[H.A.S.C. No. 102–73]

REGIONAL THREATS AND DEFENSE OPTIONS FOR THE 1990s

HEARINGS

BEFORE THE

DEFENSE POLICY PANEL

AND THE

DEPARTMENT OF ENERGY DEFENSE NUCLEAR FACILITIES PANEL

OF THE

COMMITTEE ON ARMED SERVICES
HOUSE OF REPRESENTATIVES

ONE HUNDRED SECOND CONGRESS

SECOND SESSION

HEARINGS HELD

PART I—MARCH 10, 11, 17, 19, 24, APRIL 2, 8, AND 9, 1992
PART II—MARCH 18, 26, 27, 31, APRIL 8, AND MAY 5, 1992

U.S. GOVERNMENT PRINTING OFFICE

63–777 CC WASHINGTON : 1993

For sale by the U.S. Government Printing Office
Superintendent of Documents, Congressional Sales Office, Washington, DC 20402
ISBN 0-16-040713-3

KF27
.A73647
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CONTENTS

LIST OF HEARINGS

1992

Page

Part I. Regional Threats and Defense Options for the 1990s:

A. Testimony of Unified and Specified Commanders in Chief and Regional Commanders in Chief:

1. March 10, 1992: CINC Transportation Command 1
2. March 11, 1992: CINC Central Command 61
3. March 17, 1992: CINC Atlantic Command and CINC Southern Command 119
4. March 19, 1992: CINC Special Operations Command 167
5. March 24, 1992: CINC U.S. European Command 197
6. April 2, 1992: CINC U.S. Forces, Korea 233
7. April 8, 1992: CINC Strategic Air Command 249
8. April 9, 1992: CINC Pacific Command 279

Part II.

B. March 18, 1992: The Bush Administration's Seven Scenarios for American Military Involvement (CLASSIFIED)—Held in committee files.

C. March 27, 1992: Worldwide Threats to United States Security, Director of Central Intelligence Agency 311

D. March 26, 1992: Anti-Chaos Aid to the Former Soviet Union and Nuclear Proliferation Issues 323

E. March 31, 1992: U.S. Post-Cold War Security in the Pacific 355

F. April 8, 1992: Future Nuclear Weapons Requirements 395

G. May 5, 1992: The Army National Guard Combat Role and Capabilities 423

STATEMENTS PRESENTED BY MEMBERS OF CONGRESS

Aspin, Hon. Les, a Representative from Wisconsin, Chairman, Defense Policy Panel 1, 61, 167, 233, 249, 279, 311, 323, 355, 423

Davis, Hon. Robert W., a Representative from Michigan 250

Dickinson, Hon. William L., a Representative from Alabama, Ranking Minority Member, Defense Policy Panel:

Statement 120, 168, 198, 234, 280, 312, 424

Prepared statement 356

Kyl, Hon. Jon, a Representative from Arizona, Ranking Minority Member, Department of Energy Defense Nuclear Facilities Panel 396

Martin, Hon. David O'B., a Representative from New York 324

Sisisky, Hon. Norman, a Representative from Virginia 197

Skelton, Hon. Ike, a Representative from Missouri 119

Spence, Hon. Floyd, a Representative from South Carolina:

Statement 2, 62

Prepared statement 62

Spratt, Hon. John M., Jr., a Representative from South Carolina, Chairman, Department of Energy Defense Nuclear Facilities Panel 395

PRINCIPAL WITNESSES WHO APPEARED IN PERSON OR SUBMITTED WRITTEN STATEMENTS

Armitage, Ambassador Richard, Coordinator for Assistance to the New Independent States, Department of State 324

Page

Burns, Maj. Gen. William F., USA Ret., Coordinator for Nuclear Dismantlement, Department of State:
Statement 328
Prepared statement 332
Butler, Gen. Lee, Commander In Chief, Strategic Air Command:
Statement 251
Prepared statement 252
Davis, Richard A., Director, Army Issues, National Security and International Affairs Division, General Accounting Office 436
Edney, Adm. Leon A., USN:
Statement 130
Prepared statement 133
Edwards, Maj. Gen. Donald F., President, Adjutants General Association 433
Ensslin, Maj. Gen. Robert F., Jr., Ret., President, National Guard Association 431
Gallucci, Robert L., Senior Coordinator in the Office of the Deputy Secretary, Department of State 326
Galvin, Gen. John R., USA, Commander In Chief, U.S. European Command:
Statement 199
Prepared statement 202
Gates, Robert M., Director of the Central Intelligence Agency 313
Griffith, Lt. Gen. Ronald H., Inspector General, Department of the Army 425
Hoar, Gen. Joseph P., USMC, Commander In Chief, U.S. Central Command
Statement 63
Prepared statement 66
Johnson, Gen. Hansford T., USAF, Commander In Chief, U.S. Transportation Command:
Statement 2
Prepared statement 5
Joulwan, Gen. George A., USA, Commander In Chief, U.S. Southern Command:
Statement 121
Prepared statement 124
Kreisberg, Paul, Senior Research Associate, East-West Center:
Statement 373
Prepared statement 377
Larson, Adm. Charles R., USN, Commander In Chief, U.S. Pacific Command:
Statement 280
Prepared statement 284
May, Michael, Former Director, Lawrence Livermore National Laboratory 402
Peay, Lt. Gen. J.H. Binford, III, Deputy Chief of Staff, Operations and Plans, United States Army 429
Pollack, Jonathan, Corporate Research Manager, International Policy Department, Rand Corporation .....
Reed, Thomas, Former Secretary, U.S. Air Force 396
RisCassi, Gen. Robert W., USA, Commander In Chief, U.S. Forces, Korea:
Statement 235
Prepared statement 238
Romberg, Alan, C.V. Starr Fellow for Asia Studies, Council on Foreign Relations 362
Stiner, Gen. Carl W., USA, Commander In Chief, U.S. Special Operations Command:
Statement 168
Prepared statement 184
Yost, Casimir, Director, Center for Asian and Pacific Affairs, Asian Foundation 356

WORLDWIDE THREATS TO UNITED STATES SECURITY, DIRECTOR OF THE CENTRAL INTELLIGENCE AGENCY

HOUSE OF REPRESENTATIVES,
COMMITTEE ON ARMED SERVICES,
DEFENSE POLICY PANEL,
Washington, DC, Friday, March 27, 1992.

The panel met, pursuant to call, at 10 a.m., in room 2118, Rayburn House Office Building, Hon. Les Aspin (chairman of the panel) presiding.

STATEMENT OF HON. LES ASPIN, A REPRESENTATIVE FROM WISCONSIN, CHAIRMAN, DEFENSE POLICY PANEL

The CHAIRMAN. The meeting will come to order.

This morning the Defense Policy Panel welcomes Robert Gates, the Director of the Central Intelligence Agency, as a witness. He will assess the threats to American interests posed by potential aggressors in Southwest Asia and the Korean peninsula; the regions where major military conflict is perhaps most likely. It is particular dangers like these that we must use as the basis for sizing and shaping post-Soviet American forces.

Events of the last 10 years have changed the military capabilities and possibly the intents of some Middle East nations. The Iran-Iraq war devastated Iran's war-fighting ability although Iran has been moving to rearm itself. The defeat of Iraq in Operation Desert Storm reduced its conventional and unconventional capabilities; but we are all well aware that Iraq is far from having destroyed its weapons of mass destruction as required by United Nations resolutions. The end of the cold war compelled Syria to join the alliance against Iraq and participate in the Middle East peace process.

The panel would like Mr. Gates to discuss the conventional and unconventional military capabilities of these and other potential aggressors in Southwest Asia. In particular, we would like a review of the sanctions' effectiveness in limiting Iraq's ability to reconstitute its military. A general overview of military, political and economic trends that bear on the potential for armed conflict in the region also would be useful.

As for Korea, we would like an assessment of the South Korean military's ability to defend against an attack from the north and the likelihood that such action would be required. If there are deficiencies in the South Korean military capability, we would like to know whether the United States could take any action now to help. Furthermore, we would like to know the status of North Korea's nuclear program.

Identifying situations in which the United States might need military forces to ward off threats to our interests is the only real-

istic basis for developing future forces. No other method begins to tell us how much is enough. Resources are scarce, and we owe the American taxpayer our best judgment of what we need to ensure our national security. Basically, what we are involved with is trying to calculate what kind of a defense we are looking for in the years ahead.

As part of that, we are trying to analyze what are the threats in the post-cold war, post-Soviet world. What kind of threats are they, how extensive are they and where does it come out? Our belief is that that is the basis for putting together a defense budget.

We are interested in the question of whether our essential first cut at this thing and Option C make sense. We are looking at your best judgment as to what the kinds of threats are and what you think we ought to be taking into account as we build our forces.

We are interested in Southwest Asia and Korea, but if you think there is something else that we ought to know about, we are interested.

The opening statement of Mr. Gates is in open session and then we will go into closed testimony for further questions.

Bill Dickinson.

STATEMENT OF HON. WILLIAM L. DICKINSON, A REPRESENTATIVE FROM ALABAMA, RANKING MINORITY MEMBER, DEFENSE POLICY PANEL

Mr. DICKINSON. Thank you, Mr. Chairman.

Mr. Gates, it is always a pleasure to have you appear before the panel.

My staff tells me that the Dutch philosopher Spinoza once wrote that "Peace is not an absence of war. It is a state of mind."

The CHAIRMAN. Who over there reads Spinoza?

Mr. DICKINSON. I want to give credit where credit is due.

Before this Nation again convinces itself, as it has after every other conflict this century, that war will never come again, as we always thought in the past, but it has never been the case. We need to look hard at the world around us. That is why your testimony today is so important.

This policy panel is especially interested, as the chairman has said, in Korea and Southwest Asia. These are two areas of potential conflict for which candid threat assessments will hopefully help determine the future U.S. force structure requirements.

I would like you to address four areas:

First, we need to understand the relative strengths of both North and South Korean military forces as well as the status and future of the North Korean weapons program.

Second, as the chairman proposed, an "air power" only strategy in the United States is called upon to fight in Korea as a second contingency. Since North Korea has proved relatively invulnerable to sustained air assault in the past, we would like your analysis of the North Korean political and military vulnerability to air power today.

Third, we would like your assessment of the likely implications for deterrence and crisis management if North and South Korea understand that U.S. force structure could not support the commitment of significant U.S. ground forces in defense of South Korea.

Fourth, with regard to Southwest Asia, Iraq remains committed to developing a nuclear, chemical, and biological weapons capability. Iran is committed to reducing and modernizing its military. How soon can we expect each nation to be in a position to use a refurbished military capability against each other or other nations in the Gulf? What vulnerabilities might the United States exploit to retard both Iran's and Iraq's drive for the enhanced military power?

There are two ways to look toward the future military structure. Do we start with a money figure and say this is all we can spend and this is the amount that we are willing to spend? What does that buy us?

So we start with a dollar figure and say we can afford this or what will be contained in the mix if we spend this amount of money or do we see this is the threat that we see in order to meet the threat? This is where we would have to start building, build up what we see as a minimum capability and then look at the dollar mark, the price tag, and say this is the amount that we have to come out at.

Those are two approaches and it has been suggested by some on both sides of the equation. I don't know which is the proper way, but your testimony today is significant and will help us arrive at what we would propose and support as far as our military posture is concerned for the future.

Thank you for your presence today.

The CHAIRMAN. Mr. Gates.

STATEMENT OF ROBERT M. GATES, DIRECTOR OF THE CENTRAL INTELLIGENCE AGENCY; ACCOMPANIED BY GORDON OEHLER, NATIONAL INTELLIGENCE OFFICER FOR SCIENCE, TECHNOLOGY, AND PROLIFERATION, CENTRAL INTELLIGENCE AGENCY; ELLEN LAIPSON, NATIONAL INTELLIGENCE OFFICER FOR NEAR EAST AND SOUTH ASIA, CENTRAL INTELLIGENCE AGENCY; DAVID ARMSTRONG, NATIONAL INTELLIGENCE OFFICER FOR GENERAL PURPOSE FORCES, CENTRAL INTELLIGENCE AGENCY; KENT HARRINGTON, NATIONAL INTELLIGENCE OFFICER FOR EAST ASIA, CENTRAL INTELLIGENCE AGENCY; LAWRENCE GERSHWIN, NATIONAL INTELLIGENCE OFFICER FOR STRATEGIC PROGRAMS, CENTRAL INTELLIGENCE AGENCY; STANLEY M. MOSKOWITZ, DIRECTOR OF CONGRESSIONAL AFFAIRS, CENTRAL INTELLIGENCE AGENCY; AND CHARLES CUNNINGHAM, OFFICE OF CONGRESSIONAL AFFAIRS, CENTRAL INTELLIGENCE AGENCY

Mr. GATES. Thank you, Mr. Chairman and Mr. Dickinson.

I am pleased to be here. I will try to answer as many of the questions that you have posed in open session, but some I will have to address in closed session.

I have to respond to the Spinoza quote because it reminded me of Ambrose Pearson's definition of peace as a period of cheating between two periods of fighting.

I am happy to come before you to discuss emerging trends in parts of the world where the United States has manifest and enduring security interests.

You have asked that I focus on the Middle East and Persian Gulf as well as on the Korean peninsula, and I will do so.

I would be remiss, however, if I did not first, at least, allude to other parts of the world where our interests are at stake and our military forces might be needed, though not necessarily to fight.

When I was here last December, I ended my statement with a caution about the unpredictability of the future. I suggested we think about how fast events are moving; the prospects for turbulence and instability in heavily armed Central Eurasia; the problematic disposition of the nearly 30,000 nuclear weapons of the former Soviet Union; the volatility of the Middle East and South Asia; the proliferation of weapons of mass destruction, particularly the nuclear development programs in countries hostile to our interests; and the centrifugal forces of nationalist and ethnic hostility that threat instability, or even civil war, on several continents.

During the ensuing 3½ months some disquieting trends have been evident. Unrest is worse, for example, in parts of the former Soviet Union than when I was last here. Conflict is deepening between Soviet successor states such as Armenia and Azerbaijan.

While the CIS has helped cushion the collapse of the Soviet empire, it is facing increasing strains that it may not survive. It is not hard to find other disquieting news:

Ukraine has suspended the transfer of tactical nuclear weapons to Russia for dismantling; ratification and implementation of the CFE Treaty appears increasingly complex and problematic; arms races are heating up in the Middle East and Southeast Asia, among other regions; despite significant and costly counternarcotics achievements, narcotics trafficking shows no sign of abating; and the disastrous explosion in Buenos Aires shows that international terrorism is still of grave concern.

On the other hand, I can point to some positive developments as well: White citizens in South Africa voted strongly in favor of continuing political reforms. A cease-fire is in effect in El Salvador, and the prospects that the contending factions can work out their differences peacefully have improved. Democracy has begun to make progress even in Albania and Romania. The unrest in Yugoslavia has abated, if perhaps only temporarily.

Transforming centrally planned economies into market economies continues to be wrenching and destabilizing. But the worst predictions about massive starvation, hypothermia, and large-scale unrest in Russia, for example, have so far failed to materialize. Yeltsin is still holding firmly to the course of economic reform.

We may no longer need to fear a nuclear holocaust, but the famous Chinese curse appears to have come true. We are truly living in interesting times. With those thoughts in mind, I will devote the balance of my presentation to the regions you have asked me to cover.

First, the Middle East and Persian Gulf. If in the next few years it again becomes necessary to deploy United States combat power abroad, the strategically vital region encompassing the Middle East and Persian Gulf is at the top of the list of likely locales.

Among the several countries in this region that are hostile to United States interests; two, Iraq and Iran, continue trying to re-

build their military power to enhance their influence. Let me say a few words about each, starting with Iraq.

Operation Desert Storm greatly reduced Iraq's ability to conduct large-scale offensive military operations. The United Nation sanctions have impeded Saddam's efforts to re-equip his forces. Preoccupied with defending the regime and putting down local insurgencies, the Iraqi military is currently capable of conducting only small-scale offensive operations with limited objectives. Nevertheless, the size and equipment of Iraq's military forces remain formidable, especially in comparison with those of most of its neighbors. Let me give you some figures:

Iraq's ground forces number about two dozen divisions, though they are on the whole smaller and much less capable than the prewar divisions. The Army still has more than 3,000 armored personnel carriers; 2,000 tanks, and 1,000 artillery pieces. We believe Iraq also retains some mobile Scud missile launchers and as many as several hundred missiles. The Iraqi Air Force probably still has about 300 combat aircraft, though many are not operational. Because the Air Force has been grounded for over a year, it would need at least a month of intensive training and maintenance to become even minimally combat-ready.

Although a large quantity of Iraqi nuclear-related equipment has been identified and destroyed, we suspect Iraq has managed to hide some equipment from the United Nations inspectors. Of course, Iraq's nuclear scientists and engineers retain their expertise.

Baghdad surrendered thousands of chemical munitions, tons of chemical agents, and considerable production equipment. But we believe the regime still has more of everything, more precursor chemicals, more bulk agent, more munitions, more production equipment.

The regime never admitted having a biological weapons program and never surrendered any toxins or weapons. But we know the Iraqis had such a program and we are convinced they have been able to preserve some biological weapons and the means to make even more.

The restoration of Iraq's defense industries is one of Saddam's main post-war goals. Notwithstanding U.N.-imposed inspections and sanctions, Iraq claims to have partly repaired nearly 200 military-industrial buildings and to be in the process of repairing many others. We can confirm that significant reconstruction has been taking place in at least two dozen military-industrial sites.

Limited production of artillery and ammunition has resumed at some weapon production facilities damaged during the Gulf War. Despite these efforts, total arms production will remain significantly below pre-war levels as long as sanctions remain in force and inspections continue.

If the sanctions were removed, we estimate it would take Iraq at least 3 to 5 years to restore its pre-war conventional military inventories. Long before then, Iraq's forces could be strong enough to threaten its neighbors.

More important, however, is how fast we think Iraq could restore its special weapons capabilities. We believe Baghdad has been able to preserve significant elements of each of its special weapons pro-

grams. Once it is free to begin rebuilding them, its scientists and engineers will be able to hit the ground running.

The nuclear weapon development program would need the most time to recover, because much of the infrastructure for the production of fissile material would need to be reconstructed. This judgment would be reinforced if equipment at certain, only recently identified, nuclear research sites is destroyed, as United Nations inspection teams have demanded.

The time Iraq would need to rebuild its nuclear capability could be shortened dramatically if it could somehow procure fissile material from abroad.

Much of the chemical weapons production infrastructure would have to be rebuilt before the Iraqis could reestablish the pre-war level of production. However, we believe they could quickly resume limited production of such weapons using covert stocks of precursor chemicals, undeclared chemical process equipment, and unfilled munitions.

Because it doesn't take much equipment to make biological warfare agents, we estimate the Iraqis could resume production within weeks. They have retained microbial fermentation equipment and pathogen cultures; we remain convinced they also have a stockpile of biological weapons.

Finally, we judge that the Iraqis could soon restore their capability to produce Scud-type missiles, though they might need some help from abroad.

How then might Iraq's internal politics and external behavior change if Saddam Hussein left the scene? As Saddam's decades of repressive rule demonstrate, he will do whatever it takes to cling to power.

I think one of the most effective cartoons that I saw during the period of the war and afterward was a cartoon showing Saddam Hussein at a window with all the ruins of Iraq behind him and the caption was "I regret that I have but one country to give for my life." I think that captures his nature.

No succession mechanism is in place, nor are there any obvious candidates to replace Saddam. Iraq is one of those countries where being the number two man is unnerving, not to say life-threatening.

Consequently, we judge that if Saddam left the scene, it would be because of a coup or other violent act. How likely this is to happen, I cannot say, though we have evidence that Saddam's power base is shrinking and that dissatisfaction with his leadership is growing even among his core supporters—chiefly among Iraq's Sunni Muslins.

A likely successor to Saddam would be someone from the current Sunni-Arab-dominated ruling circle. Someone who shares Saddam's perspectives, especially his belief in the political efficacy of ruthless violence. Such a successor might think pretty much like Saddam. Even so, whoever Saddam's successor was, he would lack a broad power base and could face immediate and serious challenges from other contenders.

A successor regime might be a little less hardnosed, both toward Iraqi Shi'ites and Kurds and toward Iraq's external adversaries. While it would continue efforts to restore Iraq's military capability,

it might shift some resources from military to civilian reconstruction.

The new regime could anticipate a quick end to the United Nations sanctions as well as recognition and support from the international community. In the short run then Iraq might present a lower threat to its neighbors.

Still, any successor to Saddam is likely to share his regional aspirations, and over the longer term we could expect Iraq to try to regain its position as the dominant Arab military power.

If a successor regime begins to have trouble maintaining Iraq's unity or territorial integrity, its immediate neighbors, particularly Iran, Turkey, and Syria, will be strongly tempted to intervene. They all fear that an unstable Iraq would threaten their own national interests and might lead to an undesirable shift in the regional balance of power. None wishes to see Iraq break apart into independent Kurdish, Shi'ite, and Sunni states.

White Iraq struggles to recover from the Gulf War, Iran is determined to regain its former stature as the preeminent power in the Persian Gulf. Tehran's reformulated national security policy has three main goals: One, guarantee the survival of the regime; two, project power throughout the region; and three, offset United States influence in the Middle East.

To achieve these goals, Iran has undertaken diplomatic measures to end its international isolation, is purchasing weapons from a variety of foreign suppliers, and is developing a capability to produce weapons of mass destruction.

During the period 1990 to 1994, Iran plans to spend $2 billion in hard currency annually on foreign weapons. Tehran has already purchased significant numbers of advanced warplanes and anti-aircraft missiles from Russia and China. It has bought some extended-range Scud missiles from North Korea and is building a factory to manufacture its own. As part of its upgrade of naval forces, Iran has also contracted to buy at least two Kilo-class attack submarines from Russia.

Even after Operation Desert Storm, Iraq still has three times as many armored vehicles as Iran. To reduce that gap, Tehran is attempting to purchase hundreds of tanks from Russia and East European suppliers.

In the Iran-Iraq war, Iraq's chemical weapon were decisive factors in several important engagements, a lesson not lost on Iran.

We judge that Tehran is seeking to acquire a nuclear weapon capability. Barring significant technical input from abroad, however, the Iranians are not likely to achieve that goal before the year 2000.

Although extensive and improving, Iran's chemical weapon program remains relatively crude. Nevertheless, we expect Iran to develop chemical warheads for its Scud missiles within a few years. We also suspect that Iran is working toward a biological warfare capability.

Tehran is rebuilding its military strength not only to redress the military imbalance with Iraq, but also to increase its ability to influence and intimidate its Gulf neighbors. Though in the near term, Tehran's desire to reduce U.S. involvement in the region will probably lead it to court the Gulf states rather than bully them.

63-777 O - 93 - 11

Tehran is also trying to improve its relations with Arab States outside the Gulf, stressing Muslim solidarity and Islamic principles. In countries with Islamic opposition movements, Iran hopes to increase its influence among local fundamentalists without damaging its relations with these governments.

For example, in Algeria, Tehran wants to maintain ties with the new regime, but continue its political and financial support for the Front for Islamic Salvation, which the Algerian Government is in the process of banning. Trying to have it both ways has been difficult. Algiers recently recalled its ambassador in Tehran to protect Iran's continued support for the front.

Iran's growing support of radical Palestinian groups may bring it closer to some Arab States, such as Libya. This support reflects Tehran's antipathy toward Israel, which it regards as both a U.S. ally and a strategic threat.

We expect Iran to continue to strongly oppose the peace process and probably to promote terrorism and other active measures aimed at undermining progress toward Israeli-Palestinian reconciliation.

Tehran's main surrogate in the Arab world will continue to be the radical Lebanese Shi'ite group Hizballah, which is the leading suspect in the recent horrific bombing of the Israeli Embassy in Argentina. To ensure that its links to Hizballah are preserved, Tehran will be careful to stay on the good side of the Syrian Government, which controls access to the territory occupied by Hizballah.

Tehran considers developments in the region to its north to be vital to its national interests. It wants both to fill the void caused by the collapse of the Soviet Union and to prevent the United States and regional rivals, especially Turkey, from gaining dominant influence there.

Tehran's diplomatic efforts to improve its own influence in the new Islamic states of the region have included sponsoring them for membership in various regional and international organizations.

In addition, Tehran is trying to forge cultural and religious ties to the new republics. It remains to be seen how successful Tehran will be, given that these peoples are mostly Turkic, not Persian and mostly Sunni Muslims, not Shi'ites.

We see no evidence of Iranian efforts to subvert the secular governments of the new states or to alienate them from Russia and the other non-Muslim members of the CIS. For now, at least, Iran seems to want to preserve amicable relations with Russia, which has become a major source of its arms.

Furthermore, Iran must be cautious about instigating instability along its northern border, lest nationalist sentiment be aroused among its own Zeri and Turkmen minorities. Indeed, with regard to the conflict between Azerbaijan and Armenia, Tehran has tried to exert a moderating influence on the Azerbaijani Government.

While pursuing military reconstruction, President Rafsanjani is trying to create an Iranian image of responsibility and respectability—both to reassure foreign investors and the Gulf Arab States and to maximize Iran's leverage in Afghanistan and the Central Asian Republics. Moreover, Tehran wants to avoid providing the United States with an excuse to extend its presence in the Gulf.

Tehran's current approach appears pragmatic and patient, but its clerical leadership has not abandoned the goal of one day leading the Islamic world and reversing the global dominance of Western culture and technology.

What about the impact of recent military, political, and economic trends in the region? Haven't these trends reduced the capability and inclination of Iran, Iraq, Libya and Syria for military conflicts and terrorism? It is true that these states have suffered some major setbacks:

Iraq's military forces were devastated during the Gulf War and are encountering difficulties in rebuilding because of international sanctions. The Iraqi regime is likely to find itself in nearly continuous military conflict, at least against Kurdish and Shi'ite dissident groups.

Iran still has not recovered from the destruction suffered during its long war with Iraq, and its military reconstruction is being hampered by the poor state of its economy.

Meanwhile, having seen its hope of achieving strategic parity with Israel dashed by the collapse of its Soviet sponsor, Syria may have difficulty finding a reliable source of advanced conventional weaponry. Damascus will find it even harder to pay for such weaponry.

The Libyan regime is currently preoccupied with the fear of United Nations sanctions and the possibility that the United States and Britain will launch military action in punishment for its bombing of Pan American Flight 103. As a consequence, its perpetual subversion machine is barely ticking.

Still, such developments have not led these governments to abandon their objectives—we see no evidence of that—only to alter their strategies and timetables. In particular, the escalating cost and difficulty of building first-rate conventional forces have increased the attractiveness of weapons of mass destruction.

The evident determination of all four states to acquire special weapons suggests that they view such weapons as force multipliers capable of compensating for inadequacies in conventional forces and perhaps deterring future Desert Shield/Desert Storm campaigns.

I will turn now to the second part of the world you asked me to focus on, namely the Korean Peninsula, the one place in the world where United States forces remain deployed opposite the forces of an avowed adversary.

Since initialing agreements on Nonaggression/Reconciliation and the denuclearization of the Korean peninsula last December, North and South Korea have engaged in a series of negotiations and discussions, some at very high levels, to implement the accords.

These discussions have achieved some concrete results, particularly the formation on 19 March of a Joint Nuclear Control commission with a mandate to set up bilateral inspections of nuclear facilities.

For the most part, however, the two sides have so far produced a framework for, but not the substance of, reconciliation. They remain far apart on critical issues, such as frequency, thoroughness, and basic ground rules for nuclear inspections. They also have major differences about the people-to-people exchanges and mili-

tary confidence-building measures called for in the reconciliation agreement.

Until they are much farther along in this process, we must continue to be wary and respectful of the military threat from North Korea. It is hard for me to say very much about this in open session, however. North Korea is the most secretive state on earth. Much of what we know about that country and the threat it poses to South Korea comes from sensitive sources, and I must wait until we get into closed session to go into some details.

I can say this much, however. The North maintains enormous ground forces just north of the Demilitarized Zone. They are in formations optimized for a sudden, massive strike southward toward Seoul. In recent years, these forces have increased their mobility and flexibility, improving their capability to threaten prepared defenses.

They considerably outnumber the opposing Southern forces in both men and weapons. Notwithstanding the recently signed Korean nonaggression pact, until these forces go away, the threat they present is real and serious.

It is not a question of fearing an attack from the South. The South Korean forces are deployed to defend Seoul. They present no countervailing threat to North Korea—and P'yongyang knows it.

I don't want to exaggerate this threat. North Korea's armed forces suffer from many deficiencies. Their training and, consequently, combat readiness are questionable. They have weaknesses in air defense and logistics. They could not count on much, if any, support from erstwhile allies.

Furthermore, as Operation Desert Storm demonstrated, U.S. air power is highly effective against massed ground forces. The prospect that South Korea would receive extensive combat air support as well as other support from United States forces is a potent deterrent, even to forces as strong as those North Korea has concentrated along the border.

P'yongyang has been building an infrastructure that, without input from abroad, will be able to produce weapons-grade fissile material from scratch. It has domestic uranium mines. At Yongbyon, it has constructed two nuclear reactors whose sole purpose appears to be to make plutonium. One of these reactors has been operating for 4 years. The second, much larger reactor, may start up this year. Nearly completed is another facility at Yongbyon that will be able to reprocess reactor fuel to recover the plutonium.

Last December, North and South Korea negotiated an agreement in principle for a nuclear-free peninsula. Each side has committed itself not to "test, manufacture, produce, receive, possess, store, deploy, or use" nuclear weapons.

Both sides also agreed not to have nuclear reprocessing or uranium enrichment facilities. There are grounds for questioning the North's intentions, given that it has not yet even admitted the existence of, much less declared, the plutonium production reactors and reprocessing facility at the Yongbyon Nuclear Research Center.

Moreover, verification procedures remain to be worked out. Agreement was reached only this month that a joint committee should be formed to do that. The validity of the North-South nu-

clear accord depends on the inspection regime P'yongyang ultimately accepts.

Historically, North Korea has not been forthcoming in this area. It signed the Nuclear Nonproliferation Treaty in December 1985, and was thereby obligated to declare and place all nuclear facilities under safeguards. We are still waiting for P'yongyang's promised ratification of a safeguards agreement.

Because some aspects of P'yongyang's behavior so far could be interpreted as an effort to continue nuclear weapon development, we wonder whether the North Koreans will accept meaningful on-site inspections that could allay our suspicions.

We believe P'yongyang is close, perhaps very close, to having a nuclear weapon capability. Where North Korea is concerned, moreover, we have to worry not only about the consequences for stability in Northeast Asia if it acquires nuclear weapons, but also about the possibility that P'yongyang might put nuclear materials and related technologies on the international market. In the past, the North Koreans have been willing to sell anything they could to earn hard currency.

The straitened economic circumstances in the North, coupled with uncertainties associated with the looming dynastic change of leadership in P'yongyang, have led the North Koreans to modify their confrontational strategy toward the South, as well as toward the United States, Japan, and the United Nations. Tensions between North and South have decreased somewhat; though the actual military threat to the South has not changed significantly.

We expect that many of the North's military advantages over the South will erode throughout this decade largely because of decreasing support from the North's traditional allies, coupled with its continuing economic problems. North Korea's large inventory of weapons is becoming obsolete. The North's defense industry is based on 1960s technology and beset by quality problems. P'yongyang lacks the hard currency to purchase more advanced technology.

We have seen no deliveries of major weapons from the Soviet Union or its successors since 1989. China cannot provide the types of weapons, such as modern aircraft or surface-to-air missile systems, that the Soviets supplied.

Fuel shortages, principally a result of drastically reduced imports from the former Soviet Union, are having a broad cumulative impact on all sectors, including the military.

Nevertheless, in the near term, we could be entering a more dangerous period. North Korean strategists could recommend an attack on the South while the North retains its substantial edge in numbers of men and weapons. Difficulties in maintaining and modernizing P'yongyang's conventional forces could reinforce the North's determination to develop nuclear weapons and ballistic missiles.

That concludes my remarks in open session.

I will elaborate on some of these matters in the closed session when we resume.

[The following questions were submitted for the record:]

1. How can the United States continue selling arms to the Middle East while asking NATO and former Eastern Bloc countries like Czechoslovakia and Russia (CIS) to stop doing so?

(This question deals with a matter of U.S. policy and should be directed to the Policy Community.)

2. What is the United States doing to prevent the proliferation of nonnuclear unconventional weapons and ballistic missiles from the Republics of the CIS to the Middle East?

While the U.S. Policy Community has engaged in discussions and other activity to prevent the proliferation of such weapons from the CIS to the Middle East, the Intelligence Community is monitoring the potential sellers and buyers of these weapons for evidence of any violation by those CIS governments who have indicated they would refrain from this activity.

3. Yesterday (Thursday, 26 March), the *New York Times* reported that Syria is negotiating a deal to allow Iraq to pump crude oil through Syria to the Mediterranean. The report also noted that Syria has already allowed direct trade between Syria and Iraq. Do these negotiations and standing trade practices violate the terms of the international sanctions against Iraq, and if so, what steps has the United States taken to prevent Syria's illegal activities?

Damascus may be rethinking its position vis-a-vis continued participation in the international sanctions against Iraq. The Syrians apparently believe that they have not received sufficient reward for participating in Operation Desert Storm and that support for additional anti-Saddam activities is no longer warranted. We cannot cooroborate recent press reports that Syrian-Iraqi trade is resuming or that the oil pipeline from Iraq to Syria has reopened.

4. Why did Saudi Arabia refuse to allow the U.S. to preposition heavy equipment left over from "Desert Storm"? What is the current status of our prepositioning talks with Saudi Arabia?

The Saudis probably would prefer that all U.S. military forces and equipment be removed from the Kingdom. Nonetheless, Riyadh probably has developed a tiered structure of acceptability based on a principle of necessity for Saudi defense measured against the visibility of the U.S. presence. For example, a U.S. naval presence would be largely invisible to most Saudis and therefore probably would be tolerated. The U.S. Air Force and its F–15 fighters and Patriot missiles are considered necessary for Saudi defense from regional threats from the air and are welcomed for now, despite the fact that they are visible reminders of Saudi vulnerability. We believe the Saudis are particularly sensitive to the deployment of U.S. ground forces equipment and the large number of personnel required to service and maintain it. Efforts to agree upon a Status of Forces Agreement and to work out an acceptable system of payment for use of facilities are ongoing.

The CHAIRMAN. Thank you very much.

We will have a temporary recess while we clear the room.

Thank you.

[Whereupon, at 10:44 a.m., the panel recessed, to reconvene at 10:45 a.m., in closed session.]