applications in regional conflicts, increasing the probability that such conflicts will be deadly and destabilizing.

Beyond state actors, there are a number of terrorist groups seeking to develop

or acquire biological and chemical weapons capabilities. Some such groups—[such as] Usama bin Ladin's—have international networks, adding to uncertainty and the danger of a surprise attack. There are fewer constraints on non-state actors than on state actors. Adding to the unpredictability are the "lone militants," or the ad hoc groups here at home and abroad who may try to conduct a biological and chemical weapons attack. Nor should we forget that biological weapons attacks need not be directed only at humans. Plant and animal pathogens may be used against agricultural targets, creating both potential economic devastation and the possibility that a criminal group might seek to exploit such an attack for economic advantage.

One disturbing trend that numbers alone do not reveal is that BW programs in particular are becoming more dangerous in a number of ways.

--First: As deadly as they now are, BW agents could become even more sophisticated. Rapid advances in biotechnology present the prospect of a new array of toxins or live agents that require new detection methods, preventative measures, and treatments. And on the chemical side, there is a growing risk that new and difficult-to-combat agents will become available to hostile countries or sub-national groups.

--Second: BW programs are becoming more self-sufficient, challenging our detection and deterrence efforts, and limiting our interdiction opportunities. Iran, for example—driven in part by stringent international export controls—is acquiring the ability to domestically produce raw materials and equipment to support indigenous biological agent production.

--Third: Countries are taking

advantage of denial and deception techniques, concealing and protecting BW and CW programs. BW in particular lends itself to concealment because of its overlap with legitimate research and commercial biotechnology. The technologies used to prolong our lives and improve our standard of living can quite easily be adapted to cause mass casualties. Even supposedly "legitimate" facilities can readily conduct clandestine BW research and can convert rapidly to agent production, providing a mobilization or "breakout" capability.

--Fourth: Advances are occurring in dissemination techniques, delivery options, and strategies for BW and CW use. We are concerned that countries are acquiring advanced technologies to design, test, and produce highly effective munitions and sophisticated delivery systems.

NUCLEAR PROLIFERATION

Turning now to nuclear proliferation, the growing threat is underscored by developments in South Asia, where both India and Pakistan are developing more advanced nuclear weapons and moving toward deployment of significant nuclear arsenals.

Iran also aspires to have nuclear weapons and Iraq probably has not given up its unclear ambitions despite a decade of sanctions and inspections.

Nor dare we assume that North Korea is out of the business just because the Agreed Framework froze Pyongyang's ability to produce additional plutonium at Yongbang.

NUCLEAR SECURITY AND SMUGGLING

I would like to turn now to a discussion of the problem of nuclear security and smuggling. We are concerned about the

potential for states and terrorists to acquire plutonium, highly-enriched uranium, other fissile materials, and even complete nuclear weapons. Acquisition of any of the critical components of a nuclear weapons development program—weapons technology, engineering know-how, and weapons-usable material—would seriously shorten the time needed to produce a viable weapon.

--Iran or Iraq could quickly advance their nuclear aspirations through covert acquisition of fissile material or relevant technology.

The list of potential proliferators with nuclear weapons ambitions is not limited to states, however. Some non-state actors, such as separatist and terrorist groups, have expressed an interest in acquiring nuclear or radiological weapons.

Fortunately, despite press reports claiming numerous instances of nuclear materials trafficking, we have no evidence that any fissile materials have actually been acquired by a terrorist organization. We also have no indication of state-sponsored attempts to arm terrorist organizations with the capability to use any type of nuclear materials in a terrorist attack. That said, there is a high risk that some such transfers could escape detection and we must remain vigilant.

Similarly, we have no evidence that large, organized crime groups with established structures and international connections are—as yet—involved in the smuggling of nuclear materials. It is the potential that such involvement may occur, or may be ongoing—yet undetected—that continues to be a concern.

SUPPLIERS OF WMD TECHNOLOGY

Let us now look at the countries [that] are the suppliers of WMD-related weapons technology.

Russian and Chinese assistance to proliferant countries has merited particular attention for several years. Last year, Russia announced new controls on transfers of missile-related technology. There have been some positive signs in Russia's performance, especially in regard to transfers of missile technology to Iran. Still, expertise and materiel from Russia has continued to assist the progress of several states.

The China story is a mixed picture. China has taken steps to improve its nonproliferation posture over the last few years through its commitments to multilateral arms control regimes and promulgation of export controls, but it remains a key supplier of WMD-related technologies to developing countries.

There is little positive that can be said about North Korea, the third major global proliferator, whose incentive to engage in such behavior increases as its economy continues to decline. Successes in the control of missile technology—for example, through the Missile Technology Control Regime—have created a market for countries like North Korea to exploit illicit avenues for conducting sales activities in this area. Missiles, and related technology and know-how, are North Korean products for which there is a real market. North Korea's sales of such products over the years have dramatically heightened the missile capabilities of countries such as Iran and Pakistan.

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

suppliers.

Over the near term, we expect that most of their exports will be of shorter-range ballistic missile-related equipment, components, and materials. But, as their domestic infrastructures and expertise develop, they will be able to offer a broader range of technologies that could include longer-range missiles and related technology.

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

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

POTENTIAL FOR SURPRISE

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

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

Second, the growing availability of dual-use technologies is making it easier for proliferators to obtain the materials they need.

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

--Scientists with transferable

know-how continue to leave the former Soviet Union, some potentially for destinations of proliferation concern.

--As you know, plugging this "brain drain" and helping provide alternative work for the former Soviet Union's WMD infrastructure and key scientists are key goals of U.S. nonproliferation policy, as well as a variety of U.S. and international cooperation programs with Russia and other former Soviet states.

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

We are making progress against these problems [but] the hill is getting steeper every year.

TERRORISM

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

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

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

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

Usama Bin Ladin is still foremost among these terrorists, because of the

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

I am also very concerned about the continued threat Islamic extremist groups pose to the Middle East Peace Process. The Palestinian rejectionist groups, HAMAS (Islamic Resistance Movement) and PIJ (Palestine Islamic Jihad), as well as Lebanese Hizballah, continue to plan attacks against Israel aimed at blocking progress in the negotiations. HAMAS and PIJ have been weakened by Israeli and Palestinian Authority crackdowns, but remain capable of conducting large scale attacks. Recent Israeli arrests of HAMAS terrorist operatives revealed that the group had plans under way for major operations inside Israel.

Some of these terrorist groups are actively sponsored by national governments that harbor great antipathy toward the United States. Although we have seen some dramatic public pressure for liberalization in Iran,

which I will address later, and even some public criticism of the security apparatus, the fact remains we have yet to find evidence that the use of terrorism as a political tool by official Iranian organs has changed since President Khatami took office in August 1997.

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

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

--HAMAS is also pursuing a capability to conduct attacks with toxic chemicals.

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

....To sum up this part of my briefing, we have had our share of successes, but I must be frank in saying that this has only succeeded in buying time against an increasingly dangerous threat. The difficulty in destroying this threat lies in the fact that our efforts will not be enough to overcome the fundamental causes of the phenomenon—

poverty, alienation, disaffection, and ethnic hatreds deeply rooted in history. In the meantime, constant vigilance and timely intelligence are our best weapons.

IRAN

Turning now to Iran—the recent landslide victory for reformers in parliamentary elections...tell[s] us that further change in Iran is inevitable. The election of President Khatami in 1997 was the first dramatic sign of the popular desire for change in Iran. Khatami has used this mandate to put Iran on a path to a more open society. This path will be volatile at times as the factions struggle to control the pace and direction of political change.

A key indicator that the battle over change is heating up came last July when student protests erupted in 18 Iranian cities for several days. The coming year promises to be just as contentious with a new pro-reform Majles (Parliament) convening in late May or early June.

--The first round of the Majles elections in February gave resounding endorsement to the reformists who gained an absolute majority of the 148 seats in the 290 seat Majles, with 65 more seats to be decided in April runoffs. Many Iranians, particularly the large cohort of restive youth, will demand that the reformers carry out their mandate for change.

--The reformists' success in advancing their agenda will depend on their ability to keep their center-left coalition together and to maintain party discipline in the Majles; historically, Iranian parties have tended to splinter and dissipate their strength.

--The course of political change in Iran will also depend on what lessons the Iranian conservatives take from their electoral defeat. Some claim to have gotten the

message that they must change with the times, but the recent assassination attempt on a prominent reformist politician in Tehran suggests some elements are still wedded to the politics of terror.

--We worry that conservatives also might try to reverse their losses by invalidating some election results. In fact, they have already done so in three cities already. The isolated protests that this caused suggests that any further effort to overturn the Majles elections nationwide would be sure to send people into the streets.

With control of the Majles and a mandate for change, the reformists are likely to introduce an ambitious slate of reform legislation. But all legislation must be approved by the conservative-dominated Council of Guardians before it can become law, providing hardliners an opportunity to water down many of the reforms. Supreme Leader Khamenei and key institutions such as the Revolutionary Guard Corps and the large parastatal foundations also are outside the authority of the Majles and in a position to fight a stubborn rearguard against political change.

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

--The conservatives will have to be careful, however, because if they overplay their hand they run a risk of radicalizing young Iranians already impatient at the pace of political and social change.

IRAQ

With regard to Iraq, Saddam faced a difficult start in 1999—including the most serious Shi'a unrest since 1991 and

significant economic difficulties.

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

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

A major worry is Iraqi repair of facilities damaged during Operation Desert Fox that could be associated with WMD programs. Without inspections, it is harder to gauge Saddam's programs, but we assume he continues to attach high priority to preserving a WMD infrastructure. And Iraq's conventional military remains one of the largest in the Middle East, even though it is now less than half the size during the Gulf War.

He can still hurt coalition forces, but his military options are sharply limited to actions [such as] sporadically challenging no-fly-zone enforcement.

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

willing to call Saddam an ally....

**Statement by Director of Central Intelligence George J. Tenet before the Senate Foreign Relations Committee, Washington, DC, March 21, 2000.*

Note: We have excluded sections on the Balkans, North Korea, and Columbia, China, India-Pakistan, and Russia. The entire text is available on the CIA's website at: http://www.cia.gov/cia/public_affairs/speeches/dci_speech_020200.html