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SPEECHES AND TESTIMONY

**Unclassified Statement for the Record
by Special Assistant to the DCI for Nonproliferation John A. Lauder
on the Worldwide WMD Threat
to the Commission to Assess the Organization of the Federal Government
to Combat the Proliferation of Weapons of Mass Destruction
As Prepared for Delivery on**

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Thank you Mr. Chairman, Mr. Vice-Chairman, and members of the Commission.

I welcome being here today to help inform and support the work of this Commission. We in the nonproliferation intelligence community look forward to your recommendations in helping us deal with the formidable challenges that the United States Government faces in seeking to anticipate, assess, counter, and even roll back the spread of weapons of mass destruction (WMD). Conveying to you a full understanding of both the threats and what we in the Intelligence Community are doing to combat those threats are best dealt with in the closed sessions of the Commission. There are some observations and trends, however, that I can highlight in this unclassified setting. I have provided a Statement for the Record, and with your permission I will now draw from it to make some key points.

Let me say first that I particularly welcome being here with Dale Watson of the FBI. Also here to help answer the Commission's questions is Debra Shelton of the Defense Intelligence Agency. Other experts are in the room and we will ask them to identify themselves if we need to call on them to help during the questioning. The interagency team that all of us represent is a symbol of the type of cooperation that we have been fostering and indeed that is essential to providing the intelligence that this country needs to understand and address the proliferation challenge.

DCI George Tenet has emphasized in his appearances before Congress that no issue better illustrates the new challenges, complexities, and uncertainties that we in the Intelligence Community face than the proliferation of WMD and their delivery means. Over the past year, we have witnessed the nuclear tests in South Asia, continued concerns about Iraq's WMD programs, broader availability of technologies relevant to biological and chemical warfare, and accelerated missile development in Iran, North Korea, and--most recently--in Pakistan and India. Particularly worrisome to the Intelligence Community is 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.

US intelligence is increasing its emphasis and resources on many of these issues, but there is a continued and growing risk of surprise. We appropriately focus much of our intelligence collection and analysis on some ten states, but even concerning these states, there are important gaps in our knowledge. Moreover, we have identified well over 50 states that are of proliferation concern as suppliers, conduits, or potential proliferants. Our analytical and collection coverage against most of these states is stretched, and many of the trends seen, such as the

possibility of shortcuts to acquiring fissile material and increased denial and deception activities, make it harder to track some key developments, even in the states of greatest intelligence focus.

Supply

Looking at the supply-side first: 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 were some positive signs in Russia's performance early last year but, unfortunately, there has not been a sustained improvement. Expertise and materiel from Russia has continued to assist the progress of several states. For example, Russian entities have helped the Iranian missile effort in areas ranging from training, to testing, to components. This assistance is continuing as we speak, and is playing a crucial role in Iran's ability to develop more sophisticated and longer-range missiles.

Making matters worse, societal and economic stress in Russia seems likely to grow, raising even more concerns about the security of nuclear weapons and fissile material. Although we have not had recent reports that weapons-usable nuclear material is missing in Russia, what we have noticed are reports of strikes, lax discipline, poor morale, and criminal activity at nuclear facilities. These are alarm bells that warrant our closest attention and concern.

Moreover, these same stresses are propagating a "brain drain" in which WMD-related technologies--particularly those relating to biological weapons (BW) and chemical weapons (CW)--are for sale by Russian individuals to proliferant states. As you know, plugging this brain drain and helping provide alternative courses for the former Soviet Union's WMD infrastructure are key goals of US nonproliferation policy, as well as a variety of US and international cooperation programs with Russia and other former Soviet states.

The **China** story is a mixed picture. China is actively studying membership in the Missile Technology Control Regime, has promulgated controls on dual-use nuclear technology, and tightened chemical export controls. We cannot yet be certain, however, that the new export control mechanisms will be effective, and worrisome contacts continue between Chinese entities and countries of concern.

Both the Chinese Government and Chinese firms have long-standing and deep relationships with proliferant countries, and we are not convinced that China's companies fully share the commitments undertaken by senior Chinese leaders. While all aspects of China's proliferation behavior bear continued watching, we see more signs of progress on nuclear and chemical matters than on missile assistance.

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.

North Korea's sales are the most striking example of what we call "secondary proliferation." Countries such as India, Pakistan, and Iran--traditionally seen as technology customers--have also now developed capabilities that they could export to others.

Demand

Turning to the demand side, let's focus first on **nuclear** programs. Intelligence Community experts disagree on whether last year's nuclear testing in South Asia produced new stresses on international nuclear norms. Those who believe there are new stresses argue that despite many improvements to the nuclear nonproliferation regime in this decade, several factors foreshadow a decrease in the effectiveness of nuclear nonproliferation measures. Some nuclear supplier states are pursuing nuclear and dual-use trade--even with non-NPT and "rogue" states. The technology and equipment needed to make nuclear weapons have become more accessible commercially. More sophisticated denial and deception measures, as well as a growing trend toward nuclear self-sufficiency, may also protect clandestine nuclear programs from interdiction.

Last spring dramatically made clear that both **India** and **Pakistan** are well positioned to pursue development of advanced nuclear weapons and build significant nuclear arsenals. We remain concerned about the prospects for

renewed testing by India and Pakistan, and the resulting escalation of the nuclear arms race on the subcontinent.

Meanwhile, **Iran** also seems to be pushing its program forward. Russian entities continued to market and support a variety of nuclear-related projects in Iran, despite Russian assurances that cooperation is limited to the civilian Bushehr nuclear power reactor. This project, along with other nuclear-related purchases, will help Iran augment its nuclear technology infrastructure.

Iraq probably has the personnel, documentation, and some equipment needed to continue nuclear-related work. If Iraq is able to evade the embargo and improve its access to foreign markets, it could begin a major reconstitution effort.

With regard to **North Korea**, the "Agreed Framework" has frozen Pyongyang's ability to produce additional plutonium at Yongbyon, but we are deeply concerned that North Korea has a covert program. A key target for us to watch is the underground construction project at Kumchang-ni, which may be large enough to house a plutonium production reactor and perhaps a reprocessing plant as well.

Although **Libya** is suspected of aspiring to nuclear weapons capability, Tripoli's nuclear research and procurement efforts appear decades away from reaching nuclear sufficiency.

The missile story is no more encouraging, as recent events have shown. Unfortunately, the high level of launch activity in 1998 has continued this year. This month alone, we have seen tests of **India's** Agni-2 missile and **Pakistan's** Ghauri and Shaheen missiles. Each of these missiles has the potential to deliver a nuclear weapon.

Other activity over the past year included the first launches of the North Korean Taepo Dong-1 and the Iranian Shahab-3. Both the Ghauri and the Shahab-3 are based on North Korea's No Dong. With a range of 1,300 km, the No Dong, Shahab-3, and Ghauri significantly alter the military equations in their respective regions. In short, theater-range missiles with increasing range pose an immediate and growing threat to US interests, military forces, and allies--and the threat is increasing.

More disturbing is that foreign missiles of increased range and military potential are under development. North Korea's Taepo-Dong 1, launched last August, demonstrated the use of three stages and technology that, particularly with the resolution of some important technical issues, would give North Korea the ability to deliver a very small payload to intercontinental ranges--including parts of the United States--although not very accurately.

The North Koreans are also working on another missile--the Taepo Dong-2. With two stages, the Taepo Dong-2, which has not yet been flight-tested, would be able to deliver significantly larger payloads to mainland Alaska and the Hawaiian Islands, and smaller payloads to other parts of the United States. In other words, the lighter the payload, the greater the range. With a third stage like the one demonstrated last August on the Taepo Dong-1, this missile would be able to deliver payloads to the rest of the United States.

Foreign assistance is a fundamental factor behind the growth in the missile threat. For example, foreign assistance helped Iran save years in its development of the Shahab-3 missile, which is based on the North Korean No Dong and, as I noted earlier, includes Russian--and, to a lesser extent Chinese--assistance. Moreover, Iran will continue to both seek longer range missiles and foreign assistance in their development.

Iraqi capabilities to develop missiles also continue to be a concern. Before the Gulf War, Iraq was ahead of Iran in such developments. If sanctions against Iraq were lifted, or if the United Nations monitoring regime were to be less intrusive, we would have to assume that Iraq would seek longer-range capabilities.

Libya continued to obtain ballistic missile-related equipment, materials, and technology during the second half of last year, while **Syria** continued its work on establishing a rocket motor development and production capability. Foreign equipment and assistance have been and will continue to be essential for this effort.

Against the backdrop of an increasing missile threat, the proliferation of **chemical and biological weapons** (CBW) takes on more alarming dimensions. At least sixteen states, including those with missile programs mentioned earlier, currently have active CW programs, and perhaps a dozen are pursuing offensive BW programs.

One of the most active players has been **Iran**. It already has manufactured and stockpiled CW, including blister, blood, and choking agents, and the bombs and artillery shells for delivering them. Even though it is a party to the Chemical Weapons Convention (CWC), Tehran continues to obtain foreign equipment and materials that could be

used to create a more advanced and self-sufficient CW infrastructure. Tehran also continues to seek dual-use biotechnological equipment from Russia and other countries--ostensibly for civilian uses. Iran began a biological warfare program during the Iran-Iraq war, and it may have some limited capability for BW deployment.

Iraq is another serious CBW proliferation concern, despite more than seven years of rigorous inspections. There are strong indications that Iraq retains a CW capability and that it has helped other countries--particularly Sudan--develop or expand CW capabilities. In addition, since the Gulf War, Baghdad has rebuilt chemical facilities that could be converted fairly quickly for production of CW agents.

Meanwhile, Iraq refuses to disclose fully the extent of its BW program and still has not accounted for over a hundred BW bombs and more than three metric tons of imported growth media--directly related to past production and future capabilities. Iraq has demonstrated the capability to deliver BW agent from aircraft. We believe Iraq will exploit any opportunity to reconstitute its pre - Gulf War CBW capabilities as rapidly as possible, once sanctions are lifted.

Libya remains heavily dependent on foreign suppliers for precursor chemicals and other key CW-related equipment. Although UN sanctions continue to severely limit that support, Tripoli has not given up its goal of establishing its own offensive CW capability and continues to pursue an independent production capability for these weapons.

Syria continued to seek CW-related precursors from various countries last year. It already has a stockpile of the nerve agent sarin, and it apparently is trying to develop more toxic and persistent nerve agents. Damascus remains dependent on foreign sources for key elements of its CW program, including precursor chemicals and key production equipment.

Significantly, a number of CBW programs are run by countries with a history of sponsoring **terrorism**. One of our greatest concerns is the serious prospect that Usama Bin Ladin or another terrorist might use chemical or biological weapons. Bin Ladin's organization is just one of about a dozen terrorist groups that have expressed an interest in or have sought chemical, biological, radiological, and nuclear (CBRN) agents. Bin Ladin, for example, has called the acquisition of these weapons a "religious duty" and noted that "how we use them is up to us."

Numbers alone, however, do not adequately reflect the true nature of the growing CBW threat. The greatest change is that individual CBW programs are becoming more dangerous in a number of ways.

First: As deadly as they now are, CBW agents could become even more sophisticated. Rapid advances in biotechnology present the prospect of a wholly new array of toxins or live agents that will require new detection methods and preventative measures, including vaccines and therapies. Russian whistleblowers have warned publicly of a new generation of CW agents, sometimes called "**Novichok**" agents, that might also necessitate new detection and treatment approaches. To compound the problem, Third World proliferants probably are already seeking such technology and could develop or acquire advanced agents in the near future.

In addition, researchers are exploring different ways to use BW, including mixtures of slow- and fast-acting agents, and "cocktails" with chemical agents.

Gains in genetic engineering are making it increasingly difficult for us to recognize all the agents threatening us. Also, BW attacks need not be directed only at humans. Plant and animal pathogens may be used against agricultural targets, creating potential economic devastation.

Second: CBW programs are becoming more self-sufficient, challenging our detection and deterrence efforts, and limiting our interdiction opportunities. Iran is a case-in-point. Tehran--driven in part by stringent international export controls--has set about acquiring the ability to produce domestically the raw materials and equipment needed to support indigenous chemical and biological agent production.

Third: Countries are taking advantage of denial and deception techniques, concealing and protecting CBW programs. Concealment is simpler with BW because of its overlap with legitimate research and commercial biotechnology. Even so, a CW capability can fairly easily be embedded into a commercial pesticide plant or other parts of an industrial chemical infrastructure.

Even supposedly "legitimate" facilities can readily conduct clandestine CBW research and can convert rapidly to agent production, providing a mobilization or "breakout" capability. As a result, large stockpiles of CBW munitions

simply may not be required in today's CBW arena.

Fourth: Advances are occurring in dissemination techniques, delivery options, and strategies for CBW use. We are concerned that CBW-capable countries are acquiring advanced technologies to design, test, and produce highly effective CBW munitions and sophisticated delivery systems, such as cruise missiles and short-range ballistic missiles.

Two other phenomena complicate the problem. The first is brain drain; as mentioned previously, scientists with transferable know-how continue to leave the former Soviet Union, some potentially for destinations of proliferation concern. Second, the struggle to control dual-use technologies only gets harder. A few individuals are ready to take advantage of this and are ready to transform opportunities for human betterment into threats of human destruction.

The same technology that is used for good today, can, if it falls into the wrong hands, be used for evil tomorrow. The overlap between BW agents and vaccines, and between nerve agents and pesticides is, as you know, considerable. The technologies used to prolong our lives and improve our standard of living can quite easily be used to cause mass casualties. BW technology is, in part, widely available because all societies have a legitimate need for the biotechnology on which it is based.

I would offer one footnote on the difficulty of assessing the threat from biological and chemical weapons today: Intelligence is all about ascertaining not only the capabilities, but also the intentions of one's adversaries. Because of the dual utility of the technology and expertise involved, the actual CBW threat is in fact tied directly to intentions. Getting at this intent is the hardest thing for intelligence to do, but it is essential if we are to determine with certainty the scope and nature of the global biological and chemical warfare threat.

The Intelligence Community Response

So what is the Intelligence Community doing to address the global WMD proliferation problem and to use our available resources in the best way possible?

An important step in boosting the Intelligence Community's WMD nonproliferation efforts across the board occurred about a year and a half ago, when DCI Tenet reorganized the nonproliferation intelligence community and significantly increased the size of his Nonproliferation Center:

He appointed me to be both his Special Assistant for Nonproliferation and Director of his Nonproliferation Center (NPC). Specifically, he charged me with improving coordination and communication, empowering me with the means to lash up the nonproliferation community to better meet the growing need for intelligence on weapons of mass destruction programs.

At the same time, nearly all of the analysts in CIA's Directorate of Intelligence who were covering biological and chemical weapons, all of the proliferation specialists dealing with missiles and nuclear technology, and all of the analysts investigating the proliferation supplier networks were brought into NPC. A major reason for increasing the size of NPC was to provide a critical mass of experts to grow and nurture the next generation of WMD and proliferation analysts and collectors.

Speaking of the "next generation," a top strategic priority for NPC, and all of us in the nonproliferation intelligence community, is analysis--especially the steps needed to promote analytical depth and expertise. We have a strong front line, but we need a deeper bench. To that end, we are adding significant numbers of analysts and taking innovative measures to help these analysts cope with the fire hose of information that is out there. Our future effectiveness will rest heavily on taking new directions in information technology and information management.

I would note, also, that it would be impossible and inadvisable to try to put all of the IC's resources on this issue within a single center, given the sheer breadth of the nonproliferation issue. The strength of the Community's nonproliferation effort depends not just on the success of the DCI Nonproliferation Center, but on our ability to forge effective partnerships with a variety of organizations. Some of the steps we have taken include:

- Our enticement last fall of one of the leading virologists in the United States to start work as the DCI's Senior Science and Technology Advisor for Nonproliferation. The near term focus will be BW, but we hope over time to broaden this advisor's purview to include other WMD disciplines.
- We have assembled an outside Panel of outside top scientists, technical administrators, and senior

individuals from academia, private industry, the national labs, the military, and the public health services to give strategic advice to the DCI. This Panel will hold its inaugural meeting next week.

- We are increasing representation from DIA, FBI, NSA, NIMA, the military intelligence organizations and other agencies, such as Commerce and Customs, throughout the Center's operations, while also increasing the rotation of NPC analysts out into the Community.
- We are enhancing cooperation within the Intelligence, Policy, Defense, Law Enforcement, and Public Health Communities to counter nuclear, biological, chemical, and even radiological terrorism. For example, I co-chair with the FBI the Intelligence Subgroup of the Weapons of Mass Destruction Preparedness Working Group established under PDD-62.
- Finally, we are developing new tools and new approaches for analysts that are beginning to bear fruit. We are employing new funds and seeking new opportunities to combat proliferation across the board, including seeking the help of outside experts to attack the issue of proliferation surprise.

Our recent efforts in the ballistic missile arena provide a good example of how we are addressing this last point. In preparing for this year's annual report to Congress on foreign missile developments, we included significant additional outside expertise and red teaming:

- Private-sector contractors helped us identify alternative development paths that future ballistic missiles could take, including specific technologies and potential hurdles involved. These efforts include assessments of the effects of increased foreign assistance.
- We have scheduled a conference with the Center for Strategic and International Studies to have academia and others postulate future politico-economic environments that foster missile sales and increasing foreign assistance.
- Last summer, the Intelligence Community published a classified paper that postulated ways a country could demonstrate an ICBM capability with a space launch vehicle (SLV), and examined various ways it could convert its SLVs into ICBMs. This work also fed into the 1999 report as a generic look at some alternative approaches.
- Drafting is underway on a paper that examines how countries could push Scud technology beyond perceived limits. Scientists and nonscientists are involved. Sometimes, those already outside the box can think outside the box more readily.
- I mention the above examples from our missile analysis, but similar efforts are underway in the nuclear, biological, and chemical areas as well.

Conclusion

In closing, let me reiterate our concern regarding the proliferation of weapons of mass destruction and long-range delivery systems worldwide. This concern should, and does, motivate us all to do everything we can to counter the threat and to defend against it. Our efforts have received a tremendous boost from the support we have received here on the Hill to provide funding for a number of measures that will strengthen our intelligence capabilities. Moreover, the DCI has launched a Strategic Direction initiative that will strengthen our clandestine collection and analytical work by putting more operations officers on foreign streets and more analysts on accounts, and then support them to the hilt with the best tools available.

In addition, the new positions of Deputy Director of Central Intelligence for Community Management and the Assistant Director of Central Intelligence for Collection give the DCI effective new tools for carrying out his responsibilities in planning, programs, and budget development, requirements management, and acquisition oversight across agency and disciplinary lines. Both officers play an important role in forging interagency strategies, including for collection, against WMD and proliferation issues.

I believe that the changes we have made or are implementing will enhance the overall effectiveness of the Intelligence Community in managing and expanding our efforts to support US national nonproliferation goals. Although many steps have been taken to improve our understanding of the threat, we cannot guarantee that we will be able to anticipate or collect against every military action or terrorist act involving WMD.

There is more that needs to be done, and we will work with many players throughout the US Government on the next steps. Although the growing WMD and ballistic missile threat cannot be met by US Intelligence alone, our work will be crucial to defending American interests and protecting American lives.

[\[Speeches and Testimony Page\]](#) [\[Public Affairs Page\]](#) [\[CIA Homepage\]](#)

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