Statement for the Record

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Mr. Chairman, members of the subcommittee, I am pleased to appear before you to discuss the Cooperative Threat Reduction Program (CTR) and the Proliferation Security Initiative (PSI), two elements of the broader U.S. strategy to combat weapons of mass destruction.

I last testified before you on CTR and PSI in April 2007. In the intervening 11 months, we have continued to make progress in all the traditional CTR activities and have begun to consider how to proceed forward into new areas. PSI has also made progress and will mark the fifth anniversary of its announcement in May 2008. Since I last appeared before you, the Congress has also considered how CTR should function in the future and saw fit to streamline significantly CTR operations. Congressional action during the FY2008 legislative cycle will result in more direct obligation of CTR funds, as well as revised procedures for expanding CTR activities beyond the borders of the former Soviet Union (FSU).

For FY2009, the President has requested $414 million to continue CTR activities and $800,000 for PSI exercise support. The Department asks for your support for the President's pending budget requests for CTR and PSI.

Combating WMD

Let me first begin with a few words about the strategic framework which guides our many and varied efforts to combat weapons of mass destruction. We have a host of documents that provide evidence of the priority we place on combating WMD and WMD terrorism. These documents, including the National Strategy to Combat Weapons of Mass Destruction and the National Military Strategy to Combat Weapons of Mass Destruction, proceed from four common themes or pillars: 1) the need for improved intelligence; 2) the utility and priority of securing WMD at the source; 3) interdicting WMD and materials of concern on the move: and, 4) developing consequence management resources should a WMD event occur.

Our strategies for combating WMD all note the importance of international partnerships. DoD's Quadrennial Defense Review in particular was noteworthy in its emphasis on the essential nature of strengthening international partnerships and building the capacity of friends, allies and partners. But, I think many don't appreciate fully how important this type of coalition activity is in the fight against WMD. An essential element of our defense in combating WMD is

international cooperation, and CTR and PSI are but two examples of our government's efforts to address this important issue.

Cooperative Threat Reduction (CTR)

Mr. Chairman, the committee is well acquainted with the history and activities of the CTR Program. The national security of the United States has been enhanced by the Program's efforts over the years to facilitate secure transportation, storage, safeguarding and destruction of weapons of mass destruction and the means of their delivery and to assist in the prevention of weapons proliferation as envisaged in the original legislation

CTR Today

I would like to bring the committee up to date on the status of CTR projects, the achievements made over the past year, and the new initiatives that will be started this year.

- In coordination with the Department of Energy (DoE), DoD is in the process of upgrading security systems at nuclear weapons storage sites in the Russian Federation. During this past year, four more sites were completed, bringing to 16 the total number of sites that DoD has upgraded. Work is in progress at the remaining eight sites where DoD has commitments, and we expect to complete installation of those security upgrades by the end of this calendar year. With security upgrades at more than half the storage sites now completed, DoD and DOE are coordinating closely with the Russian Ministry of Defense, the Russian Navy and the Strategic Rocket Forces to structure a system that gives the Russian military the means to sustain the operational readiness of those security systems far into the future. In addition, DoD is updating the automated inventory control and management system previously provided while simultaneously expanding it to manage the warhead inventory at 13 additional sites.

  Presidents Bush and Putin took the initiative to accelerate this warhead security work at the February 2005 Bratislava Summit. When this work is complete, we will be able to say that we have worked with our Russian partners to help them improve security at every Russian warhead storage site where they have requested U.S. assistance. This will be a significant achievement, both from a technical and a political perspective. However, the security of Russia's nuclear warheads and related materials is first and foremost a Russian responsibility. What we will have done through the Bratislava Initiative is accelerate all of the work Russia asked us to do on its warhead security program. DoD has worked closely with the Russian MoD to ensure that sustainment for these security upgrades is fully integrated into their security program. Russian MoD leaders responsible for warhead security have proven to be professional, motivated, and committed to the mission of nuclear security. The long-term security of these weapons is not just a function of the equipment DoD and DoE have installed, but also the professionalism of our Russian colleagues who bear ultimate responsibility. This means finding ways to continue engaging with Russia on nuclear security and related topics.

- CTR has cooperated with the Russian Ministry of Defense to securely transport nuclear warheads from operational locations to dismantlement facilities or secure storage locations. As part of this program, we began delivery last year of new cargo railcars with special physical security features. One of these new cars is provided for every two Russian railcars taken out of service. We also provided armored transport vehicles to bolster security for warheads being transported between the sites and the rail transfer points.

- The greatest challenge over the past year was finding an efficient and effective way to complete construction of the Chemical Weapons Destruction Facility (CWDF) at Shchuch'ye on time and within the budget of $1.039 billion. As you know, progress on construction was halted for a time because the Department was unable to obtain fair bids from Russian subcontractors for key components of the CWDF. A report on the situation is included as an appendix to the CTR Annual Report for 2009, pursuant to Congressional requirement. I will touch on some key elements of this situation here.

  First, it is important to recall why we began the Shchuch'ye project. Shchuch'ye is intended to safely destroy some 2.1 million artillery shells and rockets filled with nerve agent. A decade ago, this stockpile was poorly guarded and weakly secured at its depot near what would become the CWDF site we have today. We judged this stockpile to be among the most dangerous in the former Soviet inventory because it was composed of nerve agent-filled projectiles – the most deadly of chemical weapons. Moreover, we judged this stockpile to be doubly dangerous because the projectiles were comparatively small – perhaps even man-portable. Those factors have not changed, although the depot has received security upgrades and the Russian Federation is generally a more secure place. We committed to construct the CWDF and we are following through on that commitment.

  Second, the escalating cost and uncertain political commitment of interlocutors in Russia have been major challenges in completing this project. When we were repeatedly unable to secure reasonable bids, the viability of the U.S. position was called into question. We stopped that effort and made our serious concerns very plain to the other side. Much credit is due to CTR's implementation team at the Defense Threat Reduction Agency, which spent weeks in Moscow negotiating terms of a set of arrangements for completing the CWDF. These arrangements protect DoD's financial equities by capping our contribution to the project at slightly more than $1 billion; the arrangements also protect our equities in non-proliferation by winning – for the first time – a written Russian commitment to complete the CWDF at Russian expense should the DoD contribution prove insufficient. The new arrangements between the Department and Russia's Federal Agency for Industry (FAI) were signed in May 2007. The U.S. maintains oversight of the project through rights to verify the completed work. By December 2007, FAI had awarded contracts for all remaining major construction activity. As of now, FAI fully expects the CWDF to be operational by December 2008. As of today, our report card on the new arrangements for the CWDF at Shchuch'ye is "so far, so good."

- In ongoing activities in strategic offensive arms elimination in Russia, in the past year, the Department eliminated 20 submarine launch tubes, 20 sea-launched ballistic missiles, 76 intercontinental ballistic missiles, and 31 mobile launch platforms.

- Ongoing projects to enhance biosafety and biosecurity at five research facilities in Russia will be completed in 2008.

- Outside of Russia, CTR has helped improve the capabilities of Azerbaijan's Coast Guard to interdict WMD smuggling in the Caspian Sea. We are also in the final stage of installing a comprehensive surveillance system that will cover the major shipping lanes in the Caspian.

- Our WMD-Proliferation Prevention projects in Ukraine are on track. Working with the Department of Energy, we are installing a surveillance and command, control and communications system to complement DoE's radiation portal monitor installations, as well as providing enhanced WMD detection and interdiction capabilities to their maritime Border Guard forces on the Black Sea.

- The Biological Threat Reduction Program continues its work in Kazakhstan, Uzbekistan, Azerbaijan, Georgia, and Ukraine to consolidate each country's pathogen collections, provide security for extremely dangerous pathogens, provide a capability for disease surveillance using molecular diagnostics with real-time reporting, and enhance strategic research partnerships. Construction on the Central Reference Laboratory (CRL) in Tbilisi, Georgia, which began last year, is on track to be completed in February 2009. Currently, at the request of the Georgian government, we are working on making the CRL a joint U.S.-Georgian overseas laboratory.

- In December 2007, the Secretary of Defense and the Kazakhstan Ambassador, on behalf of his government, signed an extension of the CTR Umbrella Agreement with Kazakhstan. This agreement is essential for the continuation of CTR activities. The decision to extend the CTR legal framework shows the continued importance Kazakhstan places on the value of international cooperation in the area of non-proliferation. This important political commitment needs to be matched by improved regulatory processes in Kazakhstan if CTR is to be able to provide the best support it can. Specifically, processes for exempting CTR assistance from Kazakh taxation still have not been resolved satisfactorily, although we are aware that our counterparts in Astana are seeking solutions in good faith.

- We completed a WMD Proliferation Prevention Initiative project in Uzbekistan to install radiation portal monitors – a project we implemented for the Department of Energy's Second Line of Defense – but fell 10% short of the targeted 90-95% international traffic coverage due to continued access problems. We also abandoned a planned land border project in Uzbekistan because the Uzbek government blocked necessary interaction with its Border Guard.

- While working with Uzbekistan on border security has proven problematic, CTR's Biological Threat Reduction Program is proceeding in Uzbekistan, albeit on a scaled-down basis.

  A key test of Uzbekistan's commitment to international non-proliferation cooperation will come this year as we work to extend the CTR Umbrella Agreement.

- In July 2007, CTR was able to mark a double milestone: completion of its first project outside the states of the former Soviet Union and elimination of Albania's chemical weapons stockpile. With CTR's support, Albania became the first State Party of the Chemical Weapons Convention to eliminate fully its declared chemical weapons stockpile.

The Future of CTR

Mr. Chairman, it is important that we continue to have a CTR program in Russia. With its oil wealth, Russia certainly is not the economically hobbled nation whose WMD legacy CTR was originally intended to address. However, it is important to correct misperceptions and remind ourselves why CTR in Russia is in the U.S. interest.

- At the political level, cooperation from Russia has at times been difficult for CTR. However, at the level where the work gets done, the cooperation has been professional and business-like. Significantly, we have enjoyed a relationship of mutual respect with the Russian MoD on CTR projects. This is an important channel we should work to preserve.

- These relationships more broadly are important when viewed against the overall state of U.S.-Russian relations. Russia, for example, has responded positively to U.S. requests for non-proliferation assistance – jointly leading the Global Initiative to Combat Nuclear Terrorism (GINT) with us.

- We continue to review the value of each of our activities in Russia. I would remind the subcommittee that we reviewed each of our projects in Russia in 2003 and revalidated their non-proliferation value. We turned some activities over to Russia completely and downsized our support for other activities during that effort which was called the "rescoping" in our testimony to this subcommittee. What happened in 2003 was not intended to be the last word, and we continue to seek opportunities to streamline our activities in Russia. One example is the recent initiative by Russia to assume partial responsibility for sustainment of nuclear warhead security upgrades. We have a national security equity in ensuring that the program is not turned over to Russia precipitously, but we will not extend our presence any longer than necessary.

- Among CTR activities in Russia, it remains in the U.S. interest to eliminate strategic delivery systems at their source, even in the face of Russian modernization of its strategic systems. Russia is going to modernize its strategic systems with or without CTR assistance. The issue is whether we have confidence that Russia will dispose of its old

systems in a responsible non-proliferable way. For the future we would have less insight into, and less confidence in, the secure elimination of decommissioned systems and launchers in Russia if we were not participating in that process through CTR.

- CTR activities in Russia, with the exception of road-mobile missile elimination, have surpassed the half-way point in execution. And, from a fiscal perspective, infrastructure investment is complete.

- In 2008, the level of CTR activities outside Russia will exceed the level inside Russia, and this trend will sharpen in the coming years.

CTR advocates have been asking when CTR will "go global." It is a good question, and we are looking at opportunities. Congress has been very supportive in improving CTR's flexibility for different activities. But it is important to maintain perspective on a "global CTR" program. I would offer the following thoughts in this regard.

- CTR will always be ready to address stocks of WMD if they are found, and if applicable governments ask for our assistance to eliminate them. However, the WMD threat is no longer only about addressing WMD at its source. As we think about CTR in a global context, it must be in the way CTR has already been moving – increasing foreign institutional capacity to address WMD threats. The bio-security case is a good example. CTR's biological threat reduction program was originally conceived to address the threat posed by the legacy of the Soviet Biopreparat – a complex of especially dangerous pathogens, infrastructure and scientific expertise. Biopreparat doesn't exist outside the states of the former Soviet Union, although a bio-terrorism threat does exist. Our challenge is to make the original CTR bio-security model applicable to the global threat. This is going to focus much more on building foreign capacity than the infrastructure-heavy work that was necessary to address the legacy of Biopreparat.

- We should bear in mind that money is not necessarily the best measure of non-proliferation success. As we look to the future addressing the global WMD threat through partners' political and policy commitments is as important as how richly we fund our non-proliferation programs. Measuring success in the non-proliferation business is not about money alone. We will continue to work with Congress on this challenge.

With the forgoing in mind, I am happy to report that we are ready to move forward with CTR to address global threats. We are ready to streamline legal requirements for CTR activities to match the type of activity being contemplated; we also want to begin working with DTRA to explore less expensive ways to accomplish CTR goals.

We recently briefed Congressional staff on our thinking about several potential CTR projects in sensitive areas. I should emphasize that CTR activities remain directed solely at combating WMD – no other purpose. However, some foreign partners might prefer that our cooperation not be made public. One new activity we can report is the Republic of Armenia's request for assistance with bio-security, to which we are actively responding. I should also note that the Administration does not currently contemplate using CTR to address non-proliferation

challenges in North Korea. CTR would have the technical capability to do so, but DoD is currently barred from providing assistance to North Korea by law; moreover, the Administration has chosen to use other resources to pursue this work.

Our internal thinking about CTR expansion will be informed by several studies on the matter. The National Academy of Sciences will conduct two studies mandated by legislation, one on CTR expansion outside the FSU and the other specific to expansion of CTR's Biological Threat Reduction Program outside the FSU. Additionally, a panel composed of independent experts was established in August 2007 to review future directions for Defense Threat Reduction Agency missions and capabilities; possible expansion of the CTR Program is one of the areas examined by the panel. In addition to these projects, we've asked the National Defense University to examine CTR's WMD-Proliferation Prevention Initiative for WMD border security, its achievements to date, and offer recommendations for possible future direction.

The Proliferation Security Initiative (PSI)

The United States continues to work with the international community on strengthening the Proliferation Security Initiative, which President Bush launched in May 2003. Through the Proliferation Security Initiative, the United States collaborates with like-minded countries to build capabilities for improving the interdiction of WMD and missile-related shipments, their delivery systems and related materials to and from non-state actors and states of proliferation concern.

It is useful to think about PSI on three different levels, each strengthening the initiative but also mutually reinforcing each other. First, there is the political commitment that governments make when they endorse the Statement of Interdiction Principles. Since I last testified before this Subcommittee in April 2007, the number of countries that have endorsed the PSI Statement of Interdiction Principles has increased to over 85. This is more than a seven-fold increase since the eleven original PSI states launched the Initiative in 2003 and reflects the widespread recognition that PSI serves a unique role in a multi-faceted approach to non-proliferation. This May, PSI partners will commemorate the fifth anniversary of PSI in Washington. Senior leaders from all over the world will come together to take stock of the Initiative since its inception and share ideas on how to strengthen it for the future.

The political commitment which underpins PSI is no small matter. Prior to PSI, interdiction activities existed. However, they were conducted principally through sensitive channels only. Today, the United States and any other state which has endorsed the PSI principles can call on another PSI adherent to take action *based on their PSI commitments.* This alone is a singular innovation brought about by PSI.

Second, there is a significant capacity-building effort that is spearheaded by countries that participate in the Operational Experts Group (OEG), a group of twenty PSI partners that meets regularly to advance PSI objectives on behalf of all PSI participants. The OEG meets several times per year, most recently in London where the Ministry of Defence hosted the sixteenth OEG meeting in February. France will host the next OEG meeting in September 2008. OEG-participating countries bring their experts from the military, law enforcement, intelligence,

legal, and diplomatic arenas to develop new operational concepts for interdiction; organize a program of exercises; share information about national legal authorities; and pursue cooperation with industry sectors that can be helpful to the interdiction mission. These capacity-building activities have positive spillover effects, such as helping countries fulfill their obligations to implement United Nations Security Council Resolutions (UNSCR) 1540 (Preventing WMD proliferation), 1718 (DPRK sanctions) and 1737/1747/1803 (Iran).

To date, PSI partners have conducted over 30 live and table-top exercises, involving over 70 PSI partner states and exploring all modes of transportation: ground, air, and sea. Perhaps most importantly, we have seen the PSI exercise program evolve over time, from one dominated by the military's role in interdiction to one that appreciates the true complexity of interdiction and integrates the legal, law enforcement, intelligence, and policy challenges in a way that more accurately reflects real-world proliferation situations.

Other notable achievements of the OEG include the publication of a model national response plan spearheaded by New Zealand, traffic cartography created by France, and a WMD and Missile Commodity Reference Handbook developed by the U.S. Department of Energy. These and other products are easily replicable and available to use in all PSI outreach efforts. Additionally, Germany is in the process of developing a web-based platform that will help record PSI lessons learned. These are only a few examples of tangible tools that have evolved out of the close cooperation among PSI partners.

The U.S. plays an active role in the OEG and its capacity-building efforts. While DoD is responsible for leading the US interagency's participation in the Operational Experts Group process, the full USG PSI team consists of experts from the Department of State, Department of Homeland Security (including Customs & Border Protection, Immigration and Customs Enforcement, and the U.S. Coast Guard), Department of Energy, Department of Justice (FBI), the National Counterproliferation Center and the broader intelligence community, Department of Commerce, and the Department of Treasury. In June of 2007, the U.S. Naval War College hosted a week-long PSI game in Newport, Rhode Island in which eighteen PSI countries participated (Australia, Canada, Denmark, France, Germany, Greece, Italy, Japan, New Zealand, Netherlands, Norway, Poland, Portugal, Singapore, Spain, Turkey, the United Kingdom, and the U.S.). In September of 2007, the U.S. hosted Exercise PANAMAX that included a PSI interdiction scenario led by the Chilean Navy. In October of 2007, the U.S. was represented robustly in Japan's Exercise PACIFIC SHIELD, contributing two Navy ships, one combined USN/USCG boarding team, and a broad interagency team of subject-matter experts to participate and observe. Additionally, Customs and Border Protection made two presentations on in-port operations. Most recently, in March of 2008, the U.S. participated in a maritime exercise called GUISTIR, co-hosted by France and Djibouti, which was the first PSI exercise conducted in Africa.

Looking ahead, the U.S. will send delegations of operational experts to participate in several foreign-sponsored PSI exercises, including Exercise GUISTIR which is jointly hosted by France and Djibouti and Exercise ADRIATIC SHIELD which will be hosted by Croatia. Finally, the U.S. has been busy contributing exercise and issue-specific expertise to a major PSI exercise scheduled for September 2008 in New Zealand. I am also pleased to report that DoD

led a U.S. interagency team to Malta in February of this year to run the first ever table-top exercise of one of our PSI bilateral shipboarding agreements. The exercise was an unqualified success and helped prepare both sides for the type of interagency coordination and time-sensitive decision-making that is required in any maritime interdiction opportunity.

The third level of PSI is international collaboration on real-world interdictions. PSI has been an indisputable success in this regard. Building upon the shared commitment against a common threat and leveraging the capacity-building activities I just described, the U.S. has been able to work together more effectively with many of its PSI partners. Put another way, PSI allows partner countries to improve and practice interdiction-related actions to ensure our readiness to work together on "Game Day." I want to clarify this element of PSI – the actual execution of an interdiction. When countries work together to impede, inspect, or actually interdict movement of suspect cargo, it is not done under a "PSI treaty," or under the flag of PSI. However, as I mentioned previously, there is a commitment to PSI principles. Being able to invoke this commitment is a significant non-proliferation tool. There also are the habitual relationships, transparency and mutual understanding of capabilities built through the PSI process. This results in real world activities being conducted by the same people who work with each other during scenario-driven PSI exercises and information exchanges. Because of PSI, we understand better the differences in national authorities and processes. We also have a better sense of which PSI partners will be more willing to "lean forward" in certain circumstances, especially those located along primary routes of proliferation activity.

Finally, let me address the issue of positioning PSI for the future. As we prepare to commemorate the fifth anniversary of PSI at the end of May, we are naturally looking ahead to plan ways to grow and strengthen the Initiative. Congress has shown similar interest, asking in recent legislation that the President include in his annual budget submission a description of the PSI-related activities, including associated funding, that are planned to be carried out by each participating U.S. government agency or department. This requirement presents DoD and other participating agencies with a challenging task, since PSI was conceived as a flexible, adaptive initiative that leverages *existing* capabilities, activities and authorities rather than creating new ones. For example, PSI-related interdiction scenarios are often injected into existing military exercises, as was the case with USSOUTHCOM's PANAMAX 2007. Furthermore, since the majority of PSI exercises in which U.S. assets participate are foreign-hosted, there is significant difficulty associated with aligning our own planning and budget cycles with those of foreign governments.

Congress is entitled to timely, accurate information about PSI activities. I can promise that we will work diligently to ensure that your questions are answered and that oversight is accomplished for PSI.

PSI has helped to address an important aspect of our non-proliferation challenge. We will continue to work closely with our PSI partners and with the Congress to maximize its potential.

Conclusion

Mr. Chairman, I want to emphasize a point I made at the outset of my statement: CTR and PSI are but two pieces of a much larger national strategy to combat weapons of mass destruction. Since September 11, 2001, we have made significant progress. I think that CTR and PSI are key examples of that progress. PSI, of course, did not exist in 2001, and CTR was a different program. Despite the good work that has been done by CTR and PSI, we have much more to do across the spectrum of WMD threats before we can testify with confidence that all of our government's tools to combat WMD are being integrated fully and effectively. The Department looks forward to continued close coordination with Congress as we address this challenge.

Thank you.