

**HEARING OF THE SENATE SELECT COMMITTEE ON INTELLIGENCE
ANNUAL THREAT ASSESSMENT**

WITNESSES:

JOHN D. NEGROPONTE, DIRECTOR OF NATIONAL INTELLIGENCE;

GENERAL MICHAEL V. HAYDEN, DIRECTOR, CENTRAL INTELLIGENCE AGENCY;

RANDALL M. FORT, ASSISTANT SECRETARY OF STATE FOR INTELLIGENCE AND RESEARCH,
DEPARTMENT OF STATE;

ROBERT S. MUELLER III, DIRECTOR, FEDERAL BUREAU OF INVESTIGATION;

LIEUTENANT GENERAL MICHAEL D. MAPLES, DIRECTOR, DEFENSE INTELLIGENCE AGENCY

CHAired BY: SENATOR JOHN D. ROCKEFELLER IV (D-WV)

LOCATION: 216 HART SENATE OFFICE BUILDING, WASHINGTON, D.C.

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SEN. ROCKEFELLER: This hearing will come to order. In fact, this hearing is in order. And I welcome all of our witnesses in what is I think one of the most important public meetings of the year. This one will be open, and then we'll have a closed one. And I think between the two we can get a lot accomplished.

So today the Senate Select Committee on Intelligence embarks on an ambitious agenda of hearings and committee reviews that will restore meaningful congressional oversight of the activities of the United States intelligence community.

I think it's fitting that the committee's first hearing of 2007 is on the worldwide threat. It's important not only that the Congress but the American people understand that threats facing our country both inside our borders and abroad are significant. This is why the committee is conducting the session open.

I am extremely concerned that the - and I'll just be frank about it; this senator's point of view - that the misguided policies of the administration have increased the threat facing our nation and hampered our ability to isolate and defeat al Qaeda and other terrorists that seek to strike against the United States. I believe our actions in Iraq have placed our nation more at risk to terrorist attack than before the invasion.

Based on the findings of the committee's Iraq investigation, I have concluded that the administration promoted nonexistent links between Iraq and al Qaeda in an effort to, so to speak, sell the war that was fundamentally, in fact, about regime change, not about an imminent threat to America.

The sobering consequences of our actions are well known. Over 3,000 Americans have died in Iraq, many thousands more are gravely wounded. Our military and intelligence efforts in fighting and capturing the Taliban and

al Qaeda in Afghanistan were diverted at a very critical juncture to support the invasion of Iraq.

Now these agents of extremism and violence have reestablished themselves in a safe haven that threatens not only America but also the governments in Kabul and Islamabad.

Al Qaeda and foreign jihadists have used our occupation as an opportunity to strike against Americans and as a propaganda tool to spread its influence in Iraq and throughout the region - throughout the world.

I also believe that this portrayal of our actions in Iraq has fueled the spread of the terrorist message and increased the number of self-radicalized terrorist cells in other parts of the world such as Asia and Europe.

The ongoing war in Iraq has demanded enormous funding and personnel resources, which has strained our efforts in the global war on terrorism. And I have seen nothing in my service on the Intelligence Committee or any in other forum that suggests that sending in additional 21,500 American troops to Iraq will bring about greater security on the ground or lead to a more successful outcome.

The overwhelming advice from our senior military commanders suggests that there's little reason to believe that the diplomatic, political and economic objectives will be any more successful with 153,000 troops than with the current 132,000 troops. And that's really the crux, to me, of the president's new strategy - more troops.

It is an approach that tinkers at the margins of a grave and deteriorating situation. It is not grounded in the realities that we face in Iraq and in the region and it is an unacceptable gamble with additional soldiers' lives.

The president must understand that even as the Congress continues to support and fund the brave work of our servicemen and servicewomen who are now serving in Iraq, we will push back on an ill-conceived plan to put more soldiers in harm's way.

I'm also troubled by what I see as an administration counterterrorism policy which, in certain respects, may be complicating, if not worsening, our ability to win the war on terrorism.

To be specific, I have serious misgivings about the soundness and effectiveness of the CIA's secret detention program, the NSA's warrantless surveillance program, both publicly acknowledged by the president of the United States. I'm concerned that the very existence of a separate CIA prison program established to interrogate high-value detainees under a different set of rules than those outlined in the Army Field Manual, and repudiated, in fact, by the FBI, has undermined our morale in the eyes of the world.

How many millions of moderate Arabs and Muslims around the world, having seen the photos of Abu Ghraib, heard stories about abuses at Guantanamo and who are now aware that the CIA operates a secret prison, believe that America tortures detainees?

How does this perception help foster extremism around the world, and how do we weigh this fact, combined with lasting damage done to America's image, against the putative intelligence benefits of operating a separate CIA program in lieu of a single Pentagon program that is subject to greater scrutiny?

With respect to the NSA surveillance program, I believe the administration's policy has unnecessarily alienated an essential ally in combating the terrorist threat, the United States Congress. In the aftermath of 9/11, our nation stood unified to defeat the terrorists; that was the hallmark. The administration decision to go it alone and work outside the legal parameters of the Foreign Intelligence Surveillance Act was, in my judgment, a serious miscalculation and undercut the strength of our unity of purpose.

This approach also created serious doubts in the minds of Americans, whose support is essential in any kind of effort of this sort, as to how far the administration would go in fact in unilaterally carrying out secret programs seeking to identify potential terrorists inside our borders, inside America.

The administration has still not convincingly demonstrated to me that the ends justifies the means - in other words that the NSA program has produced the sort of unique, timely and actionable intelligence to justify the surveillance of American phone calls and e-mail messages without a court warrant.

As we hear from our witnesses today, I hope they can address these concerns about the effectiveness of our counterterrorism programs and whether the situation in Iraq has worsened the threats facing America's security.

In the coming weeks and months, this committee will receive testimony from intelligence officials and outside witnesses on critical questions at the heart of our national security policies.

For your information, next week the committee will hold a closed hearing on Iraq's regional neighbors and their influence on the war, including, in the light of the Iraq Study Group recommendations, the intelligence community's assessment on the receptivity of Syria, Iran and other nations to a regional diplomatic initiative and the consequences of changes in the U.S. military presence in Iraq.

The committee will then turn its attention to an examination of current, emerging and future terrorist safe havens. Our focus will not only be on current operations, such as in Somalia, to deny terrorist sanctuary where they can plot and carry out attacks, but also on the soundness and foresight of our counterterrorism policy to identify those places where the terrorists' virulent messages of violence may take root and preemptively try to stop it.

In two weeks the committee will hold a pair of open hearings on the state of the intelligence community reform two years after the passage of landmark legislation establishing an empowered director of National Intelligence to manage and coordinate our intelligence programs.

The focus of our next open hearing will be on the intelligence activities of the Federal Bureau of Investigation and the Department of

Homeland Security. We will be interested in evaluating the pace of transformation at the FBI and the effectiveness of the newly created Joint Terrorist Task Forces and state and local fusion centers in carrying out counterterrorism investigations that do not run afoul of privacy rights and civil liberties.

The committee's workload will continue to be heavy beyond January. In addition to a number of closed hearings on developments in Afghanistan, Pakistan, Iran and North Korea, the committee will hold monthly hearings on the situation in Iraq, including a hearing on the intelligence community's new Iraq and National Intelligence Estimate once it is completed.

Our first act of committee business will be to re-pass the fiscal year 2007 intelligence authorization bill. The committee unanimously reported this bill out last May but was - it was never received with approval by the Senate.

We must also complete the committee's two-and-half-year investigation of prewar intelligence on Iraq in a prompt but thorough and objective manner. We should have and we could have completed this years ago.

There is other unfinished business before the committee in the area of counterterrorism. For four years the administration kept the very existence of the National Security Agency's warrantless surveillance program and the Central Intelligence Agency's detention, interrogation and rendition program from the full membership of this committee. Through the over-restriction of member and committee staff access to the NSA and CIA programs and the denial of requested documents, the White House has prevented this committee from completely understanding these programs and thoroughly evaluating their legal soundness and their operational effectiveness.

The Senate will rightfully expect our committee to have informed judgment on both the NSA and CIA programs and to be prepared, if this committee so decides, to propose legislative language on each by the time we report out our fiscal 2008 authorization bill this spring.

The administration can no longer stonewall the committee's legitimate requests with respect to those two programs. It needs to understand the fundamental precept that congressional oversight is a constructive and necessary part of governance.

Our committee stands ready to work with the administration, and we do, but we also want to be treated equally. We want to know what is rightfully our right under the National Security Act of 1947 to have the intelligence which gives the basis for policymaking, or perhaps which does not. But we cannot responsibly do our work so long as we are deprived of critical information that we do need, in fact, to do our job.

Before introducing the witnesses, I now turn to Vice Chairman Bond for his opening remarks.

SEN. CHRISTOPHER S. BOND (R-MO): Thank you very much, Mr. Chairman, and welcome our witnesses. It's a great honor for me to serve as vice chairman, and I look forward to working with you, Mr. Chairman, and the members of the committee.

I'm very pleased that we worked on the agenda for the committee this year. It is an aggressive one because there's much work that has to be done, work that we postponed as we continue to look backward over the last four years. But we are going to pass the '07 authorization bill, find out about the intelligence that is supporting our troops in Iraq - very important thing to me and others.

We want to take a look at how we're doing in the battle of ideology, because an insurgency, an ideological war, is 20 percent kinetic and 80 percent ideological. And I would look forward to your views and members of the panel on how we're doing in that area.

We also need to take a look at the other areas where radical Islamists pose a threat to responsible democratic governments, to Americans and even to the United States. I believe that we must look at the intel reform bill because I believe we gave the director of National Intelligence lots of responsibility but not enough authority to get the job done. And that's a legislative problem.

Also, I think we ought to consider whether we can work with the agencies to develop a legislative framework for counterterrorism. There will be a change in the administration in January of '09 and I think that we ought to have an established legislative framework for that extremely important work.

And finally, I hope we can do a better job working with the community to get a handle on finances, get Intelligence Committee input into the appropriations process, and take a look at some of the very costly activities in the intelligence community.

We have much work to do in the 110th Congress. This was supposed to be a hearing on the worldwide threat. As everybody knows, with the president's announcement, most people are going to be focusing on Iraq, and I will as well. And I believe the chair and I have been invited to serve on a consultation group with the president and other committee heads to continue to oversee and comment on this program.

But I have a slightly different view. I believe that there is something different between what we have been doing with the forces that were there. Adding more forces to the existing scenario would not have been of any help. But I believe now that Prime Minister al-Maliki has agreed to take ownership and put the Iraqis out front. That will allow - he's asked us for additional support to support his troops as they take over security in Iraq - is the - probably the only available option for concluding our efforts in Iraq successfully, and I'm going to ask questions about that.

But I believe that participation and full ownership by the elected government of Iraq is the critical ingredient. It's time for Iraqis to step up to the plate or we will obviously consider other options.

America has sacrificed greatly to give the Iraqis this historic opportunity. They must seize day. Our commitment to Iraq is firm but not in perpetuity. And Prime Minister al-Maliki can either be the father to a modern Iraq, as George Washington was to the United States, if you will, or a forgotten footnote in the history of whatever remains of the territory that formally was called Iraq.

There are steps that the president has taken to recognize the burdens on our military, our National Guard, our reservists; I think those are important.

But as I said, Iraq's not our only concern. North Korea continues the development of both nuclear weapons and advanced delivery systems. Iran apparently has rejected international sanctions and forges ahead with nuclear developments. Radical Islamists are festering the potential for terrorist attacks in areas of Southeast Asia, Pakistan, parts of Iraq, potentially endangering the United States as well.

We also too often neglect some of the concerns in South America as well as other areas that could become terrorist safe havens.

The preeminent conflict of the last generation was with a monolithic superpower, the Soviet Union. Today we face a myriad of enemies united by a militant ideology infested with hatred for America and the freedoms, hopes and opportunities we represent. We have a different battle.

And I would say parenthetically, with respect to the access by this committee to information, the leaders of this committee and the leaders on both sides in the Senate and the House were briefed on the president's terrorist surveillance program. I was not. I really think I should have been. But I can say that now that I have been read into the program and studied it carefully and the underlying law -- I believe not only is it within the guidelines of the law and strongly and carefully enforced to make sure it stays there, but I believe it's been very effective, and I'm sure that there are witnesses here who can comment on the effectiveness of the programs.

So with that, Mr. Chairman, I thank you and look forward to hearing the witnesses.

SEN. ROCKEFELLER: Thank you, Vice Chairman Bond, for what was an excellent statement.

And obviously we welcome you very genuinely. This is kind of the beginning of a new era, I think. We are serious; the vice chairman and myself, members of this committee are serious about getting intelligence, of working with you together. If there's ever any time that we need to do that, it's certainly is now. Disagreements in policy does not mean something is political; it means that there can be honest differences, and that can only be worked out if people are willing to talk to each other in open fashion. All of you have that nature.

And so let me just say, in order to allow maximum time for senators to ask questions of our witnesses, I ask that their full written statements be made a part of the record, without objection. And I've asked that each of our witnesses briefly summarize their statements.

Now, obviously, as the head of the intelligence community, Director John Negroponte will begin, and we have asked the director to try to keep his remarks - that's an interesting phrasing, isn't it? - to keep his remarks to 20 minutes. And then after that, we would hope that the other equally important witnesses would try to keep within 10 minutes.

And for the members of the Intelligence Committee, we will be restricted to five-minute questions in as many rounds as we can do.

AMB. NEGROPONTE: Thank you.

Mr. Chairman, Vice Chairman Bond, members of the committee, thank you for the invitation to offer the intelligence community's assessment of threats to our nation.

I'm privileged to be accompanied by General Michael Hayden, director of the CIA; General Michael Maples, director of the Defense Intelligence Agency; Mr. Robert Mueller, director of the FBI; and Mr. Randall Fort, assistant secretary of State for Intelligence and Research.

Judgments I will offer the committee are based on the efforts of thousands of patriotic, highly skilled professionals, many of whom serve in harm's way.

United States intelligence community is the best in the world, and I'm pleased to report that it is even better than it was last year as a result of reforms mandated by the president and the Congress. These reforms promote better information sharing, the highest standards of analytic rigor, the most innovative techniques of acquiring information and a stronger sense of community across our 16 agencies.

The nation requires more from our intelligence community than ever before because America confronts a greater diversity of threats and challenges than ever before.

This afternoon, in the interest of brevity, I will address only a few of these threats and challenges, providing more comprehensive assessments in my unclassified and classified statements for the record.

My comments will focus on: our efforts to defeat international terrorist organizations, especially al Qaeda, which is seeking to strengthen its global network of relationships with other violent extremists; the challenges Iraq and Afghanistan confront in forging national institutions in the face of inter-sectarian insurgent and terrorist violence; the two states most determined to develop weapons of mass destruction, Iran and North Korea; the shadow that Iran has begun to cast over the Middle East; turmoil in Africa; democratization in Latin America; China's economic and military modernization; and energy security and the foreign policy benefits which high prices offer states that are hostile to United States interests.

First, terrorism: Terrorism remains the preeminent threat to the homeland, to our national security interests, and to our allies. In the last year we have developed a deeper understanding of the enemy we face. Al Qaeda is the terrorist organization that poses the greatest threat. We have captured or killed numerous senior al Qaeda operatives, but al Qaeda's core elements are resilient. They continue to plot attacks against our homeland and other targets, with the objective of inflicting mass casualties. And they are cultivating stronger operational connections and relationships that radiate outward from their leaders' secure hideout in Pakistan, to affiliates throughout the Middle East, North Africa and Europe.

Use of conventional explosives continues to be the most probable al Qaeda attack scenario. Nevertheless, we receive reports indicating that al

Qaeda and other terrorist groups are attempting to acquire chemical, biological, radiological and nuclear weapons or materials. Their objective, as I have said, is to inflict mass casualties. They will employ any means at their disposal to achieve that objective.

In addition to al Qaeda, its networks and affiliates, I would highlight the terrorist threat from Hezbollah, backed by Iran and Syria. As a result of last summer's hostilities, Hezbollah's self-confidence and hostility toward the United States as a supporter of Israel could cause the group to increase its contingency planning against United States' interests.

We know from experience, since 9/11, that countering terrorism depends on effective international cooperation. Our successes so far against al Qaeda and other jihadists and our ability to prevent attacks abroad and at home have been aided considerably by the cooperation of foreign governments. Among them: Iraq, the United Kingdom, Saudi Arabia, Turkey, Pakistan, Afghanistan and many others.

It is important to note our shared successes, not to take credit but to demonstrate results. The longer we fight this war, the better we get at inflicting serious setbacks to our adversaries.

For example, in Iraq we eliminated al Qaeda in Iraq's murderous leader, Abu Musaab al-Zarqawi. Also in Iraq, we have severely damaged Ansar al-Sunna's leadership and operational capacity.

In the United Kingdom, a plot to perpetrate the worst terrorist slaughter of innocent civilians since 9/11 was detected and disrupted.

And in Pakistan, last April, Abdel al-Rahman al-Muhajir and Abu Bakr al-Suri, two of al Qaeda's top bomb-makers, were killed.

Again, I emphasize that we do not and could not accomplish our counterterrorism mission unilaterally. Our role varies from situation to situation. But what does not vary is our requirement for good intelligence and committed partners, which we have in all parts of the world.

Now, turning to Iran and Afghanistan: The two countries where the United States military is engaged in combat, Iraq and Afghanistan, face challenges that are exacerbated by terrorism but not exclusively attributable to it.

In Iraq, sectarian divisions are widening but the multiparty government of Nouri al-Maliki continue to seek ways to bridge the divisions and restore commitment to a unified country. The effort to create a so-called moderate front of major parties from the country's three major ethno-sectarian groups to back the prime minister has underscored moderates' interest in bridging the gaps between Iraq's communities.

Iraqi security forces have become more numerous and capable since my last threat briefing. Six division headquarters, thirty brigades and more than ninety battalions have taken the lead in their operational areas, have battled insurgents on their own and have stood up to the militias in some cases.

Nonetheless, Iraq is at a precarious juncture. The various parties have not yet shown the ability to compromise effectively on the thorny issues

of de-Ba'athification, constitutional reforms, federalism, and central versus regional control over hydrocarbon revenues. Provision of essential public services is inadequate. Oil output remains below prewar levels. Hours of electric power available have declined and remain far below demand, and inflationary pressures have grown since last year.

Increasingly, the Iraqis resort to violence. Their conflict over national identity and the distribution of power has eclipsed attacks against the coalition forces as the greatest impediment to Iraq's future as a peaceful, democratic and unified state.

Prospects for increasing stability in Iraq over the next year will depend on several factors; among them: the extent to which the Iraqi government and political leaders can establish effective national institutions that transcend sectarian or ethnic interests, and within this context the willingness of Iraqi security forces to pursue extremist elements of all kinds; the extent to which extremists, most notably al Qaeda in Iraq, can be defeated in their attempt to foment inter-sectarian struggle between Shi'a and Sunnis; and, lastly, the extent to which Iraq's neighbors, especially Iran and Syria, can be persuaded to stop the flow of militants and munitions across their borders.

As in Iraq, 2007 will be a pivotal year for Afghanistan. The ability of the Karzai government, NATO and the United States to arrest the resurgence of the Taliban will determine the country's future. At present the insurgency probably does not directly threaten the government, but it is deterring economic development and undermining popular support for President Karzai.

Afghan leaders must build central and provincial government capacity and confront pervasive drug cultivation and trafficking. Neither task will be easy. The country faces a chronic shortage of resources and of qualified and motivated government officials. The drug trade contributes to endemic corruption at all levels of government and undercuts public confidence. And a dangerous nexus exists between drugs and the insurgents and warlords who derive funds from cultivation and trafficking.

Turning now to states of concern, with regard to proliferation of nuclear -- of weapons of mass destruction.

After terrorism, the efforts of nation-states and non-state actors, including terrorists, to develop and/or acquire dangerous weapons and delivery systems constitute the second major threat to the safety of our nation, to our deployed troops and to our friends and interests abroad.

Dual-use technologies circulate easily in our global economy. So do the scientific personnel who design and use them. That makes it more difficult for us to track efforts to acquire these widely available components and production technologies and to adapt them to nefarious purposes.

Iran and North Korea are the states of most concern to us today because their regimes are pursuing nuclear programs in defiance of United Nations Security Council restrictions.

Our assessment is that Tehran is determined to develop nuclear weapons. It is continuing to pursue uranium enrichment and has shown more interest in protracting negotiations than in reaching an acceptable diplomatic solution.

Iranian nuclear weapons could prompt dangerous and destabilizing counter-moves by other states in a volatile region that is critical to the global economy.

By pressing forward with its nuclear weapons and missile programs, North Korea also threatens to "destable" a volatile and vital region, a region that has known several great-power conflicts over the last century and now comprises some of the world's largest economies.

As you know, North Korea flight tested missiles in July and tested a nuclear device in October. Pyongyang has threatened to test its nuclear weapons and missiles again. Indeed, it already has sold ballistic missiles to several Middle Eastern countries.

Turning now to regional conflicts, instability, reconfigurations of power and influence -- first, the Middle East; an emboldened Iran.

In the Middle East, Iran's influence is rising in ways that go beyond the menace of its nuclear program. The fall of the Taliban and Saddam, increased oil revenues, Hamas's electoral victory, and Hezbollah's perceived recent successes in fighting against Israel all extend Iran's shadow in the region. This disturbs our Arab allies who are concerned about worsening tensions between Shi'a and Sunni Islam, and face heightened domestic criticism for maintaining their partnerships with Washington.

Iran's growing influence has coincided with a generational change in Tehran's leadership. Iranian President Ahmadinejad's administration, staffed in large part by second-generation hard-liners imbued with revolutionary ideology and deeply distrustful of the United States has stepped up the use of more assertive and offensive tactics to achieve Iran's long-standing goals.

Under the Ahmadinejad government, Iran is enhancing its ability to project its military power, primarily with ballistic missiles and naval power, with the goal of dominating the Gulf region and deterring potential adversaries.

Iran seeks a capacity to disrupt the operations and reinforcement of United States forces based in the region, thereby raising the political, financial and human costs of our presence to the United States and our allies. Tehran views its growing inventory of ballistic missiles as an integral part of its strategy to deter and, if necessary, retaliate against forces in the region, including United States forces.

Another key element of Iran's national security strategy is its ability to conduct terrorist operations abroad. It believes this capability helps safeguard the regime by deterring United States or Israeli attacks, distracting and weakening Israel, enhancing Iran's regional influence through intimidation, and helping to drive the United States from the region.

Lebanese Hezbollah lies at the center of Iran's terrorism strategy. Hezbollah is focused on its agenda in Lebanon and supporting anti-Israeli Palestinian terrorists. But as I indicated earlier, it could decide to conduct attacks against U.S. interests in the event it feels its survival or that of Iran is threatened.

Why would it serve Iran in this way? Because Lebanese Hezbollah sees itself as Tehran's partner, sharing Tehran's world view and relying on Tehran for a substantial part of its annual budget, military equipment and specialized training.

Syria has also strengthened ties with Iran while growing more confident about its regional policies. This is due primarily to what it sees as vindication of its support to Hezbollah and Hamas and its perceptions of success in overcoming international attempts to isolate the regime.

Damascus has failed to cut off militant infiltration into Iraq and continues to meddle in Lebanon. As a result, Lebanon remains in a politically dangerous situation, while Damascus, Hezbollah and other pro-Syrian groups attempt to topple the government of Prime Minister Siniora.

In the Palestinian territories, interfactional violence has intensified in the Gaza Strip and the West Bank since the establishment of the Hamas-led Palestinian Authority government in March. Absent success in forming a national unity government, this violence threatens to escalate further.

Talks have stalled over disputes about the political platform and control of key Cabinet positions. Hamas rejects Quartet and Israeli demands for explicit recognition of Israel, renunciation of armed resistance to Israeli occupation, and acceptance of previous PLO and international agreements.

Turmoil in Africa: The Darfur conflict is the world's fastest growing humanitarian crisis, with more than 200,000 people killed, 2 million internally displaced, and another 234,000 refugees in neighboring Chad.

Rebel groups continue to fight against the government because the existing peace agreement fails to satisfy their security concerns and their demands for power sharing and compensation. The Sudanese military has been unable to force the rebels to sign the peace accord, and with assistance from local militias, it is attacking civilian villages suspected of harboring the rebels.

In addition, Chadian and Central African Republic rebel groups have become entangled in the Darfur crisis. The spillover of violence in the past 10 months threatens to destabilize already weak regimes in both countries.

The rapid collapse of the Council of Islamic Courts and the arrival of the transitional federal government, the TFG, in Mogadishu has altered the political dynamics of southern Somalia. The TFG faces many of the same obstacles that have kept any single group from establishing a viable government in Somalia since the country collapsed in 1991.

Somali society is divided into numerous clans and subclans that resist seeing one group rise above the others. To win the confidence and support of the population and to have any chance of restoring order, the TFG will need to be more inclusive and demonstrate effective governance.

More turmoil could enable extremists to regain their footing, absent mechanisms to replace the temporary Ethiopian presence with an internationally supported Somali solution. Al Qaeda remains determined to exploit turmoil in Somalia.

Democracy in Latin America: Gradual consolidation of democracy has remained the prevailing tendency in Latin America, although some commentators have spoken of a lurch to the left in the region.

This year's numerous elections point to no dominant ideological trend. Moderate leftists who promote macroeconomic stability, poverty alleviation and the building of democratic institutions fared well, as did able, right-of-center leaders. At the same time, individuals who are critical of free-market economics won the presidency in two of Latin America's poorest countries, Ecuador and Nicaragua.

In Venezuela, Chavez reacted to his sweeping victory on December 3rd by promising to deepen his self-described Bolivarian Revolution and to intensify the struggle against United States imperialism.

He is among the most stridently anti-American leaders anywhere in the world and will continue to try to undercut United States influence in Venezuela, in the rest of Latin America, and elsewhere internationally. As he does so, he must confront the fact that in Cuba, his close ally, the transition to a post-Castro regime has now begun.

In Mexico, President Felipe Calderon of the ruling National Party was inaugurated on December 1st after a razor thin majority margin of victory over his close opponent, leftist populist Andres Manuel Lopez Obrador of the Party of the Democratic Revolution.

The July election illustrated the country's polarization along socio-economic lines. The new government has initiated steps to address problems in northern Mexico that affect both Mexican and United States security concerns, including drug smuggling, human trafficking, and associated violence.

The rise of China: In 2006 Chinese leaders moved to align Beijing's foreign policy with the needs of domestic development, identifying opportunities to strengthen economic growth, gain access to new sources of energy, and mitigate what they see as potential external threats to social stability.

At the same time China places a priority on positive relations with the United States while strengthening ties to the other major powers, especially the European Union and Russia.

PRC leaders continue to emphasize development of friendly relations with the states on China's periphery to assure peaceful borders and to avoid perceived containment by other powers. In the past year, China achieved notable success in improving relations with Japan under newly elected Prime Minister Abe, and prospects for cross-strait conflict with Taiwan diminished. In addition -

SEN. ROCKEFELLER: I need to point out with full respect that your -

AMB. NEGROPONTE: I have two more minutes, sir - two or three.

SEN. ROCKEFELLER: You're close to twenty-five, but you're welcome to them. So if you can complete in that time, that's excellent. And I thank you.

AMB. NEGROPONTE: Thank you very much.

Beijing continues its rapid rate of military modernization initiated in 1999. We assess that China's aspirations for great-power status and its security strategy would drive this modernization effort even if the Taiwan problem were resolved.

The Chinese are developing more capable long-range conventional strike systems and short- and medium-range ballistic missiles with terminally guided maneuverable warheads able to attack United States carriers and airbases.

We have entered a new era in which energy security will become an increasing priority for the United States, the West and fast-developing major energy consumers like China and India. Oil prices have fallen by more than 25 percent since their peak last July and spare production capacity has grown to more than 2 million barrels per day.

But escalating demand for oil and gas has resulted in windfall profits for some producer nations that are openly hostile to our interests. Iran and Venezuela fall into this category. Russia now sees itself as an energy superpower, a status with broad ramifications that include strong-arm tactics in its relations with neighboring states.

Conclusion: Each of the national security challenges I have addressed today is affected by the accelerating technological change and transnational interplay that are the hallmarks of 21st century globalization. Globalization is not a threat in and of itself; it has more positive characteristics than negative. But globalization does facilitate terrorist operations, raises the dangers of WMD proliferation, stimulates regional reconfigurations of power and influence, especially through competition for energy, and exposes the United States to mounting counterintelligence challenges.

In this maelstrom of change, many nation-states are unable to provide good governance and sustain the rule of law within their borders. This enables non-state actors and hostile states to assault these fundamental building blocks of the international order, creating failed states, hijacked states and ungoverned regions that endanger the international community and its citizens.

More to the point, it also threatens our own national security and support for freedom and democracy, notably in Iraq and Afghanistan where our troops and those of our allies are helping defend freedom -- defend freely elected governments and sovereign peoples.

In the 20th -- 21st century the fact is that events anywhere can and often do affect us. This does not mean that all threats and challenges are equally important. At any given point in time, we must pay greater attention to those that are most dangerous.

In our national intelligence enterprise, the military, foreign, counterintelligence and domestic dimensions must be seamlessly integrated to provide our policymakers, warfighters and first responders with the time and insight they need to make decisions that will keep Americans safe.

Thank you, Mr. Chairman. I appreciate your --

SEN. ROCKEFELLER: Director Negroponte - no, I thank you very much. Didn't mean to interrupt but we have to sort of - I'm very proud to present once again to the Intelligence Committee General Michael Hayden, director of the Central Intelligence Agency. And we look forward to your comments, sir.

GEN. HAYDEN: Thank you, Mr. Chairman, Vice Chairman Bond, and members of the committee.

The CIA is at the forefront of our national response to the challenges that Ambassador Negroponte has just presented to the committee. The men and women of the Central Intelligence Agency are indeed central to our nation's ability to detect, analyze, warn of the risks and opportunities we face in this kind of global environment.

What I'd like to share with you today in open session, and, frankly, more comprehensively in the classified statement for the record, are some of the steps that CIA has taken to build on our unique strengths and to help ensure that the United States is able to meet the challenges that the DNI has just described.

The strategic intent - and intent I've discussed with the CIA workforce in recent weeks and which the committee has copies of - is our road map to building a more effective organization in fulfilling our paramount mission, and that's simply protecting the American people.

The central theme of our strategic intent is integration, operating as a team within our agency, and as a team within the larger intelligence community.

Now we're made up of many parts. CIA has to have world-class analysts who are experts in their fields and who employ rigorous analytic tradecraft in the assessments they provide policymakers, including the members of this committee.

We have to have core collectors who are conversant in the languages and cultures of the countries in which they work and who can collect decisive intelligence against tough targets from a variety of collection platforms.

Our support specialists - and I know many of you have traveled to our bases and stations around the world and have witnessed this firsthand - our support specialists have to have the agility and proficiency to facilitate our work anywhere in the world, and frequently they have to do it on very short notice. And our S&T officers, science and technology, must always give our operators a decisive edge that our adversaries can't match.

Let me talk for a few minutes about collection.

As the national human intelligence manager, CIA is working to build an integrated national HUMINT service and working to enhance the entire community's relationships with liaison foreign intelligence services. Our focus remains on collecting information that will tell us the plans, the intentions and the capabilities of our adversaries and that provide the basis for decision and action. It's crucial we develop and deploy innovative ways to penetrate tough targets.

From the perspective of CIA's collection, globalization is - as Ambassador Negroponte has just stated - the defining characteristic of our

age, and it requires us to find new ways to collect key intelligence on targets, whether they be terrorist, WMD proliferators, or simply daily business in volatile regions of the world.

We're waging a global, high-stakes war against al Qaeda and other terrorists that threaten the United States, and that's a fundamental part of our mission. We work on our own; we work with other U.S. government agencies, and we work with foreign liaison partners to target terrorist leaders, terrorist cells, disrupt their plots, sever their financial and logistic links, and roil their safe havens.

Our war on terror is conducted from our Counterterrorism Center, or CTC, and is carried out, for the most part, from our stations and bases overseas.

CTC has both an operational and an analytic component, and the fusion of those two - ops and analysis -- is critical to its success.

Moreover, CTC works very closely with NCTC, Ambassador Negroponte's National Counterterrorism Center, to assure protection of the homeland.

CIA's collection on terrorist targets -- particularly collecting through human source -- has been steadily improving in both quantity and quality since 9/11.

Penetrating secretive terrorist organizations is our greatest challenge. We have made significant strides in this regard, although I am extremely concerned by the damage done to our efforts by rampant leaks in recent years. Leaks can and have led to grave consequences for our efforts.

I think the committee knows very well that terrorist plots and groups aren't broken up by a single report or a single "eureka" moment or a single source. No detainee, for example, knows everything there is to know about the compartment activities, even of their own group. We do this via painstaking, all-source analysis, and that drives and supports our operations.

The work of CTC has been crucial to identify and target those who would do us harm.

With regard to WMD, CIA also dedicates significant resources to countering the threat posed by weapons of mass destruction and associated delivery systems. As the ambassador pointed out, we focus on North Korea and Iran, two states with WMD programs that threaten regional balances, threaten U.S. interests, and threaten nonproliferation regimes.

We also focus on the WMD and missile programs of Russia and China, programs that are large enough to threaten U.S. survival if the political leaderships of those countries decided to reverse themselves and assume a hostile stance.

We watch also for other states or non-state actors, early signs that they may be taking steps toward acquiring nuclear, biological or chemical weapons.

In both Iraq and Afghanistan, we work together critical information on terrorism, insurgency, stabilization, nation building, security, foreign

relations, infrastructure, and we do all that on both the strategic and tactical level.

A priority in our efforts in both those locations is the collection of force protection intelligence to support warfighting and counterterrorism activities of U.S. and allied forces.

In Iraq, the insurgency, sectarian violence and the role of external actors acting against coalition goals and coalition forces remain key features of the unstable situation there and a major focus of our collection.

In Afghanistan we are working to counter al Qaeda, Taliban and anti-coalition militants who threaten the stability of the Afghan state.

Now in all these operations we maintain a very close relationship with the U.S. military on many levels. We provide liaison officers dedicated to senior U.S. commanders, as well as operating in several working-level fusion cells with our military partners.

Let me spend a minute talking about a relatively new discipline that's showing both great promise and great production, and that's open source intelligence.

To meet the challenge of global coverage that Ambassador Negroponte has outlined, we're playing a leading role in exploiting readily available information -- open source information.

We are the executive agent for the DNI's Open Source Center, and we've elevated both the organizational status of the center and the visibility of the open source discipline inside CIA and inside our community. We recognize its unique and growing contributions to integrated collection and analysis.

Let me spend a few minutes talking about analysis, which, of course, is a very challenging activity for us.

The ongoing successes of this collection activity and other efforts by the men and women of CIA are the foundation for that equally important analytic mission. Producing timely analysis that gives insight, warning and opportunity - not analysis for its own sake, but providing the underpinning for insight, warning and opportunity -- to the president, to other decision makers, to yourselves is the foundation of our analytic effort.

As the DNI has made clear, we operate in a very unstable and dangerous world. Our adversaries in the long war on terrorism are dispersed across the planet. They're resilient, they're ruthless, they're patient, and they're committed to the mass murder of our countrymen.

The possession and proliferation of weapons of mass destruction threatens both international stability and our homeland. The rise of China and India and the emergence of new economic centers are transforming the economic and geopolitical landscape. And as I already pointed out, weak governments, lagging economies, and competition for energy will create crises in many regions that we have to foreshadow and predict for decision makers.

The complexity and interdependence of these issues demands the very best analysis. To achieve this we are continuing to enhance our tradecraft, our ability to analyze and expanding our analytic outreach.

Let me talk for a minute about this: We're making major investments in analytic training. We've got a 16-week course for all incoming analysts with a dozen modules in it built around things like the analytic thinking process. It includes sessions on assumptions, sessions on framing questions, analytic tools, alternative analysis, and how to weigh information.

The Sherman Kent School has 22 courses of advanced analysis and it's designed to meet the tradecraft needs of experienced analyst -- required courses on critical thinking, writing, briefing and collection.

These tradecraft efforts as well as our Red Cell continue to produce alternative analytic papers designed to challenge conventional wisdom, lay out plausible alternative scenarios, and re-examine working assumptions.

We're also routinely engaging academics and outside experts to critique and strengthen our analysis.

In November, we launched an innovative online presentation of our core, our flagship daily intelligence publication; it's called the World Intelligence Review, or the WIRE. The WIRE online leverages the best of modern Web technology.

Mr. Chairman and other members of the committee, in closing, let me affirm that we're pursuing our strategic goals and positioning ourselves to meet the threats outlined here today but will do so in a way that is true to our core values of service, integrity and excellence. They are the constants that reflect the best of our agency's unique history and the best of our previous accomplishments. They are the values that have served us well and will continue to guide us.

Thank you, Mr. Chairman.

SEN. ROCKEFELLER: Thank you very much, General Hayden.

I might just point out to everybody that I think there's a vote, a single vote at 4:15. Vice Chairman Bond and I will just switch off, moving swiftly, in order to keep this going.

And - so according to the protocol, the assistant secretary of State for Intelligence and Research, Randall Fort, we very much welcome you, sir.

MR. FORT: Thank you, Mr. Chairman, Mr. Vice Chairman, members of the committee.

I'm pleased to have the opportunity today to present the views of the State Department's Bureau of Intelligence and Research on the current and projected threats to the United States.

As Ambassador Negroponte has noted, the intelligence community is acutely aware of and there is broad intelligence community consensus about the dynamic nature of threats to U.S. interests. And INR generally shares the judgments presented by the DNI and to be presented by my colleagues.

Therefore, rather than revisit the assessments already stated, I would like to explain how INR, as the State Department's in-house intelligence unit, supports the secretary of State and department principals by acting as

what I would call an intelligence force multiplier, identifying, assessing and explaining the significance and the relevance of threats that could jeopardize U.S. diplomatic and foreign policy interests.

As the DNI stated, it is essential that the community have in-depth, comprehensive global coverage to identify and understand the threats we face. At the same time, the difficulties inherent in anticipating rapid and unexpected changes within global financial markets and the technology sector, for example, pose potential challenges to our defense and foreign policy establishments.

In recognition of the urgency of these new challenges, Secretary of State Rice has established "transformational diplomacy" as one of the fundamental engines of our foreign policy. The aim of this new approach is to re-fashion traditional diplomatic institutions and practices to serve new diplomatic purposes.

Changing the world, not merely reporting on it, is the operative essence of transformational diplomacy.

The secretary's new initiative underscores the pivotal role diplomacy plays in anticipating, understanding and countering real and potential threats to vital U.S. interests.

INR's mandate is to provide the timely, accurate and actionable intelligence analysis necessary to enable U.S. diplomacy to confront and address those threats and challenges, and we are uniquely placed to do so.

It is critical that our diplomats receive intelligence and analytic support that both informs current operations and looks beyond the horizon at broader strategic dynamics, such as the effects of our democratization efforts, which is a key element in transformational diplomacy on regional political stability.

INR seeks to identify threats, challenges and opportunities at an early stage to provide policymakers time to take appropriate action. I think an ounce of diplomacy is worth a pound of kinetic solution.

In sum, the complexities of the world in which we live have blurred traditionally discrete lines among security interests, development efforts, economic objectives, and other traditional areas of diplomatic and analytic endeavor. Consequently, INR and the Department of State are repositioning resources to focus on and support transformational diplomacy.

For example, the department aims both to increase U.S. diplomatic presence in more remote locations and prepare to react to a wide variety of humanitarian crises, including refugee flows, pandemics and natural disasters.

Naturally, INR must be ready to respond at a moment's notice and provide the intelligence support necessary to address those challenges.

Yet in an era of almost instant global awareness, the impact of our actions in one area can now be felt, or at least perceived, almost immediately elsewhere. Thus, analytical intelligence support is critical to an accurate understanding of the environment in which diplomatic initiatives are undertaken.

INR is working within the department and with our embassies and other outposts abroad to help policymakers both anticipate emergent crises and understand their long-term repercussions.

INR's Humanitarian Information Unit, or HIU, for example, shares broadly unclassified information via a Web-based platform to facilitate coordination between U.S. government civilian and military resources and private sector humanitarian response groups and NGOs. The HIU is an excellent example of an open source intelligence force multiplier.

An informed understanding of the perceptions of U.S. policies and actions on the part of foreign publics and governments is prerequisite both to deciphering and comprehending the nature of the global environment, including potential and actual threats. Such knowledge is also critical to anticipating potential reactions to our policy initiatives and receptivity to offers of assistance, generally and in crisis situations.

To that end, INR conducts public opinion polling and focus group surveys throughout the world in order to gauge how U.S. policies are perceived, as well as how individuals in key countries perceive the role and behavior of their own governments. The sharper our understanding of the forces that drive those perceptions, the better prepared we will be to anticipate emergent threats.

The crosscutting nature of the threats and challenges we face -- especially from terrorism and weapons of mass destruction -- requires a fresh emphasis on understanding the intentions and managing the behavior of a variety of groups and transnational actors.

Regional cooperation is a key element of our counterterrorism strategy. Yet there are times when economic, political and cultural barriers complicate or impede the cooperation we seek. Comprehensive, accurate intelligence analysis is needed to support policymakers in this regard, not only by identifying the threats but also by ensuring a full understanding of the strengths, weaknesses and perceptions of partners or potential partners so that policy is devised with the best information available.

Even as we seek to understand the terrorism threats faced by our allies, we must also remain vigilant to emerging trends, not only to identify threats but to assist in identifying new potential partners as well as their strengths and weaknesses.

The threats posed by failed states points to the critical intersections of diplomacy, democracy promotion, economic reconstruction and military security. And INR analysts routinely monitor local and regional political dynamics, economic and financial developments, and shifts in military operations, doctrine and training. Deep analytic expertise is required to confidently tease apart and make sense of seemingly unrelated trends and anomalies in these areas, even if our policy colleagues might not wish to hear about them.

To focus our perspectives and encourage analysts to look beyond immediately recognizable trends, INR publishes a quarterly report on global hot spots designed to alert the secretary of State and other interested policymakers to potentially troublesome trends that we have detected.

Our focus is on areas that may have received only limited policy attention but where significant threats may emerge in the future. The aim is to identify areas where diplomatic action could make a difference, either by shifting the direction of a trend to forestall a threat from manifesting, or by enabling actions that could mitigate the impact of a crisis.

In our first report, published in early November 2006, the issues raised ranged from repercussions of electoral fallout in Mexico to concerns about political violence in Bangladesh and friction between Russia and Georgia. Policymakers were very pleased with the product.

In conclusion, I believe INR's abiding challenge will be not only to maintain our vigilant watch over those threats that we know present a clear danger to U.S. interests; going forward, we must also strive to think, analyze and write strategically in order to identify the challenges and opportunities arising from the complex and dynamic global environment.

Thank you all very much.

SEN. ROCKEFELLER: Thank you very much, Assistant Secretary Fort.

And now, I guess our veteran, is the director of the FBI, whom we as a committee very greatly welcome - Bob Mueller.

MR. MUELLER: Thank you, Mr. Chairman, and good afternoon, Mr. Chairman, Senator Bond, members of the committee.

As you've heard from my colleagues, successes in the war on terrorism in the past 12 months and the arrest of many key al Qaeda leaders and operatives have diminished the ability of that group to attack the United States homeland. But at the same time, the growing Sunni extremist movement that al Qaeda spearheaded has evolved from being directly led by al Qaeda to being a global movement that is able to conduct attacks independently.

And as a result, the United States faces two very different threats from international terrorism - first, the attack planning that continues to emanate from core al Qaeda overseas, and second, the threat posed by homegrown, self-radicalizing groups and individuals inspired but not led by al Qaeda who are already living in the United States. And while they share a similar ideology, these two groups pose very different threats due to the differences in intent and their attack capability.

First, al Qaeda.

Al Qaeda's strategy for conducting an attack inside the United States continues to include proven tactics and tradecraft with adaptations designed to address its losses and our enhanced security measures.

For example, we believe that al Qaeda is still seeking to infiltrate operatives into the United States from overseas, those who have no known nexus to terrorism and using both legal and possibly illegal methods of entry.

We also believe, if it can, al Qaeda will obtain and use some form of

chemical, biological, radiological or nuclear material, if it can get it.

Al Qaeda's choice of targets and attack methods will most likely continue to focus on economic targets, such as aviation, the energy and mass transit sectors; soft targets such as large public gatherings, and symbolic targets such as monuments and government buildings.

Second, the homegrown threat: In contrast to the threat from al Qaeda, it is critical to be aware of the differences in intent and capability in order to understand and counter the so-called homegrown threat.

We have disrupted several unsophisticated, small-scale attack plans recently that reflect the broader problem homegrown extremists pose.

Just over a year ago we disrupted a homegrown Sunni Islamic extremist group in California known as the JIS, or Assembly of Authentic Islam. This group was primarily operating in state prisons, without apparent connections or direction from outside the United States and with no identifiable foreign nexus.

Members of this group committed armed robberies in Los Angeles with the goal of financing terrorist attacks against the "enemies" of Islam, including the U.S. government and supporters of Israel.

Last year, the FBI along with other federal agencies and our foreign partners dismantled a global network of extremists operating primarily in Canada and on the Internet and independently of any known terrorist organization. The associates of this group, who were in Atlanta, Georgia, had long-term goals of creating a network of extremists in preparation for conducting attacks, possibly inside the United States.

The diversity of homegrown extremists and the direct knowledge they have of the United States makes the threat they pose potentially very serious. As well, the radicalization of some U.S. Muslim converts is of particular concern to us as we look at this threat.

The threat from other terrorist groups inside the United States: While al Qaeda, its affiliates and independent Islamic jihadist groups remain the primary threat to the United States homeland, other groups, such as Iranian-supported Lebanese Hezbollah, warrant attention due to their ongoing fundraising, recruitment, procurement and capability to launch terrorist attacks inside the United States.

As seen in the summer 2006 conflict with Israel, Hezbollah has a well-trained guerilla force that is proficient in military tactics and weaponry, and capable of striking United States interests. To date, Hezbollah has not conducted an attack within the United States homeland. Instead, Hezbollah associates and sympathizers primarily engage in a wide range of fundraising avenues, to include criminal activities such as money laundering, credit card, immigration, food stamp and bank fraud, as well as narcotics trafficking in order to provide support to Hezbollah.

Our efforts to stem the flow of material and monetary support to Hezbollah over the past few years has led to numerous federal indictments, resulting in the arrests of suspected Hezbollah supporters and approximately \$5 million in property seizure and court ordered restitution.

I would say also that Iran continues to present a particular concern due to its continued role as a state-sponsor of terrorism, its development of its nuclear program, and commitment - its commitment to promoting an Iranian-inspired extreme version of Shi'a Islam within the United States.

Iran is known to support terrorist groups such as Hezbollah, Iraqi Shi'a insurgency groups and non-Shi'a Palestinian terrorist organizations.

Additionally, the ongoing factional in-fighting between Hamas and Fatah elements in the Palestinian territories has for now - for now -- consumed the attention of most of the Palestinian organizations. But the primary focus of U.S.-based Palestinian groups remains fundraising and proselytizing.

Let me turn for a moment, if I might, Mr. Chairman, by threat posed by domestic terrorist groups, and while much of the national attention is focused on the substantial threat posed by international terrorists, we must also contend with an ongoing threat posed by domestic terrorists based and operating strictly within the United States.

Domestic terrorists, motivated by a number of political or social issues, continue to use violence and criminal activity to further their agendas. Despite the fragmentation of white supremacist groups resulting from the deaths or the arrests of prominent leaders, violence from this element remains an ongoing threat to government targets, to Jewish individuals and establishments, and to non-white ethnic groups.

The militia movement similarly continues to present a threat to law enforcement and the judiciary. Members of these movements will continue to intimidate and sometimes threaten judges, prosecutors and other officers of the court.

Lastly here, animal rights extremism and eco-terrorism continue to pose a threat. Extremists within these movements generally operate in small, autonomous cells and employ strict operational security tactics making detection and infiltration difficult. And these extremists utilize a variety of tactics, including arson, vandalism, and the use of explosive devices. They continue to remain a threat.

Let me turn for a second, if I might, to a subject discussed by my colleagues, and that's the WMD acquisition by terrorist groups. It continues - particularly the acquisition by terrorist groups continues to be a growing concern. Transnational and domestic terrorists and state sponsors of terrorism continue to demonstrate an interest in acquiring and using chemical, biological, radiological and nuclear weapons, commonly called CBRN. And these weapons are advantageous to them because it causes - or the use of one causes mass casualties, mass panic and economic disruption.

And (while ?) one could say that terrorist groups may not now - now - have the capacity or the capability to produce complex biological and chemical agents needed for a mass-casualty attack, their capability will improve as they pursue enhancing their scientific knowledge base, including recruiting scientists to assist them. Currently, terrorist groups have access to relatively - and I'd say relatively -- simple chemical and biological agent recipes through the Internet and through publications such as "The Anarchist Cookbook."

In addition to the acquisition of weapons of mass destruction by terrorists, which is a concern I just described, we are also concerned about WMD proliferation.

The United States government has identified 21 countries, of which Iran, North Korea and China are of great concern - identified them as being - having the capability either to develop WMD systems or acquire export-controlled WMD and dual-use items and sensitive technologies.

From an operational perspective, the Bureau and our counterparts at DHS, the Department of Commerce have had success in conducting joint investigations leading to the arrests of individuals for violations of U.S. export laws, we have also together produced intelligence in support of national intelligence collection requirements in this arena. And this resulting information has enabled the community together to better understand the threat to national security from foreign government exploitation of international commerce.

While preventing another terrorist act on United States soil is the FBI's primary mission, protecting the United States from espionage and foreign intelligence operations is also of vital importance.

Recent investigative successes highlight the fact that foreign governments continue to target the United States for sensitive and classified information and technology. In 2006, the Bureau arrested 20 individuals on espionage-related charges, also disrupted foreign intelligence operations.

The recent arrests of a U.S. defense contractor and his co-conspirators for passing sensitive weapons technology to the People Republic of China confirms that foreign states are using nontraditional actors and methods to collect classified, sensitive and commercially valuable proprietary information and technology.

Other FBI investigations revealed trusted insiders compromising classified or sensitive information to a wide range of U.S. allies.

Finally, Mr. Chairman - I am getting to the end - finally, Mr. Chairman, the Bureau is concerned by cybersecurity threats which may come from a vast array of groups and individuals with different skills, motives and targets. The nation's security, economy and emergency services rely on the uninterrupted use of the Internet and telecommunications to ensure the continuity of military operations, financial services, transportation and the energy infrastructure.

Terrorists increasingly use the Internet to communicate, conduct operational planning, proselytize, recruit, train, and to obtain logistical and financial support. That is a growing and increasing concern for us, Mr. Chairman.

Let me close by saying that we're working closely with our partners in the intelligence, military, diplomatic, law enforcement communities, and our primary responsibility remains the neutralization of terrorist cells and operatives here in the United States and the dismantlement of terrorist networks worldwide. And while this is our first priority, we remain committed to the defense of America against foreign intelligence threats as

well as to the enforcement of federal criminal laws, all while respecting and defending the Constitution.

Thank you, Mr. Chairman, for the opportunity to present these remarks today, and I'd be happy to answer any questions you might have.

SEN. ROCKEFELLER: Thank you, Mr. Director, very much.

Let me just explain that a vote just went off, and it's going to be our first real test of bipartisanship here because Majority Leader Reid has now reduced votes to 15 minutes so that - we'll see how things are going. If Kit Bond gets back in eight minutes, you'll know that I'm done. (Laughter.)

Mr. Director, thank you very much, and I want to proceed now to the director of the Defense Intelligence Agency, Lieutenant General Michael Maples. We welcome your testimony, sir. And I apologize for the ways of the Senate.

GEN. MAPLES: Chairman, I understand.

Chairman Rockefeller, I do appreciate this opportunity to appear before the committee to testify and to thank you for your continued support to the dedicated men and women of the Defense Intelligence Agency.

My testimony, which I have submitted for the record, outlines our assessment of the states of the insurgencies in Iraq and Afghanistan, the current threat from global terrorism and proliferation of weapons of mass destruction. It also addresses defense-related developments in states and regions of concern and other transnational issues. As you requested, I will summarize a few of these issues.

In Iraq we have seen some recent developments that give hope for progress. These include the continued development and increased capability of the Iraq security forces, efforts to address problems associated with de-Ba'athification, and increased cooperation between Sunni Arab tribes and the government in Al Anbar province.

Additionally, Prime Minister Maliki has made gestures to the Sunni minority such as offers to reinstall some Saddam-era military leaders and the issuance of arrest warrants for Ministry of Interior personnel accused of abuses. Some rogue elements from Muqtada al-Sadr's movement have also been expelled from his organization.

Despite these developments, significant challenges to United States and coalition forces remain. Violence in Iraq, as measured over the past year, continued to increase in scope, complexity and lethality, with the Sunni Arab-based insurgency gaining strength and capacity. The conflict remains a sectarian struggle for power and the right to define Iraq's future identity.

We have noted a change in the character and the dynamics of the conflict. The perception of unchecked violence is creating an atmosphere of fear, hardening sectarianism, empowering militias and vigilante groups, and undermining confidence in government and security forces.

Conflict in Iraq is in a self-sustaining cycle in which violent acts increasingly generate retaliation. Insecurity rationalizes and justifies militias, in particular Shi'a militias which increase fears in the Sunni Arab

community. The result is additional support, or at least acquiescence, to insurgents and terrorists such as Al Qaeda in Iraq.

Shi'a militants, most notably Jaish al-Mahdi, are also responsible for increases in violence.

Attacks by terrorist groups account for only a fraction of insurgent violence, yet the high-profile nature of their operations and the tactics they employ have a disproportionate impact. Al Qaeda in Iraq is the largest and the most active of the Iraq-based terrorist groups.

DIA judges that continued coalition presence is the primary counter to a breakdown in central authority. Such a breakdown would have grave consequences for the people of Iraq, stability in the region, and U.S. strategic interests.

No major political figure in Iraq has endorsed the notion of civil war or partition, and most political and religious leaders continue to restrain their communities. Moreover, DIA judges that Iraqi Arabs retain a strong sense of national identity and most Iraqis recall a past in which sectarian identity did not have the significance that it does today.

Intelligence support to our forces engaged in combat in Iraq is our highest priority. We have more than 300 analysts dedicated to the complexities of Iraq, including a cadre of 49 analysts who are focused exclusively on the insurgency. Many of our human intelligence collectors in Iraq have made multiple deployments and are experienced in contingency operations.

As the complexity of the situation is increasing and it is changing, we are likewise increasing the resources devoted to our support.

In Afghanistan, the Taliban-led insurgency is a capable and resilient threat to stability, particularly in the Pashtun south and east. Despite absorbing heavy combat losses in 2006, the insurgency has strengthened its military capabilities and influence with its core base of rural Pashtuns.

Overall attacks doubled in 2006 from the previous year. And suicide attacks quadrupled from 2005 levels, and large-scale operations increased significantly as well.

DIA assesses the Taliban-led insurgency will remain a threat in 2007 and its attacks will increase this spring.

Al Qaeda remains the most dominant terrorist organization and the most significant threat to U.S interests worldwide. Al Qaeda's increasing cooperation with like-minded groups has improved its ability to facilitate, support and direct its objectives.

Al Qaeda in Iraq is the largest and most deadly of the Iraq-based terrorist groups. It conducts the most provocative anti-Shi'a attacks in Iraq, a hallmark of its strategy since 2003. It has instigated cycles of sectarian violence by characterizing its operations as defending Sunni interests.

Al Qaeda in Iraq poses a regional threat and aspires to become a global threat.

Pakistan's direct assistance has led to the eradication or capture of numerous al Qaeda terrorists. Nevertheless, Pakistan's border region with Afghanistan remains a haven for al Qaeda's leadership and other extremists.

After global terrorism, the proliferation of weapons of mass destruction remains the most significant threat to our homeland, deployed forces, allies and interests. Increased availability of information together with technical advances have the potential to allow additional countries to develop nuclear, biological and chemical weapons. This is an area of increasing concern.

North Korea's October 2006 detonation of a nuclear device marked its first nuclear test and an attempt to win international recognition as a nuclear state after a decades-long program to develop these weapons.

Iran also continues to develop its WMD capabilities. Although Iran claims its program is focused on producing commercial capabilities, DIA assesses with high confidence that Iran remains determined to develop nuclear weapons.

DIA expects China's nuclear weapons stockpile to grow over the next 10 years -

SEN. ROCKEFELLER: General?

GEN. MAPLES: Yes, sir?

SEN. ROCKEFELLER: I ask you to rescue me from a delicate situation. The votes last for 15 minutes; there are only five and a half minutes left in this one. So if you could - if you gentlemen would just - people will be back immediately. We then go into questions. And we want to be able to do that, and I apologize for the inconvenience; I truly do.

So we're in recess for the moment.

(Recess.)

SEN. BOND: My apologies to the general for missing his testimony. I will look forward to reading it in full. The chairman has graciously suggested that since we have a long afternoon and he has now had to go over to vote that I will begin my questions and see if I can get five minutes on the timing machine. There we go!

Let me ask a quick question for a short answer. You - we have in the past been myopic in view of the threats prior to 9/11. We look at other terrorist-affiliated organizations beyond al Qaeda. We've talked about - you've talked about - you talked about Hezbollah, Sunni insurgents in Iraq, about Jemaah Islamiyah from Southeast Asia.

What are your assessments, the threat that the groups pose to the United States homeland? And what do you feel you're able to do to build on and to have your analysts challenge the assumptions that you're making, exploring the possibilities to change tactics against strikes on the U.S. soil?

And Director Mueller has talked about what they're doing. What are the others of you doing to feed into that process?

GEN. HAYDEN: Senator, I'll start. As you know, our CTC I described in my remarks, it's a large center. I've been very impressed in my time at the agency with their deep expertise; many of the leaders of that center have been involved in this now well before 9/11. And they do try - and I don't want to overstate this, but I think they do try to be very imaginative in terms of are we looking at the right things? Are there other things out there we're not aware of -

SEN. BOND: You're fully integrating that with the FBI's information? Is that fully integrated?

GEN. HAYDEN: That's right, Senator. When I meet with those folks, we have FBI people in the room because they are permanently on the staff.

SEN. BOND: And Homeland Security?

GEN. HAYDEN: Yes, sir. And NCTC as well.

SEN. BOND: All right.

You have an excellent operation and we appreciate having the - knowing what you're doing there.

Let me ask a broader question. I have heard a lot of comments about and there will be legitimate questions raised about the policy that the president has announced in going forward with the commitment by the prime minister, al-Maliki to take control of Iraq. And I think - and we will want to hear your assessments of that - of the intelligence assessments of the success of that.

At the same time, what concerns me is what are the options? The one option that I have heard most frequently and strongly supported is to withdraw, to withdraw now essentially or very shortly, regardless of the security situation in Iraq.

What in your judgment would happen - I'll start with you, Director Negroponte. What would happen if we pulled out now from Iraq?

AMB. NEGROPONTE: Well, we've looked at that question and we've tried to assess it, Senator. And I think the view pretty much across the community is that a precipitous withdrawal could lead to a collapse of the government of that country and a collapse of their security forces because we simply don't think that they are ready to take over to assume full control for - of their security responsibilities.

We think that that is a goal that can be achieved on a gradual basis and on a well-planned basis, but to simply withdraw now I think could have catastrophic effects. And I think that's a quite widely held view inside of Iraq itself.

SEN. BOND: I want to know what the impact of that is. Does that affect just the Middle East? Does it affect us? And I'd like to hear from General Maples and General Hayden on that as well.

AMB. NEGROPONTE: If I could just add one point before ceding to them. I think in terms of al Qaeda's own planning, if you look at the letter that Zawahiri wrote to Zarqawi last year about establishing in Iraq sort of a beachhead for the expansion of al Qaeda's ideology throughout the Islamic world, establishing the caliphate. It would be the very sanctuary for international terrorism that we are seeking to avoid.

SEN. BOND: General Maples?

GEN. MAPLES: Sir, I'd follow up on that statement by the ambassador because I truly believe that a failure in Iraq would empower the jihadist movement. It would give that base of operations from which the jihadist movement would expand. And it's consistent with the goals of al Qaeda in Iraq to establish that Islamic state and then to expand it into the caliphate.

I also think that there of course will be very significant regional impacts, both in terms of stability and to other countries in the region; there will be economic impacts with respect to, in particular, hydrocarbons and the effect that that could have, particularly if those resources were in the hands of jihadists.

SEN. BOND: In other words, they could get the profit off of the high price of oil.

GEN. MAPLES: Absolutely. And then I would follow with one last -- and that is the empowerment -- further empowerment of Iran within the region.

SEN. BOND: General Hayden?

GEN. HAYDEN: Yes, sir, Senator. When I went before the Iraq Study Group I prefaced my remarks by saying I think I'll give a rather -- I'm going to be giving a rather somber assessment of the situation in Iraq, but before I do that, I said, let me tell you, if we leave under the current circumstances, everything gets worse. And --

SEN. BOND: You have a masterful way of understating it.

GEN. HAYDEN: Three very quick areas: more Iraqis die from the disorder inside Iraq; Iraq becomes a safe haven, perhaps more dangerous than the one al Qaeda had in Afghanistan; and finally, the conflict in Iraq bleeds over into the neighborhood and threatens serious regional instability.

SEN. BOND: Any threat, do you see -- what threat to the United States homeland?

GEN. HAYDEN: The immediate threat comes from providing al Qaeda that which they are attempting to seek in several locations right now, be it Somalia, the tribal area of Pakistan, or Anbar province: a safe haven to rival that which they had in Afghanistan.

SEN. BOND: All right. My time is up, and now turn to the senator from Oregon.

SEN. RON WYDEN (D-OR): Thank you very much, Mr. Chairman.

The president said last night, Director Negroponte, that a major part of his plan for Iraq involves relying on Iraqi national police brigades. Can you tell us how many of these Iraqi national police units are capable of functioning independently today?

AMB. NEGROPONTE: I can't give you those exact numbers. Perhaps General Maples has them. But what I would say as a general proposition is that the army of Iraq is better equipped to deal with these situations than the police, although there are some police units that have acquitted themselves well. And I think that's going to take time to develop. But that's one of the reasons that at the same time the president talked about strengthening our advisory effort and strengthening the effort to embed American units within Iraqi security units.

So it's a package, if you will, Senator, so as to deal with some of the training and experience shortcomings that these units have. But I think over time I think that the plan has a reasonable chance of succeeding.

SEN. WYDEN: When we go to closed sessions, either tonight or in the future, I'm going to ask you some more about that. But put me down as saying I think you have once again confirmed the rosy-scenario analysis with respect to that last comment.

Now, this morning, Secretary Rice outlined a plan to increase the number of provincial reconstruction teams that operate in Iraq. Now, Senator Snowe and I visited one of these teams last year, and as far as I could tell, it was made up of very dedicated, intelligent people who so far haven't been able to accomplish a whole lot. Have we seen, based on your analysis, any reduction in attacks in areas where these provincial teams are in operation?

AMB. NEGROPONTE: I don't know the answer to that question, Senator. But what I would say is that it is important in terms of restoring and holding areas that have been cleared, where forces have gone that there be something other than just the security element as well.

So what the PRT concept is designed to address is the need for follow-up once a situation has been stabilized from a security point of view. So I think it's a very sound concept.

SEN. WYDEN: Director, tell me, if you would, how can there be confidence as members of this committee look at when you can't give me information about how it's worked in the past -- and Senator Snowe and I go on a visit; we're impressed by the people's intelligence and dedication, but it doesn't look like they're accomplishing much.

AMB. NEGROPONTE: To be honest with you, I'd have to defer to the Department of State and those responsible for directing the PRTs. We worry about the threat situation, the terrorism, al Qaeda, Ansar al-Sunna and so forth. So we haven't done that particular assessment that you mentioned.

SEN. WYDEN: I think I have time for one other area. I'm very troubled about the Iranian links with Iraq. And I've recently been getting some very troubling reports from active duty military personnel who believe that Iran is supplying Iraqis with explosive devices that are now killing our courageous troops. They're of course known as these EFPs, the explosive formed projectiles. And the concern from the soldiers is that the

sophisticated nature of the devices as well as the fact that they are mainly used in Shi'a areas of Iraq suggests that they're coming in from Iran.

Do you and perhaps General Hayden have any views with respect to this?

AMB. NEGROPONTE: I think that what you have just said is generally true, Senator, but I'll let -

GEN. HAYDEN: That's very consistent, Senator, with our analysis. We believe that to be true. The EFPs are coming from Iran. They are being used against our forces. They are capable of defeating some of our heaviest armor, and incident for incident cause significantly more casualties than any other improvised explosive devices do, and they are provided to Shi'a militia. That's all correct.

SEN. WYDEN: I'm going to see if I can get one other question in, Director Negroponte.

In your view, Director, does the Iranian government want to see a full-blown civil war in Iraq?

AMB. NEGROPONTE: Sir, I think this is a question - you've touched on a question that - where I don't think we really fully understand. We - the judgment of the community in the past has been that Iran wants an Iraq that is not a threat to it; they want to support a Shi'a-dominated Iraq, and that they want a stable Iraq. They don't want it to fall apart. They don't want a country to collapse by - that's on its borders just to fall apart into various parts. That's been the view.

But one has to wonder why it is that they have increased their supply of these kinds of lethal weapons to extremist Shi'a groups in Iraq provoking violence, attacks on coalition forces and others. And one wonders if their policy towards Iraq may not have shifted to a more aggressive posture than it has been in the past.

SEN. WYDEN: Thank you, Mr. Chairman.

SEN. ROCKEFELLER: Thank you, Senator.

I'd like to ask four questions of each of you, and I would hope that your answers would be short because I think they're the kinds of questions that should elicit that. And they're very direct.

Starting with you, Director Negroponte: Is the presence of al Qaeda and affiliated terrorists greater in Iraq today than prior to the war?

AMB. NEGROPONTE: Prior to the war?

SEN. ROCKEFELLER: Prior to the war.

AMB. NEGROPONTE: Yes. I would say that would be the case.

GEN. HAYDEN: Yes, sir.

Randy?

MR. FORT: Yes.

MR. MUELLER: Yes.

SEN. ROCKEFELLER: Okay. Is it your assessment that al Qaeda and other extremist groups have used our invasion and continued military presence in Iraq as an effective recruiting tool to grow their ranks?

AMB. NEGROPONTE: I don't know whether that is as much of a recruiting tool for al Qaeda as maybe some of the insurgent forces inside of Iraq; in other words, I don't think that -

SEN. ROCKEFELLER: I'm asking about al Qaeda.

AMB. NEGROPONTE: I'm not certain.

SEN. ROCKEFELLER: General?

GEN. HAYDEN: Our NIE, Senator, talked about Iraq being a cause celebre for global jihadism. They certainly use and misuse the images from Iraq. I would add, though, that as the war goes on, even al Qaeda in Iraq is taking on an increasingly Iraqi identity.

SEN. ROCKEFELLER: Mr. Fort?

MR. FORT: I would associate myself with General Hayden's comments.

SEN. ROCKEFELLER: Director Mueller?

MR. MUELLER: Yes.

GEN. MAPLES: I would say an increase in jihadists and extremists; it has grown.

SEN. ROCKEFELLER: Thank you, gentlemen.

The third question is, is it your assessment that our actions in Iraq have contributed to the spread of Islamic extremism and the growth of self-radicalized terrorist groups and cells?

AMB. NEGROPONTE: You mean outside of -

SEN. ROCKEFELLER: In or out.

AMB. NEGROPONTE: -- of Iraq?

I think it's - as the general said, it's become a cause celebre. But I'm not sure that if you look at other parts of the world, I don't see a dramatic growth in al Qaeda's capabilities. I think they've managed to dig in. I think they've managed to sustain themselves. But I wouldn't say that there's been a widespread growth of Islamic extremism beyond Iraq; I really wouldn't.

I think the threat's still there.

SEN. ROCKEFELLER: If one were to go beyond al Qaeda to affiliated types of groups, not strictly al Qaeda -

AMB. NEGROPONTE: Yeah. It's not clear to me that Iraq is what necessarily motivates it. For example, the London - the July 7th incident of about a year ago - July of 2005 - I'm not sure that Iraq had particular influence on those homegrown extremists who'd gone back to Pakistan and then come back to England to carry out terrorist activity.

I think that there's a diversity, a complexity of motives. It's a rejection of globalization; it's anger and frustration with the West. It's a whole number of things - the lack of responsiveness of Middle Eastern and Islamic governments to the aspirations and needs of their peoples. It's not exclusively Iraq-based, in my opinion.

SEN. ROCKEFELLER: Thank you, Mr. Director. Careful answer.

General Hayden.

GEN. HAYDEN: Sir, I think I'm in the same place as the ambassador. It is used. Clearly it's used. If you go to jihadist websites, you can see the themes. But there are a variety of themes that they use, whether it's the Palestinian territories, whether it's Hezbollah and the Israelis in Lebanon, whether it's the nature of Arab states. So it all contributes to their recruitment effort. It's hard to connect the dots as to what contributes to specific radicalization.

SEN. ROCKEFELLER: Okay. I'm surprised.

Mr. Fort.

MR. FORT: I think - echoing some of the comments, I think it's a key threat in the tapestry, but it is a tapestry -- all of the factors that my colleagues have mentioned, plus Afghanistan, plus perceived U.S. hegemony in any number of areas.

I'm - I think you have to look at individual groups and grievances. The Salafists in Algeria - are they really being driven by what's going on in Iraq? Are the - is the CIC in Somalia really being driven by what's going on in Iraq? There are any number of local conditions and regional conditions that may drive individual groups, but clearly it is having a factor.

But I would - you know, just to say off the top of my head, I would be - it would be very difficult to ascribe solely to that one particular factor - that being, you know, the - (word inaudible) - of choice. I think we'd have to really sort of try to disaggregate the groups and their particular issues to come up with a really thoughtful answer to that question.

SEN. ROCKEFELLER: Hamburg would be included in your response?

MR. FORT: In what sense, Senator? I'm sorry.

SEN. ROCKEFELLER: Well, that they were not in some way influenced by what was going on in Iraq?

MR. FORT: What - when you say Hamburg, I'm not sure what you're referring to.

SEN. ROCKEFELLER: Forget it.

Mr. Mueller.

MR. MUELLER: I like the tapestry analogy. I think this is a more difficult question in terms of contributions. And certainly al Qaeda makes use of the fact that we are in Iraq, but it does not escape us that we were neither in Afghanistan or in Iraq at the time of 1993 attempted bombings, the Cole bombings, the East African bombings, the September 11th bombings.

And so yes, while it is used as a recruitment tool now, we can't forget that this philosophy, this ideology pre-dated our going into either Afghanistan or Iraq.

SEN. ROCKEFELLER: Thank you, sir.

General Maples.

GEN. MAPLES: Sir, I believe that the jihadist movement is growing, both in numbers and in dispersion around the world. There are a variety of factors that lend to that - governance, societal, cultural, youth in Islam, opportunity, certainly presence in Iraq, Afghanistan; U.S. actions probably contribute in some way to that. But I think there are a wide number of factors that are affecting the jihadist movement.

SEN. ROCKEFELLER: All right.

I don't actually have the time to do my second questions, so that would be, then, Senator Bond or Senator - Senator Bond.

SEN. BOND: Thank you, Mr. Chairman.

One of the things I have been a firm believer in is the value of HUMINT. And I think that when we gutted our HUMINT capability in the mid-1990s we reaped a whirlwind. We did not have good HUMINT when we went into Iraq, and it takes a long time to catch up to employ, field, train and utilize collectors.

I'd like to know from I guess the director and the general primarily, how do you judge the state of our HUMINT collection against - in Iraq, and against the hard targets like Iran and North Korea? What are you doing to improve on it? Are you making an effort to bring into the agencies greater number of ethnically diverse officers from areas to which we seek access who could speak the language and relate to the people in those areas?

AMB. NEGROPONTE: Just to tee it up for General Hayden, sir: First of all - and limited by what we can say in an unclassified -

SEN. BOND: Yeah, yeah. (Laughs.) I don't ask - don't ask the names and addresses, you know.

AMB. NEGROPONTE: (Laughs.) The president gave us an order in 2004 to increase our HUMINT capabilities by 50 percent, and we're, I think, well on our way to achieving that. So that would be the first point.

Secondly, I think that in addition to building capabilities in the Central Intelligence Agency, as part of our intelligence reform, I designated General Hayden to be the HUMINT manager for the entire intelligence community so that we're now starting to build common analytic and tradecraft and

recruitment and other standards, source evaluation standards and so forth, not only for the CIA but for the other HUMINT players in the community, the Defense HUMINT service, the FBI, and so forth.

But perhaps - so I think we're really making a lot of progress in this area. But if I could turn it over to General Hayden -

GEN. HAYDEN: Senator, I look forward in some future closed session talking about some of the initiatives, and I think you'll be heartened by what's going on. I'm certain you'll be heartened by the trajectory, by the director in which we're heading and things that are being improved.

You'll probably be a bit impatient, like all of us are at the table here, with some of the velocity. But even there I think we're gaining speed. That's in terms of diversity and penetration of very hard targets, and again, I look forward to briefing the committee on that.

On the other matter the ambassador brought up, I think it's very important that we have this national HUMINT manager role. I fulfill that for the ambassador.

Just one quick example, that in our tradecraft courses that have traditionally been only for CIA case officers now, General Maples will have more than a couple of dozen folks inside each one of those courses, and Director Mueller will have some number of folks inside each one of those courses as well. And I think that just sets the groundwork for future improvements.

SEN. BOND: We'll follow up later on that. I also note, Mr. Ambassador, that when you talked about worldwide threats, it seemed that an area I've spent some time in, Southeast Asia, with its Jemaah Islamiyah, ASG, MILF, and the training areas in the southern Philippines, Indonesia, Malaysia, Thailand is no longer a threat. So I was just a little concerned that that dropped out.

AMB. NEGROPONTE: Well, as I mentioned in my comments, I just didn't have time to hit all of my -

SEN. BOND: It would be helpful to -

AMB. NEGROPONTE: -- in 20 minutes.

SEN. BOND: I understand. But it would be helpful to have a written report on such - if you think it is still a threat, which I believe it is.

AMB. NEGROPONTE: Yes, we - and we do do that. We believe it.

SEN. BOND: I want to give General Maples an opportunity - the Iraq Study Group made several surprising, shocking comments, and it said that fewer than 10 analysts at DIA have more than two years experience; the IC is underreporting violence in Iraq. The study group even suggested you may be cooking the books; it says good policy is difficult to make when information is systematically collected in a way that minimizes its discrepancy with policy goals.

I'd like to ask you if you would clarify that, and maybe General Hayden would have a thought on it, because I think that one warrants a response on the record.

GEN. MAPLES: Thank you, sir. I appreciate that opportunity.

In my comments I did remark that right now the Defense Intelligence Agency has well over 300 analysts who are focused on Iraq, to include 49 who are dedicated to the insurgency itself. So the number was wrong, and I know how it came about in terms of the reporting.

But the number is not the issue for me; it is an issue, but the real issue is, what kind of capability and capacity do we really need to have in the community in order to do what needs to be done with respect to our analysis and our support in Iraq? And I think we need to increase that capability. We need to increase that capacity, and particularly with the changes that are going on right now, the complexities that we have in Iraq, and a change in direction in terms of counterinsurgency - we need to increase intelligence capabilities, and we're working that right now with both Multinational Forces Iraq, CENTCOM, and the intelligence community. We've all gathered together to try to focus our analytic effort on the changed conditions.

So the answer to the question is that the specific number was wrong, but the conclusion about increasing the capacity and our focus on the complexities in Iraq I do believe we need to do.

GEN. HAYDEN: Senator, like any commander, you have to decide what your main effort (is) and where do you have economy of force? It's the same in intelligence collection, and of course it applies to Iraq as well.

I can give you a real brief summary of how it's evolved. The first effort was against al Qaeda and the Sunni rejectionists and the insurgency. And I think we -(inaudible) - very well in that and understand it very well. And the success of our forces in Anbar is a reflection of that.

And then we had to shift our weight to better understand what's happened in the past 15 months, which is this growth of factional fighting - fighting - not Sunni rejectionists but Sunni, Shi'a and sometimes intermural between Sunnis and between Shi'a.

And then finally, Senator Wyden, we clearly have to shift our weight to the issue that you raised earlier - what are the Iranians doing, how are they doing it, and what is it we can do to stop it?

So that's been kind of the sequence for us in terms of how we dealt with Iraq as a target, Senator.

SEN. ROCKEFELLER: Senator Feingold, you have a question, sir.

SEN. RUSS FEINGOLD (D-WI): Thank you, Mr. Chairman.

Our military involvement in this war in Iraq will end. It will end because it is preventing us from confronting urgent threats around the world, including places like Afghanistan and Somalia and the global expansion of terrorist organizations. It will end because of our continued occupation of Iraq is making conditions worse. It will end because our military cannot

sustain this commitment. And it will end because in a democracy like ours a war cannot go on indefinitely without the support of the people. So I think we need to discuss how to end our involvement in this war.

Now this is not in the spirit of a precipitous withdrawal, and I know Mr. Negroponte referred to the problems that would be attendant to a precipitous withdrawal. But my questions are in the spirit of how to we avoid a precipitous withdrawal? How do we in the near term successfully do a redeployment? That's what I would like to hear from you about.

What would our strategy be as we re-deploy our forces? What are the most - I'd like each of you to answer - what are our most pressing priorities in terms of U.S. national security interests? Is it counterterrorism? Is it the stability of our allies and partners in the region, refugee flows?

Give me some sense with your expertise of what our strategy would be for dealing with these challenges. And how do we use all the tools available to us - intelligence, diplomatic, economic and, in a much more limited sense, military to confront these challenges in a post-occupation environment?

I would add, you know, obviously I want this to happen in the near term, but we're going to have to face this in any event, these kinds of questions. So I'm looking genuinely for some guidance.

Mr. Negroponte?

AMB. NEGROPONTE: Senator, I'm not trying to cop out here, but I think you're asking me a policy - very much of a policy question. But maybe I can come at it this way:

In my remarks earlier I said that the prospects for increasing stability in Iraq over the next year will depend on several factors, and then I mentioned the degree to which Iraqi government and political leaders can establish effective institutions that transcend sectarian or ethnic interests. That was one of my points.

The other was the extent to which extremists can -- notably - most notably al Qaeda - can be defeated in their attempts to foment inter-sectarian struggle between Sunni and Shi'a; and lastly, the extent to which Iraq's neighbors, especially Iran and Syria, can be persuaded to stop the flow, stop the flow of militants and munitions across their borders.

So these are the kinds of factors that I think could contribute to an improvement in the trends, in the adverse trends that we describe for you in what I think is a fairly somber assessment of the situation in Iraq.

But if I had to - you know, wearing my hat now as the ex-United States ambassador to Iraq, if I had to characterize the approach that's been outlined by the president in his speech yesterday, it's to make available now some additional resources to assist the Iraqis so that they - so that we can hasten the day that they will be able to assume responsibility for security and for the affairs of their country in its - in their entirety, sooner rather than later.

So this is a proposal designed - and I know I'm straying into the policy lane here, but you asked a policy question.

SEN. FEINGOLD: Let me - thank you. And I understand that answer.

What I'm really getting at is assuming a policy decision is made to re-deploy these troops - let me turn to General Hayden for this part - what are some of the practical challenges that you would think of first that we should be thinking about of how we would do this?

GEN. HAYDEN: Again, Senator, using your premise - assuming the policy decision is made, and I want to share Ambassador Negroponte's remarks that I actually think what the president discussed last night is creating the pre-conditions for what you describe.

Assuming a policy decision is made before that takes place or other circumstances, two or three things: Number one, this can't be a safe haven for al Qaeda. Number two, Iraq has to be a barrier to Iranian expansionism, not a bridge for Iranian expansionism. And number three, it cannot be allowed on a geopolitical, on a regional or a human basis to descend into human carnage of inter-sectarian violence.

SEN. FEINGOLD: Those are the goals. What do we practically do? What are our priorities as we're re-deploying to achieve those goals?

GEN. HAYDEN: Senator, again -- no disrespect intended - those were the very thought processes in the small group meetings over the past several months that we were considering. And what the president talked last night was what we believed to be the best choices available to us to achieve the kinds of things I just described - no safe haven, no bridge for expansionism, and, again, finally, the inter-sectarian question inside Iraq.

SEN. FEINGOLD: General Maples?

GEN. MAPLES: Sir, I would also understand this question as based on the premise of a policy decision. Our number one priority would still remain the threat of terrorism to our nation and to counter that terrorism wherever it may be in the world.

I think regionally we would continue to look at the effect this would have on Iran and Iranian influence throughout the region and the impact that that would have on other nations and countries in the region, which would be significant to us as well.

And then I would probably add a third one there, and that is the rising conventional and asymmetric capabilities of other nations in the world that - particularly in the area of ballistic missiles - that continue to pose a threat to us.

SEN. FEINGOLD: Let me follow on and say that if the decision were made to - over a period of time, as was done with Somalia in the '90s - to say that at a certain point the funding for the mission would no longer be there, what provisions would you ask us to put in such legislation in order to protect the troops?

AMB. NEGROPONTE: Sir, I just think that that's really taking us very far afield from our responsibilities.

First of all, it's a hypothetical - I mean it's a very hypothetical question, I believe, in terms of the policy framework in which we're

operating right now. I'd be most reluctant to attempt an answer to that question at this time.

SEN. FEINGOLD: Well, I understand your feeling of constraint, but I think it's the reality that may well be faced sooner rather than later. And I would suggest that since we did not have a plan, in my view, when we went into Iraq, we better darn well have a plan for how to disengage from Iraq that looks like it looked ahead to some of these questions, because the American people have had it with this; we are going to have to re-deploy these troops, I think sooner rather than later. And I think it's incumbent on all of us to actually think about this as something other than a hypothetical. I think it's a reality that's coming.

Thank you, Mr. Chairman.

SEN. ROCKEFELLER: Thank you.

Senator Mikulski.

SEN. BARBARA A. MIKULSKI (D-MD): Mr. Chairman and the panelists: First of all, I know as we've listened to your testimony and interacted with most of you at the table, I think we have to say that something really has been working and something has been really working right over the fact that since 9/11 there has been no attack on the American homeland. So I think you should be thanked for that, and I think you should be congratulated for that.

Many of you -- I visited the agencies, like NSA and NGA and Office of Naval Intelligence.

Ambassador Negroponte, I know you helped set up the national center for terrorism. And I'd note that Admiral Redd is there. We were there; saw the brilliant and wonderful way it's working.

So we do believe that many things are working well. And of course, as the appropriator for the FBI, we have the honor of interacting with Director Mueller many times. So we believe that there are many things working.

But I think where we find ourselves today at this hearing, rather than going through some of the other threats that you raised or how we can discuss the need for resources, how to sharpen what the reforms were, et cetera, I think we are focused on the issue of Iraq. And there is indeed a credibility problem.

We're very far from the "slam dunk" that your predecessor's predecessor, General Hayden, promised the president. We're very far from the "mission accomplished" that the president promised us. And now we wonder where are we going, and what is the best way to go? Essentially, what are the plans? What are the intentions? And what are the capabilities?

So that's where I'd like to focus my questions, and then in the second round come back to the FBI.

I'd like first - (inaudible) - question to General Maples.

And I'm so sorry I missed your testimony, General. But perhaps either you or someone else at the table could talk to me about the military plans

that the president outlined yesterday in terms of going into the neighborhoods of Baghdad or those 30 miles.

Could you tell me, number one, in terms of achievability and sustainability, what would those troops do? Who is the enemy? In other words, who is the enemy our great military's going after?

And if we're talking about disarming, who's going to disarm the militias or the insurgents, and how are we going to keep them disarmed? And who is going to keep them disarmed? Is it going to be the United States military? Is it going to be this Iraqi force that's been in training for now almost four years? We've been training for four years, longer than we've been in World War II.

Can you answer that? And I don't mean it in a pugnacious way. If these guys are going to be in neighborhoods going door to door, who's the enemy? And how are we going to deal with that?

So -

GEN. MAPLES: Ma'am, I can't answer your question as it has been expressed, because those are operational decisions that will be made by the commanders on the ground and the chain of command.

SEN. MIKULSKI: So you mean when they go into Baghdad, and we say, "Guys, you're into these nine neighborhoods," that we heard about; you're going door to door. They won't know who the enemy is?

GEN. MAPLES: I think that our intelligence assessments and what we have provided and what we continue to work with - the forces in Iraq will provide them the intelligence to conduct the operations.

SEN. MIKULSKI: But what is the intelligence? In other words, what is it that you're going to say to the commanders? This is what you're going to be facing. This is who we think the enemy's going to be. This is what your job is. We're not talking about the day-to-day tactical. What is it?

GEN. MAPLES: I believe what has been expressed is that the primary focus of the forces, both the Iraqi and the U.S. forces there, will be to provide security to the population. The -

SEN. MIKULSKI: But provide security means that there's going to be somebody there facing you with a gun or a bomb. And what are we going to do? Are we going to say well, no, we only do Shi'ites? Or no, we only do Sunnis? What are we going to do?

AMB. NEGROPONTE: I think, Senator, one of the thoughts -- and it certainly came up, as the general mentioned, that we had a number of discussions in the run-up to all of this interagency discussions under the leadership of the NSC -- is that presence matters, effective security presence. And I think there was a feeling that it was not sufficient in Baghdad and it was going to have to be increased.

And I think another point I'd make here is that I would emphasize -- the idea is for the Iraqis to take the lead as much as possible and for us to be in a supporting role. And the plan is for -

SEN. MIKULSKI: What does that mean? What is the supporting role?

AMB. NEGROPONTE: What it does mean is that in each of the nine districts of Baghdad there are going to be two Iraqi brigades; that's the plan - a total, I think, of 18 brigades, mixed police and army -

SEN. MIKULSKI: But what are we going to do --

AMB. NEGROPONTE: We're going to -

SEN. MIKULSKI: -- stand behind and say, "This is a gun; shoot it"?

AMB. NEGROPONTE: We are going embed forces within those Iraqi units that will play a support and training and advisory role. That is going to be one of the main things we do.

SEN. MIKULSKI: I'm not going to - Mr. Ambassador, I so respect you. I'm not going to keep - (inaudible) -- question. But try to envision this.

So what does "embed" mean? Okay, here goes the Iraqi military; then what are we going to do, have like three Iraqis, one Marine, three Iraqis, one Marine, three Iraqis, one Marine? We're going to knock on doors? We're going to look for people with guns?

But even if you disarm them, who's going to keep them disarmed, this Iraqi force? Is that what we're looking for? Who's going to be the sustainable factor in this?

AMB. NEGROPONTE: The sustainable factors must be the Iraqis, and I think that's the idea is to try to beef up their presence so that they can really have a more decisive and a better - a greater impact on the kind of disorderly situation that they've been confronting up until now by expanding and increasing their presence.

SEN. MIKULSKI: Well, let's go then to your conditions, because I just can't envision this. And I make no bones about the fact I've never faced warfare the way the men and women in military have, but I really don't get this. I don't get the feasibility; I don't get the achievability, and I don't get the sustainability.

Well, let's then go to the so-called benchmarks. Now, what have you been able to advise the president about the capabilities of the Maliki government to be able to achieve any of the items that you talk about on page four?

Let's go to something simple like oil - not even power sharing with sectarian violence.

Do you believe - what's your view on the corruption in Iraq? Do you feel that they're ready to deal with the corruption in Iraq and then really do get the oil flowing? And why hasn't the oil flowed so far? Four years, no oil, and they don't seem to have the will. Am I wrong or harsh in this?

AMB. NEGROPONTE: I'll let -

SEN. MIKULSKI: What about the corruption?

AMB. NEGROPONTE: -- the general follow up.

Corruption is a problem. I cite it right in my remarks. But I would point out that they are producing a certain amount of oil, one and a half - there are a couple million barrels a day; they're exporting 1.5 million, and they've actually got some fairly respectable reserves developed as a result.

But these are the kinds of issues that we are encouraging them to make progress on, and we think that the fact that this kind of package approach is what's going to encourage them to move their performance in the right direction.

But maybe I'll defer to the general here.

You wanted to add something?

GEN. HAYDEN: Yes, ma'am. In both questions you raise - let me start with the hydrocarbon (law ?).

As the ambassador points out, they are producing oil; it's somewhat below prewar numbers. But they are producing; they are selling. In fact, they have a budget surplus in terms of monies available because of the export --

SEN. MIKULSKI: Then why are we giving them a billion bucks?

GEN. HAYDEN: Well, one of the reasons, ma'am, is that we want to use it in a targeted way with our forces so that when we're operating at the local level, we can have an impact. But the president talked about the Iraqi -

SEN. MIKULSKI: Talk to me about corruption. Talk to me about corruption, and talk to me about a government will to establish security services and something that the Iraqi people can have confidence in.

SEN. ROCKEFELLER: Senator Mikulski, I regret to say, you're at nine minutes. And we have four senators waiting to ask their first round of questions. I'll obviously come back to you.

SEN. MIKULSKI: Could we finish the corruption point?

SEN. ROCKEFELLER: You could do it in - (cross talk) -

SEN. MIKULSKI: I'm not the one answering it.

GEN. HAYDEN: All I was going to say, Senator, is that in the president's remarks last night he pointed out the condition, the requirement for the Iraqis to spend \$10 billion in the reconstruction effort.

And just to quickly revisit the question with regard to the forces, you're going to have nine sectors, nine army brigades and then, added on that, national police brigades, an American battalion embedded in each.

It has been our experience that when there are embedded American units with Iraqi units, the even-handed behavior of that unit increases and the professional performance of that unit increases. So the presence of the

American battalion there -- we have a clear track record - should improve the performance of the Iraqi brigade.

In addition, the Iraqi army is largely a strictly infantry force now. With the American battalion there, all the supporting elements - logistics, indirect fires, air support, communication - are more readily available to the Iraqi brigade.

You asked about the commitment of the Iraqi government, and that, ma'am, is quite clearly the critical point and why I think the president spent so much time on it yesterday.

SEN. MIKULSKI: Well, I'm going to ask you this in the classified hearing.

SEN. ROCKEFELLER: Senator, thank you.

We have - I'm going to call now in order on Senator Warner, Senator Burr, then Senator Whitehouse and Senator Chambliss.

Senator Warner, we welcome you, sir.

SEN. JOHN WARNER (R-VA): Thank you, Mr. Chairman.

Mr. Chairman, I wish to comment on my colleague from Maryland's inquiry, because I share concerns -- and I've expressed this in our meetings with the president and others -- about the American GI facing the conflict between the Sunni and the Shi'a -- conflicts and antagonisms and killing that goes back over a thousand years. And I somehow feel that that's not the job of the U.S. GI or the coalition GI to solve. That must be borne by the Iraqis.

I just had the privilege of spending about 20 minutes with General Petraeus -- that's why I was absent for a few moments here - and I pressed that question on him, as I did on the chairman of the Joint Chiefs the other night, or the other afternoon when we were together.

We've got to make it clear that the primary responsibility - that's sectarian violence and the resolving of it - has got to fall upon the Iraqi component of this jointness that we have and to take the point and to take the responsibility. They are far better qualified by virtue of language and culture and everything else to understand what drives two people, the Sunni and Shi'a, to the point of trying to take one another's life over, you know, a religious dispute that originated, I think, in 650 A.D. as to who was going to succeed Muhammad.

I respect their religion and respect the divisions, but when it comes to warfare and the security of our people, that's very important, that we call upon the Iraqis to take the point.

First, I'd like to say, Ambassador Negroponte, again, you've fulfilled another distinguished chapter in your career. You've laid a wonderful foundation for your successor. And I happen to have been privileged to know your successor -- worked together some 30-plus years ago in the Pentagon -- very able individual.

But my first question to you is: In the course of the deliberations in the Armed Services Committee, working up to the bill that was passed this year for the annual authorization, we put in a request to the administration to perform a national intelligence estimate on Iraq, an NIE. And that is now under way.

First, Mr. Ambassador, could you give us an estimate of when that might be released?

AMB. NEGROPONTE: Yes, Senator. Probably by the end of this month, which has been pretty much the target that we had all along. As you know, these estimates take several months to prepare --

SEN. WARNER: Oh, yes.

AMB. NEGROPONTE: -- and it's just been circulated now for sort of final coordination between the intel agencies and then we will have several meetings on them, and so I expect by the end of the month.

But in the meanwhile, I would like to point out that this hasn't impeded us from contributing to all the deliberations within the administration about this new policy initiative that was announced by the president yesterday. So that proposal has had the benefit of the latest intelligence from Iraq, just as we have been periodically briefing the Congress on what's going on in Iraq.

So the fact that the NIE has not yet been produced does not mean that we have been holding back useful information for policymakers with respect to that country.

SEN. WARNER: Well -- I -- early on in October when I came back from Iraq, I expressed my grave concern that the situation was drifting sideways, and the rest is history. And some others joined in my concern at that time. And I commend the administration for the manner in which they really have come together, worked very conscientiously, listened to a lot of different perspectives, and that has culminated in what the president presented to the nation and the Congress last night. And I think it was a credible job and it's worthy of the most intense study by the congress.

And that's the process this senator is in now, is not only a study of the president's release last night, but the manner in which it was put together. And that's why I asked the NIE question because -- I say to my colleagues most respectfully, that NIE will, I think, bring into sharp focus some issues which bear upon some of the conclusions and the objectives that the president stated in his document last night.

And I, for one, are going to withhold final judgment on exactly where and how I'm going to hopefully join in a bipartisan way to come up with some revised strategy that we can all agree on. But I think it's important that members examine that.

And Mr. Chairman, my understanding, when I was vice chairman of this committee many years ago -- that the committee makes that NIE available to all U.S. senators in our spaces for examination. Would that be correct? And therefore, once released, I urge my colleagues to look at that all-important document.

I also commend you, Ambassador Negroponte, on the forthcoming -- I mean, the very forthright presentation in your statement today. And I urge that colleagues have the opportunity, all senators, to read that, because it brings into a clarity of focus the very key issues that are before us now as we try and work with our president on the new strategy.

And I want to once again return to your phrases, which were quite clear. Iraq is in a precarious juncture. And you recite the problems. You have prospects for increasing stability over the next year will depend on a number of issues, and you very clearly set forth; there are seven of these issues in here. Indeed the friends in our region are concerned about the consequence of the growing instability in Iraq.

Now, given that, I think, clear and factual and accurate portrayal of the situation, we've got to get a better understanding of what it is that the president feels we can accomplish in this mission. And it's -- so much of it is dependent upon Prime Minister Maliki and his government in delivering.

The president mentioned benchmarks.

Now, but my specific question to you: Can you give us any further definition here in open session -- we'll continue to pursue it here in closed -- of your estimate as to how solid the Maliki administration is in place, how likely that it will continue? It's got to continue, it seems to me, for at least -- Maliki in that office -- for another year. And we have these somewhat disturbing statements about how he didn't really want the job and one thing and another. But I put that aside and I want to rest on your evaluation of Maliki as an individual, his strength of will, his strength of purpose to live up to the commitments that apparently he has made to the president of the United States, who, in turn, as president, has now formulated a plan which presumably tracks some of Maliki's requests to our president to go forward and really put in harm's way another 10(,000), 15(,000), 20(,000), 25,000 of our forces.

AMB. NEGROPONTE: Well, he certainly made a strong speech the other day, Saturday night, on the occasion of the anniversary of the Iraqi armed forces about his willingness and the government's readiness to go after unlawful elements on either -- of any type and extremists on both sides.

I think it's important that they're prepared to commit resources, their own resources, these \$10 billion that the general was referring to, as a way of following up these clear-and-hold operations.

I think he's got -- I mean, he's got a tough row to hoe, Senator, in the sense that his government was put together -- it was sort of a negotiated proposition with the elements from across the political spectrum --

SEN. WARNER: I'm fully aware of that, but I'm just talking about the man himself; the gravitas that he has or doesn't have.

AMB. NEGROPONTE: I think he's been making a very noble effort under very, very challenging circumstances.

But are these conditions going to be met? Are the benchmarks going to be met? I think we've got to wait and see. But I certainly would feel -- I certainly feel that he ought to be encouraged by this affirmation of American commitment and desire to work with him to reach a satisfactory outcome. And

I would have thought that that would give impetus to his efforts and be helpful.

SEN. WARNER: All right. Now, I don't want to get into detail on the exact military -

SEN. ROCKEFELLER: Senator Warner, could you make this the last part, sir?

SEN. WARNER: I will, Mr. Chairman; I'd be glad to do that.

SEN. ROCKEFELLER: You're approaching 10 minutes.

SEN. WARNER: I will not get into the military planning, which I have some knowledge about it, but basically, it's going to take time to marshal the additional forces of the United States and sequence them into that area of operation -- namely Iraq -- to stage and then move into place in the nine different parts of Baghdad.

Just my judgment: It's probably going to be the March-April time frame before the real center of gravity of this movement will begin to move forward.

So my last question to you: What are some of the benchmarks that he can achieve, Maliki, as prime minister, between now and when the full momentum of this buildup, should it go forward, take place to show to the American people it is truly a partnership and that this time the Iraqis are going to perform, unlike they did in a previous iteration of last summer when we staged that operation in Baghdad to try and straighten it out? And they failed to show up, the Iraqi troops.

AMB. NEGROPONTE: Well, for example, naming this commander for the entire jurisdiction of Baghdad, I think, is an important step; starting to mobilize and get these forces ready for their move into Baghdad; and, of course, starting to identify those funds, out of those \$10 billion and start getting ready to deploy them to affect the situation. Those, for example would be some of the things.

In the parliament, I think it would be trying to move some of the legislation that has been pending for a long time, such as the oil-distribution legislation which hasn't yet been passed.

SEN. WARNER: Thank You.

Could the other two witnesses, General Hayden and General Maples, add to that question, if they so desire?

GEN. HAYDEN: Sure, Senator. I think an early indicator will be the degree of independence of the Iraqi commander for Baghdad; that he's free of political considerations and has the ability, the freedom, to restore order in the capital. And that means going after everyone who is outside the law, regardless of religious affiliation, and going into whatever neighborhoods he needs to go into operationally to effect that result. I think that would be an early and a very good indicator.

SEN. WARNER: General Maples.

GEN. MAPLES: Sir, the only other thing I would add is the prime minister's ability to influence Sadr at this point, which I think will be very significant also.

SEN. WARNER: All right. I thank the Chair.

SEN. ROCKEFELLER: Senator Burr.

SEN. RICHARD BURR (R-NC): Thank you, Mr. Chairman.

Gentlemen, welcome. Thank you for your commitment. Thank you for your patience. Thank you for your knowledge you bring to this hearing.

Ambassador, have the objectives of al Qaeda 2001 -- and when I say objectives, economic impact -- changed? And that goes to the heart of a comments you had in your testimony about mass casualty. My curiosity -- I remember the talk of the attack, post-9/11 and the economic impact of the significance of the twin towers.

Are we now at a point -- Director Mueller talked about aircraft, and I was trying to separate in my mind, is this a delivery system or are we now -- destruction of one aircraft which is mass casualty. Have we seen that transition?

AMB. NEGROPONTE: I personally believe, but I'd be interested in what the others feel, that they pretty much have the same kinds of objectives as they did then -- i.e., both mass casualties and harming economic infrastructure and symbols of capitalist society.

Example: Last August, the plot against the airliners that were going to go from the U.K. to the United States; it wasn't just one airliner; it was nine airliners that they wanted to see simultaneously blown up. So that would have caused thousands of casualties. So it would have been on a par, or something similar to 9/11.

SEN. BURR: And one would believe that that was to achieve maximum loss of life versus disruption in the economic the impact that it caused in airline travel?

AMB. NEGROPONTE: Well, probably the both. But I'd be interested in what -

SEN. BURR: Director are you -

MR. MUELLER: I think, clearly, there are a number of objectives: one, mass casualties; just the killing of Americans is number one; secondly would be the adverse impact on the economy of the United States by taking down an aircraft; thirdly, the publicity. All of those are objectives that I think al Qaeda tries to attain in -- as it develops these continuing plots.

SEN. BURR: Ambassador, you also said in your testimony, and I quote: "We must understand the enemy, his intentions and his capabilities." Now, I'm going to ask you a very simple question: How much have we learned?

AMB. NEGROPONTE: Well, I think -- if you -- certainly, as in any kind of war, as time goes on you learn more about your adversary, your enemy. And I think that's been true in this situation vis-a-vis al Qaeda, and I think

it's demonstrated by some of the successes we've had in putting some of their operatives out of commission, like Mr. Zarqawi or some of the people who are close to bin Laden in the third tier of their leadership. We've pretty much eliminated, as you know, almost everybody who was in the third tier of the original team, if you will, of Osama bin Laden. I'm sure there is more to be learned but we're in a much better position than we were before.

And the other point I would make in that regard is, we are devoting an enormously greater amount of both collection and analytic effort to this challenge than we were six years ago.

SEN. BURR: General Hayden, would you like to comment at all about this how much we've learned?

GEN. HAYDEN: Sure, Senator.

First of all, stating very clearly: You're never good enough and you always have to get better. I think it would be a very instructive pair of case studies to look at what happened and didn't happen in July and August of 2001 and what did and didn't happen in July and August of 2006 with the two plots, the 9/11 plot and the airline plot. There is a remarkable difference in the performance of our community between those two events.

SEN. BURR: Several of you, I think, alluded to energy in your statement. I think the U.S. -- domestically we control about 6 percent of the reserves in the world. That's either here or through U.S. companies. The majority of the reserves in the world are held by Iran, Iraq, Saudi Arabia and Russia.

My question is, how concerned are we about energy security? Are we doing enough?

And Ambassador, to you: Who is the lead agency for our national security as it relates to energy?

AMB. NEGROPONTE: Well, from the point of view of analysis, I mean, the intelligence community pays a great deal of attention to the energy situation, energy politics, energy reserves. General Hayden's agency does an awful lot of work on that subject, has some very high capabilities.

As far as the policy work is concerned, I would say that is really something that comes under the National Security Council, with inputs from the Department of State and the Energy Department, would be the two that I would mention.

SEN. BURR: Well I -- my time is up, Mr. Chairman. I would like to make the point that I'm sure I don't need to make, that if our eye is not closely on this one, just with the players that control the lion's share, we could find ourselves in a mess in a very short order. And I know this is something that DOD is greatly concerned on and tremendous effort is being put.

My hope is that we can make an even stronger effort to understand where it is we need to position in the future and what we need to do here to position differently than we are today.

Again, I thank each one of you.

Thank you, Mr. Chairman.

SEN. ROCKEFELLER: Thank you, Senator Burr.

Our order now is: Senator Whitehouse, Senator Chambliss, and then Senator Nelson.

SEN. SHELDON WHITEHOUSE (D-RI): Thank you, Mr. Chairman.

Good afternoon, Ambassador; nice to see you.

The president indicated last night an intention to disrupt networks in Iran and Syria that were delivering arms into Iraq and fueling the conflict. I presume that he did not intend with that statement to express any intention to engage militarily on Iranian or Syrian soil in pursuit of that objective. But if that were the case and if we were found to have engaged militarily on Iranian or Syrian soil in pursuit of that or other objectives, what would you estimate the political, diplomatic and other consequences would be of that on our efforts to bring peace, tranquility and security to Iraq?

AMB. NEGROPONTE: Senator, let me say this, first of all: From an analytic point of view, the behavior, as I said in my statement -- my prepared statement -- both the behavior of Syria and Iran with respect to Iraq is of great concern. We estimate that something on the order of 40 to 70, maybe even more, foreign fighters come in across the Syrian border into Iraq every month and many, if not most, of those are suicide bombers.

And then earlier in our session here we had a discussion about what the Iranians are doing in terms of supporting Shi'a extremist elements with explosively formed devices and other types of lethal assistance. So I think those kinds of behaviors are very troublesome.

In terms of disruption and interdiction, I really do think it would be better to discuss that in closed rather than in open session.

SEN. WHITEHOUSE: Including the hypothetical question, if that were to happen and if we were to be found to have done an incursion into Syrian or Iranian sovereign territory what the political and diplomatic consequences would be vis-a-vis our efforts to bring peace to the region.

AMB. NEGROPONTE: I just think the question of how to go about disrupting these activities is just generally something that might be better discussed in closed session. If you'll -

SEN. WHITEHOUSE: I will - you are responsible for the execution of these things, and I will defer to your judgment on that.

Let me ask a slightly more complex question, and it's one that I think, at least from my point of view, is the beginning of a discussion. I'm new here, as you know. But clearly, I think we all understand that success of the president's new strategy to escalate the conflict with additional troops is not at this point guaranteed, which leaves open the prospect that it is not successful, which raises the question, then what?

And particularly if the commitment, as the president said last night, is not open ended, then obviously at some point it will end.

My question is whether it is not in our national interest, in terms of the reactions of the multiple players engaged in this conflict and surrounding this conflict, and I'm not picking the point right now, but at the point when we decide when it's not in our national interest to pursue the present strategy, does it not make sense to make a clear statement of our intention to deploy our troops elsewhere and take advantage aggressively and diplomatically of the window I would suggest that that might create to engage more aggressively with the Iraqi government factions, with the neighboring Arab countries and with the larger world community, all of whom, to one degree or another, have a disincentive from engaging helpfully in this conflict as a result of our presence, it would seem.

AMB. NEGROPONTE: I just don't know whether, at this point, when we're talking about plan A, whether it's the time to be talking about plan B.

SEN. WHITEHOUSE: It is the intelligence function, is it not, to prepare for plan B?

AMB. NEGROPONTE: It's a policy function. I think our function in this particular exercise has been, first of all, to lay out for the policy community the situation in Iraq as we see it, and then we participated also in the dialog that took place as they developed the specific steps that they're -- that have been put forth.

And, as the general said earlier, and I agree with him, I think that if the different elements that I had mentioned earlier are carried out and come to pass -- the question of the Iraqi government and political leaders establishing effective national institutions, the extremists being defeated, and so forth -- we think this initiative has a chance to succeed. I think I'd be reluctant to go into the "what ifs."

SEN. WHITEHOUSE: Yeah. Well, it's clearly a very broad question, and I, as I said, it's sort of introductory; I'll continue to pursue it with you --

AMB. NEGROPONTE: I think the other point, too, that one has to think about is the impact on the neighboring countries. I think there's a lot of concern in the region about what is happening in Iraq and a lot of concern that the situation be stabilized.

SEN. WHITEHOUSE: Concern can be motivating.

A specific example of the point might be the reaction that press reports have indicated the Iraqi population has to our presence and which -- polls have apparently said that a majority of Iraqis not only don't want us there but believe that it's okay to kill coalition forces, presumably because we're viewed as an army of occupation. Would an indication -- a stronger indication that our position there is not open-ended and indeed that redeployment is in the future -- would that not quell some of that sentiment? First of all, do you think that information is accurate, and would that not quell some of that sentiment?

AMB. NEGROPONTE: I think there is some truth to it, and I also think that the fact that, for example, as the president announced yesterday, the Iraqis will be assuming full -- they'll be assuming the lead for security

throughout the country by the end of the year I think is a nod towards that concern.

The point is: How do we get from here to there in such a way that the Iraqis will have adequate capabilities, capacity to acquit their responsibilities? And the way forward that we've described is the way -- the best way we can think of to getting there.

SEN. WHITEHOUSE: I'll follow up further in the classified session. I appreciate your testimony, and it's good to see you again.

AMB. NEGROPONTE: Thank you.

SEN. ROCKEFELLER: Thank you, Senator.

Our order now is Senator Chambliss and then Senator Nelson, then Senator Snowe and Senator -- (aside) -- you wanted to ask some questions? Well, then it would be Senator Chambliss and -- I'll figure it out.

Senator Chambliss you go ahead.

SEN. SAXBY CHAMBLISS (R-GA): Mr. Chairman, what is the chair's intention relative to a closed session?

SEN. ROCKEFELLER: I'm sorry?

SEN. CHAMBLISS: What is the chair's intention relative to a closed session with these gentlemen?

SEN. ROCKEFELLER: The chair's intention is to be responsive to the membership of the committee, and the vice chairman's view is that. We discussed that. And it is late; there are questions that still have to be answered, but this was laid out as both an open and then a closed session.

If the senator has a question which he only feels he wants to ask in closed session, then there will be a closed session. Senator Wyden I think shares that view somewhat and others may. So be assured that that will be available to you if you wish it to be.

SEN. CHAMBLISS: I just have one question.

General Maples, there are fresh reports today relative to the military entering and Iranian facility in April. And it looks like we detained six individuals who are believed to be IRGC associates. What can you tell us about that situation, both relative to the individuals detained and what type of individuals they may be? And what about other assets that might have been picked up or information picked up?

GEN. MAPLES: Sir, the information we have about that operation is very limited, and you have the basics of that, although there was material that was taken as a part of the operation that can be exploited.

SEN. CHAMBLISS: Okay.

Thank you, Mr. Chairman.

SEN. ROCKEFELLER: Thank you, Senator.

Senator Nelson.

SEN. BILL NELSON (D-FL): Thank you, Mr. Chairman.

Mr. Fort, let me ask you: Here is a track of all of the suspect tracks of narcotics in Central America and South America in the year 2003. This is what it is in 2006. And as you can see, just simply by the amount of red lines, a lot of it is originating in Venezuela and it's going to Haiti or the Dominican Republic, and then, of course, it's coming on up through the Caribbean.

I'm going to Haiti tomorrow, and I'd like to know what, in your opinion, does this increase of traffic mean for stability in the region?

MR. FORT: Well Senator, I must confess, I've not seen those charts and my own expertise in terms of flows of narcotics coming up from Latin America is very limited. And if we wanted to have an in-depth conversation, we would - I'd need a little bit more preparation.

In a general response to your question, though, the implications are simply not very good. I mean, as we know from many years, from decades actually, of narcotics trafficking flows from Latin America and elsewhere, there are a variety of impacts on the local economies of the countries of production, on the law enforcement, on the social fabric, and so on and so forth.

SEN. NELSON: Let's visit privately about it so we can get into specifics.

MR. FORT: Certainly.

SEN. NELSON: And this is under the umbrella that DOD was trying to take away helicopters in the region, specifically in the Bahamas that were trying to interdict some of this traffic. And I think we've got that turned around now. But I will look forward to visiting with you on that.

MR. FORT: Certainly, Senator. Thank you.

SEN. NELSON: Let me ask General Hayden -- and thank you all for your public service.

There's a widely circulating opinion poll that indicates that 61 percent of Iraqis believe attacks against American forces are justified. Do you think that's accurate, and how would you characterize the Iraqi views toward U.S. forces in Iraq?

GEN. HAYDEN: Senator, I don't know the details of the poll that you're quoting, but I think as the ambassador said a few minutes ago, there is probably some element of truth in there in terms of betraying kind of intuitive Iraqi reactions to foreign occupation. I think that's understandable, particularly since this has been some period since the beginning of our move into Iraq three years ago, and, I'd also suggest, the failure of ourselves and our coalition allies and the Iraqi government to provide security. I think those are two important factors in the results of the poll. Again, I don't know how scientific it is but there are elements of truth to that. That, I think, we're confident about.

And again, as the ambassador suggested a bit earlier, that's why success in Iraq will, must have an Iraqi face on it. And that's why in terms of what the president announced last night, the fact that we're using Iraqi brigades on point in Baghdad is very important.

SEN. NELSON: I have, as you know, talked to your station chiefs in almost all of those countries. And I'd like your opinion on, do you think that the Sunnis and the Shi'ites can come together on a compromise government?

GEN. HAYDEN: Senator, that's obviously the \$64 question and will largely determine how successful we can be in creating a pluralistic, even democratic, government in Iraq. This is a very complex question. I don't mean to dodge it but if you could just give me maybe a half a minute or 45 seconds.

Because of the events, most of them generated by merciless, almost satanic al Qaeda attacks on the Shi'a population -- which remained very quietest for about two years until about the Samarra mosque bombing. All right?

The dividing lines in Iraq right now are between Sunni and Shi'a. The objective of our strategy is to make the dividing lines in Iraq between radicals and moderates. And the definition there are those who are or are not willing to kill their neighbors. That's the objective we have laid out for us.

I think we can only get to that kind of dialog by providing some minimal level of security for the population that doesn't exist right now. Without that minimal level of security, I'd offer the view, Senator, that even good people will be doing bad things, just simply out of raw fear.

SEN. NELSON: Ambassador Negroponte, there are a lot of people that are quite expectant what might happen in Havana. What do you expect to happen on the island after Castro's death?

AMB. NEGROPONTE: Senator, obviously we don't know for sure. I think clearly the transition has already begun. Fidel Castro's days seem to be - or months - seem to be numbered. But what is not known is whether people are holding back - maybe we're not seeing the kind of the ferment yet that one might expect to see once Mr. Castro has definitively departed the scene. So there is that question of whether that might - his actual passing might trigger some kind of a new political situation.

Clearly, what Castro and his brother have in mind is to try to create some kind of a soft landing for the regime whereby they transition from Castro to his brother in some kind of very smooth way. That is clearly their plan, but I think from the point of the United States policy, we don't want to see that happen; we want to see the prospects for freedom in that country enhanced as a result of the transition - (inaudible) - Fidel Castro.

SEN. NELSON: So we really don't know at this point what to expect.

AMB. NEGROPONTE: We don't know in large measure because it is a repressive society; they've repressed their opposition so severely over all these years, so people aren't exactly speaking up yet.

SEN. ROCKEFELLER: Senator Nelson, I'm going to have to intervene here; we're at seven and a half minutes with you. Everybody's meant to be at five. That's primarily my fault. But Senator Snowe has a question that she wants to ask.

SEN. NELSON: All right. And I have just one further question at your pleasure.

SEN. ROCKEFELLER: All right. And then Senator Wyden, and then Senator Rockefeller actually has a question.

Senator Snowe.

SEN. OLYMPIA SNOWE (R-ME): Thank you, Mr. Chairman.

I wanted to follow up on the question of national reconciliation because obviously this is the essence of the president's proposal in terms of buttressing his proposal to provide for a surge in troops in Iraq.

And General Hayden, you mentioned the bombing of the golden mosque in Samarra, and Senator Wyden and I were in Iraq, you know, days after that occurred, and that was obviously the event that unleashed the sectarian violence.

It seems to me in your descriptions before the Senate Armed Services Committee last December - November, and General Maples, and now Director Negroponte with respect to the ability or the capacity of the Iraqi government to reconcile these differences and to bridge this political divide.

And it seems to me - and in reading this description, Director Negroponte, when you're saying that Prime Minister Maliki's national reconciliation agenda is still at its initial stages; "the various parties have not yet shown the ability to compromise effectively on the thorny issues of de-Ba'athification, the oil revenue, provincial elections," and so on.

You're describing something that very much was present when we were there back in early March. The Maliki government was assembled in May. It is now January.

And General Hayden, back in November, you described the situation that the Shi'a now focus on assuring that Iraq's new government reflects the will of the majority, that the Sunnis view the Shi'a as Iranian-controlled and the current government as predatory, and that the Kurds, for their part, want to keep and strengthen their substantial autonomy they've exercised since 1991, and that all reject the coalition presence and the constitutional regime.

General Maples, you said last November in your testimony before the Senate Armed Services Committee that "although a significant breakdown of central authority has not occurred, Iraq's moved closer to this possibility primarily because of weak governance, increasing security challenges, and no agreement on a national compact."

I mean, if you talk about this whole description in terms of the political will that obviously doesn't exist within the government to take the

risk for national reconciliation - I mean, is national reconciliation even possible?

And how is that 20,000 troops is going make a difference if the Iraqi government isn't willing to take the risk for those political concessions and compromises, doing what they should be doing for themselves and what we would expect them to be doing.

So Director Negroponte, I'd like to have you respond as well as General Hayden and General Maples.

AMB. NEGROPONTE: First of all, I agree with the thrust of your question in the sense that it's a very difficult and grave situation.

But I think to your question of what different would an increase in our troop presence and involvement make, I think it can only be viewed as a package in conjunction with additional effort on the part of the Iraqi government itself, both in the political area, the legislative area; trying to get those law changed that we were talking about, the Ba'athists - the de-Ba'athification and the oil revenues; and the assistance effort, the question of getting more money into these areas that are cleared.

I don't think - the question is - the situation is difficult, but I don't think it's hopeless. And I think that through a combination of measures, it can be addressed, although we're going to have - time will only tell whether these measures are going to be successful or not.

SEN. SNOWE: General Hayden?

GEN. HAYDEN: Yes, ma'am. Again, to kind of review where we've been, the Iraqis have had a chance to effect these grand compromises since about the beginning of 2006. And prior to that, I think through a process that was quite heroic on both our part and theirs, we built up step by step to get a democratically elected Iraqi government in place.

That was done in the face of what I mentioned earlier, this tremendous effort on the part of al Qaeda to inflict just raw human suffering on the Shi'a population. And with, as you suggest, the Samarra mosque bombing, all hell breaks loose from the Shi'a side. And every bit of evidence we had, that's not a pre-planned move waiting for a provocation; it is a visceral response, the final provocation coming from al Qaeda.

There are really deep-seated historical problems to overcome. And as you know - you visited - if you talk to the Sunnis, they think the current government is Iranian, if not Iranian-controlled. If you talk to the Shia's, they think if not Saddam's coming back still, the Ba'athists are coming back. So you've got these really deep-seated fears that have to be dealt with.

A very important aspect of General Maples' testimony and mine in November is that we described the sectarian violence there for the first time to be self-sustaining, that it no longer needed external stimuli to cause these two communities to go after each other in the way they've been going after each other.

Long deliberations in November and December - the ambassador referred to these small-group meetings under NSC auspices - question, fundamental: Can they make these political compromises in the current security

environment? Our judgment was they could not and that we had to somehow intervene to bring the security to a certain level that then allowed - and this is very important, ma'am - the possibility that the Iraqis would make these compromises. And I agree with you, this is an Iraqi responsibility to do these kinds of very hard decisions.

SEN. SNOWE: I just don't see where the security question is going to overcome the fundamental problem and the root causes in Iraq. I just don't see it because there hasn't been any attempt to (put ?) the initial stages, the political reconciliation (stall ?) -- there's nothing to prevent them from doing that. There's nothing.

If they had the political resoluteness, and I - that's my concern. I mean, if it's taken this long, I mean, the oil revenues, for example, are at pre-Saddam levels in terms of revenues and exports currently. That's what it was in March and obviously still is today. There's not just - and when you talk about the fundamental divisions that exist within Iraq, I don't see how the security question is going to affect that in the final analysis.

AMB. NEGROPONTE: The reason we believe it should and it might, Senator, is that it's the insecurity that precipitated a lot of this negative behavior in the first place. I mean, these divisions and these differences might have existed previously, but they have been now exacerbated and aggravated first by the al Qaeda and by the reactions that the general was describing, so that then you get this kind of a downward spiral where, as the general said earlier, even good people end up doing bad things.

So I think by restoring security I think you can also help restore some civility to the political dialogue.

SEN. SNOWE: I thank you.

Thank you.

SEN. ROCKEFELLER: Let me just announce for all the following: I'm going to ask a couple questions, Senator Wyden, Senator Mikulski, Senator Nelson. I know it's late, and I'm sorry, but that's the way this usually works. And we have an obligation to senators who want to ask in closed session, and I absolutely will honor that.

That will require a 10-minute break, which could be useful for other purposes, to simply rewire; that's all it takes. We'll do it right here. We'll go into closed session. So that's what we're going to do. If any of you can't make it, then I'm sorry, but I hope that you will all stay for that, regardless of the length of all of this.

Remember, the great music - the greatest music ever written was the St. Matthew Passion; it took three and a half hours - by Johann Sebastian Bach. So we have a ways to go still.

SEN. : I don't think this is going to rival that. (Laughter.)

SEN. ROCKEFELLER: You don't. Okay.

At the beginning of the war, Ambassador, I think the Shi'a objection to our being in Iraq in that posture was about 13 percent. And I think it's now up to the - I think it's up to 71 percent.

Could you just think out loud a moment for me, quickly, about the effect of that in relation to our ability to deal with the insurgency?

AMB. NEGROPONTE: I think, first of all, we - you've got to address the question or you've got to ask yourself the question about how reliable these polls are, because if you talk to the -

SEN. ROCKEFELLER: Let's say they're partly reliable; they're ballpark figures, and you understand that.

AMB. NEGROPONTE: And then you have to sort of wonder what they actually mean. Does it mean that simply people are fed up with the absence of security? I would submit to you that a lot of this has to do with - well, we just haven't had security, and well -

SEN. ROCKEFELLER: Ambassador, you can argue with my figures, but they are approximately correct and they have to do with the presence of American troops. So it's that that I wish you to deal with with respect to its effect on tamping down the insurgency.

AMB. NEGROPONTE: Well, I think that - I think that - I'm not sure I know or that - I don't believe that that necessarily has an adverse effect on the conduct of our counterinsurgency efforts. But maybe you can help me by elaborating on your question or maybe one of my colleagues can help me here.

SEN. ROCKEFELLER: Nobody has an answer to that. All right.

Director Hayden, in my opening statement I expressed my concern about the existence of a separate CIA detention program; that's been publicly acknowledged by the president, as I indicated. To me, it's a matter of some lasting damage in our standing with the moderate Islam community across the rest of the world. And it's that which is my focus, this moderate - which is not yet involved in jihadism and doesn't teach that - the madrassa schools which don't teach that kind of thing.

What is your - in your estimation, what are we doing with respect to the feelings of the moderate community as they listen on Al-Jazeera and others about the possibility of detention and, as might be interpreted, torture - CIA? CIA is not watched as carefully as DOD.

GEN. HAYDEN: I'm sorry, Senator.

SEN. ROCKEFELLER: The CIA is not watched as carefully as DOD; that has to be part of the point.

GEN. HAYDEN: Yeah. Actually, that's not true, but I understand you're not saying it's true; you're talking about the image that's portrayed and how people might use or misuse the fact that there exists a separate CIA interrogation program.

What it is we do is lawful. It's lawful according to U.S. law; it's lawful according to international law. In closed session I'll elaborate a bit more as to why we're very confident about that, about those judgments and how other people view it.

It has a tremendous return on investment in terms of intelligence value. So even accepting the premise that it has some negative effect with regard to a public diplomacy campaign, that has to be balanced against the quality and quantity of the intelligence that it provides to protect the homeland.

I think all those are very, very important factors, Senator.

SEN. ROCKEFELLER: Okay, we'll do that in the next session.

A final very quick question: At our opening hearing "threat" two years ago I asked then-Director Porter Goss about unaccounted for Russian fissile materials and whether he could assure us that the materials had not been stolen and found their way into the hands of terrorists. And of course, he said that he couldn't assure us of that. Are we any farther along a chain of having more of a grasp on that?

GEN. HAYDEN: Senator, two reasons I prefer closed session: one is for details, but two, to make sure I get all the facts right.

I would agree with Director Goss's statement, though. We don't have a total handle on it even still. But let me go ahead and do some homework to give you an answer to see what, if any, improvements have been made.

SEN. ROCKEFELLER: Okay.

Senator Wyden.

SEN. WYDEN: General Hayden, in Iraq, what proof is there that Prime Minister Maliki is prepared to confront al-Sadr and the Shi'a militias directly? And the reason I ask this is that my sense is that Prime Minister Maliki has given some speeches about this, has sort of paid lip service to the question of taking on these Shi'a militias, but is sort of hoping to suck us into this, which would open up a whole new front of our involvement?

And what I'd like to know is what hard proof can you point to that would indicate that Prime Minister Maliki is prepared to confront al-Sadr directly?

GEN. HAYDEN: Senator, again, I can give a more elaborate answer in closed session. But in the current session -- we took both the policy the president announced last night and the speech he used to announce the policy to CIA analysts, and we sat down with a large room full of analysts on Tuesday to go through the speech. We have been using the analytical work of these people to shape our discussions, but I wanted them to see the speech. That was a critical concern.

Everyone understood that the success of this plan fundamentally, unarguably, unavoidably depended on the performance of the current government.

I need to be careful here, too. We use Maliki, and clearly he is a very important player as the prime minister. But success is going to be created by a larger group, and we've to include others we would -- at least give the opportunity to be moderates, like President Talabani and Abdul Aziz al-Hakim, and Tariq al-Hashimi, who represent various groups inside there.

But the success or failure of the plan will depend on their being able to make the right decisions with regard to security. As I suggested earlier, that means going against anybody outside the law, going into any neighborhoods in Baghdad.

Senator, I'll be very candid with you because the president was very candid last night. The track record of the current government with regard to this isn't something that would naturally give you great confidence. That's why there's that language in the president's speech that makes the success of this very conditional on the performance of Prime Minister Maliki and his government.

SEN. WYDEN: I understand what the president is hoping for; I'm still looking for some hard proof - maybe you want to talk more about this in secret, in the closed session - that he is actually willing to do this, because that's the ballgame. If you don't take on the Shi'a militias directly, and somebody's got to do it, then I don't see how this can possibly come together.

GEN. HAYDEN: Absolutely correct, Senator. Taking on the Shi'a militia does (things ?) internally to Iraq in terms of creating the social contract with all parts of the population - in this case the Sunni population - and it creates powerful and positive effects externally that this is a government of all Iraqis and not a Shi'ite faction in control, and that is a very beneficent effect in the larger neighborhood, which is largely Sunni. It's very critical.

SEN. WYDEN: Mr. Chairman, I think Senator Bond wants to get to the "closed session symphony."

SEN. ROCKEFELLER: Well, we have two more people, Senator Mikulski and Senator Nelson.

So Senator Mikulski?

SEN. MIKULSKI: Mr. Chairman, let me get right to the point of it.

First, though, to Ambassador Negroponte: I meant what I said about things working right, and I think you are to be congratulated for implementing the intel reform legislation. You were given a very difficult job to stand up a whole new agency and a whole new framework, and quite frankly, many of us are disappointed that you are going over to State because I think you did not only try to follow the letter of what the law was on reform but the spirit of it.

And I would say to my colleagues, a perfect example of this is to go visit the NCTC that Admiral Redd, who is here this evening, operates, because you then - you see that they both identify the dots and connect the dots, and I would really recommend that.

But this past year - and this goes to a question both for you, Mr. Ambassador, and the director of the FBI. It goes to FISA. And my question very simply is this: Should FISA be reformed, based now on your whole experience standing up this?

And Director Mueller, you know you're the domestic person here that gets what all the -- gathering around the world and have to deal with it in

the United States. Do you think that FISA needs to be reformed? And number two, if so, does the administration have a plan to submit a FISA reform package to the Congress?

AMB. NEGROPONTE: Senator, I think the answer - two parts: First of all, there are things about FISA that could be modernized that take into account changes in technology and communication and so forth. And the - but that whatever changes take place, if they do take place -- we think as far as the terrorist surveillance program is concerned - have got to preserve the intelligence utility of that program -- that is to say the agility of the program, the speed with which it can operate, and the protection of sources and methods.

MR. MUELLER: As to the second part of the question, Senator: On legislation, I know there are periodic discussions about changes to FISA, but I do not believe there is a particular package waiting to be presented to Congress.

As to the first part - should it be reformed? - given the advances of technology and the speed of the technology and the evolution of technology advancements, yes, I do think we ought to continuously look at ways that we can update FISA to take into account the new technologies that come on monthly, if not weekly, now.

SEN. MIKULSKI: Mr. Chairman, in the interest of time, I'm not going to go on with other questions. I'll be talking to the director of the FBI.

But the other thing is, is remember, after 9/11, we decided not to create our own domestic surveillance agency, and they've been doing two jobs: fighting crime as well as fighting the global war against terrorism, and maintaining a pretty significant ops tempo. And I think at another time, I'd like the committee really to focus on the FBI. And also, I think we need to pick up on FISA.

But I think enough said for tonight.

SEN. ROCKEFELLER: Senator Mikulski, we're going to have a hearing precisely on that.

Senator Nelson.

SEN. NELSON: Mr. Chairman, I'll be very brief. I just want to pick up where Senator Mikulski, Mr. Ambassador, and say that I too am disappointed that you're going to State. You've had a long and distinguished career, and obviously there's the tie in with Iraq, you having been the ambassador there. But there's nothing more important than intelligence. And you have stood up this organization and would expect at least another two years in your term, and I hate to see the disruption from the head leaving.

You have any comment on -

AMB. NEGROPONTE: First of all, I regret leaving, Senator, because of - for the reasons that you mentioned, and also because I believe I brought together a very good team of people, and I sincerely hope that as many as possible of them continue their service to the Office of the Director of National Intelligence.

On the other hand, I'm sure that you can also understand that for somebody who started his career as a junior Foreign Service officer in the State Department in October of 1960, to be asked to be deputy secretary of State is also a very important opportunity.

SEN. NELSON: Clearly, I understand from your personal standpoint. But what's more important to the country?

AMB. NEGROPONTE: But I was going to say, the third part of my remark, Senator, was going to be that while I indicated I was available to be the deputy secretary of State, if that was what the president wished me to do, that I was - the decision was entirely up to him. I would serve in either capacity. I would do what the president wanted me to do, and this is what the president has asked me to do.

SEN. NELSON: Mr. Chairman, just a final comment, back to what Senator Wyden had said and the skepticism that he had expressed. Senator Coleman and I were just blown away when we were talking to the national security adviser, Dr. Rubai, when he said - and this is a quote - this is not a sectarian war. And he went on to talk about well, it was the Ba'athists that want to retain power, and so forth and so on.

Now, you know, if the top levels of the government, the national security adviser to the prime minister is saying that, that indicates a certain mind-set. And I don't have any more optimism about this thing having reconciliation than the comments expressed by Senator Wyden, Senator Snowe and a whole host of senators this morning in the Senate Foreign Relations Committee talking to Secretary Rice.

That's my comment.

SEN. ROCKEFELLER: All right. Thank you.

Now, what we will do is go into a 10-minute recess, and I hope those who are prepared to make - to do -- number one, to clear the room in an appropriate fashion in accordance with classification, and secondly, to do whatever rewiring is necessary. We'll get at it.

So we take a 10-minute recess.

(END OF OPEN SESSION)

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