

## **Statement for the Record**

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**Senate Committee on Armed Services**  
**Subcommittee on Emerging Threats and Capabilities**

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Mr. Chairman, members of the subcommittee, it is an honor to appear before you to discuss the Cooperative Threat Reduction Program (CTR) and the Proliferation Security Initiative (PSI). It is a particular honor to have been preceded at the witness table by Senators Nunn and Lugar, whose legislative foresight forms the basis of U.S. government authorities to combat the threat of WMD and related infrastructure. In private life, Senator Nunn has remained a leading voice to maintain public awareness of the WMD threat. Senator Lugar has been a tireless advocate for non-proliferation activities within the Senate and the Department of State, and in partnership with this committee has been a key steward and mentor of the CTR Program. I want also to thank the members of the committee for their strong support of DoD programs that serve to combat the proliferation of WMD.

Since DoD last testified on these subjects in March 2006, we believe much has been accomplished and we look forward to a productive year ahead for both CTR and PSI. The President has requested \$348 million for FY2008 CTR activities; there is also a small request to support COCOM PSI-related exercises included in the Defense-Wide O&M section of the President's request. The Department urges your support for these requests. Appended to my prepared statement is a detailed description of the FY2008 CTR Program request.

### **Combating WMD**

The first line of defense in combating WMD is international cooperation. We do this through bilateral working relationships, activities and agreements, and also through multilateral treaties and regimes. It is important that such agreements not be viewed as a panacea for the threat of WMD. The simple truth is that the worst proliferators tend not to sign up to treaties, and some nations that do sign up cheat. However, we also should not discount the value, in a layered defense strategy, of promoting norms of behavior and raising the bar for responsible behavior among nations that perceive an interest in strong relations with the United States and like-minded nations regarding proliferation of WMD. In this regard, DoD continues to play its role in interagency support for the Nuclear Suppliers Group, the Missile Technology Control Regime, the Australia Group, and the Wassenaar Arrangement, as well as the NPT, CWC and BWC. DoD also helped draft and table at the Conference on Disarmament the U.S. proposal for

a Fissile Material Cutoff Treaty (FMCT). This effort has allowed the U.S. to move the discussions forward on an FMCT at the Conference on Disarmament and with allies.

As two examples of international cooperation, CTR and PSI are important components of DoD's "toolkit" for the combating WMD mission area. However, this toolkit is much broader, and is detailed in the Secretary's National Military Strategy for Combating Weapons of Mass Destruction (NMS-WMD), issued in February 2006. This was the first DoD-wide strategy document addressed specifically at the combating WMD mission area. It followed the identification of combating WMD as one of four priority issues through which the 2006 Quadrennial Defense Review was conducted. The National Military Strategy for Combating WMD divided this complex mission area into eight discrete types of activities: offensive operations, elimination, interdiction, active defense, passive defense, WMD consequence management, security cooperation/partner activities, and threat reduction cooperation. CTR and PSI are elements of two of those mission areas. I think it is important that the committee keep the broader range of combating WMD activities in context, however. Our success in addressing this threat is a function of how well we do across the full spectrum of mission areas, not merely in two of them.

CTR and PSI are certainly among the most complex elements of the eight mission areas, and I am pleased to have the opportunity to focus on them in detail.

### **Cooperative Threat Reduction (CTR)**

The CTR Program is well-known to this committee, and we appreciate the active participation of you and your staff in guiding the program. The following comments review developments since this subcommittee last received testimony on CTR. In addition, I will outline our view for CTR's future.

### **Progress**

The past year has been very productive for CTR. Let me note a number of important accomplishments:

- We broke ground for a key bio-security facility in Tbilisi, Georgia, and are working closely with the government of Azerbaijan to do the same in Baku within the next year. Both of these governments have been very supportive as we jointly pursue improved WMD security, and we welcome their continuing cooperation. The bio-security facilities we have begun in these capitals are planned beginnings of a regional "constellation" of facilities that will give the U.S. and cooperating governments new insight into potential bio-weapons threats in the region.
- We finalized procedures for accelerated warhead security assistance in the Russian Federation. This project has been moving forward on schedule for completion in 2008 at the initiative of Presidents Bush and Putin at the 2005 Bratislava Summit. We appreciate Congress's \$44.5 million supplemental appropriation for FY2006, which was essential to accelerate the project.

- In ongoing activities, CTR supported elimination of 70 silo-based and mobile missiles; secure transportation of 52 railcars of nuclear warheads to non-alert locations; completion of security upgrades at 11 nuclear weapons storage sites, and a variety of other activities.
- We extended for seven years the CTR Umbrella Agreements with the Russian Federation and Ukraine. These agreements are the backbone supporting all CTR activities in those countries and represent an important political commitment to continued cooperation in the area of non-proliferation.
- CTR continued to meet expectations regarding its financial management. In the past, the program was criticized for running high unobligated balances and we have worked diligently to address these criticisms. As you know, CTR funds are appropriated with a three-year life, and the program is run on a capital-budgeting basis. Thus, it is not only impossible, but counterproductive for CTR to spend its annual appropriation fully in the year of appropriation. CTR projected that its unobligated balance at the end of FY2006 would be well under \$100 million. At the end of FY2006, our unobligated balance was in fact \$72 million – continued evidence of improved fiscal stewardship of the program. In fact, Congressional restrictions on CTR spending require a substantial carryover in order that first fiscal-quarter bills can be paid.
- CTR has also continued to refine its business practices at both the policy and implementation levels. In August 2006, the Office of Management and Budget gave CTR top honors for DoD with respect to its Program Assessment Rating Tool (PART) process. Of the 16 DoD "Service Asset and Service Acquisition Programs" assessed by OMB during the summer 2006, the CTR Program received the highest score (92 out of 100) and was one of only 2 programs to receive an overall rating of "Effective", which was the highest rating available.

CTR also faced some challenges in the past year.

- Construction of the “Shchuch’ye” chemical weapons destruction facility in Russia continued to present very difficult challenges to U.S. requirements for transparent program management. The facility is now fully funded at \$1.039 billion – the final appropriation was for FY2007. However, over the past year there were significant problems ensuring that final contract awards could be accomplished transparently for prices that had a reasonable relation to the work proposed to be accomplished. After detailed negotiations, we are now poised to sign an agreement with Russia which will allow us to pull the Shchuch’ye project across the goal line within the U.S. budget. If that budget turns out to be insufficient, we expect to have Russia’s commitment to fund whatever is necessary to complete the project.

I want to emphasize DoD’s commitment to completing the Shchuch’ye project. Over the past year, concerns have been expressed that we are somehow trying to walk away from Shchuch’ye. This is not correct. The United States has invested nearly \$1 billion so far in this project, which is intended to eliminate the most dangerous type of chemical weapons – nerve agent – in their most proliferable form – small artillery shells and

rockets. For CTR's threat reduction mission, and for the integrity of the program, it is important that Shchuch'ye be completed. However, DoD can not do so where we cannot validate that the U.S. is receiving appropriate value for its investment to ensure that the mission is achieved. We believe our Russian partners understand our position clearly, share our concerns about managing costs, and are ready to sign an agreement that will lead to successful commissioning of Shchuch'ye.

- Cooperation among some Central Asian partners has been uneven. In some cases we have experienced inappropriate government scrutiny of our foreign-national subcontractors or interlocutors. In other cases, we have faced bureaucratic challenges getting CTR assistance exempted from local taxes. Despite the strenuous efforts of the Department of State and U.S. embassies to address these challenges, they continue to constrain the many good things CTR can do for U.S. and partner-country interests.

## **Looking Forward**

The next few years will see several milestones for CTR, offering an opportunity to look farther ahead for the program. We expect to complete the Bratislava warhead security initiative in 2008, and the Shchuch'ye nerve agent elimination project in early 2009. In addition to continued progress in our missile elimination work in Russia, completion of these two very important and complex projects will mark several key changes for CTR.

First, we expect that this will be the first time in CTR's history that the level of effort outside the Russian Federation, as measured by program funding, will exceed the level inside Russia. This represents a significant array of accomplishments for the program managers, action officers and contractors in the U.S. and Russia who have spent over a decade seeking to secure the legacy of Soviet WMD production, and its related infrastructure.

The trend toward more CTR activity outside Russia reflects the realities of today. The Russian Federation finds itself in a much different position today than it was fifteen years ago when CTR began. At that time, Senators Nunn and Lugar and their Russian counterparts had the foresight to understand the threat from unsecured, Soviet-era WMD across the states of the former Soviet Union. An enduring achievement of CTR is that it supported the secure repatriation to Russia of the Soviet Union's nuclear warheads located in Kazakhstan, Ukraine and Belarus. These countries also became CTR partners. Today, the Russian Federation has both the revived organizational capability as well as the resources to secure weapons of mass destruction inside its borders, and President Putin has committed to doing so. Thus, it is not surprising that CTR's level of effort in Russia is projected to decline. Indeed, with narrow exceptions, we anticipate that CTR will fulfill contracts and commitments already made in Russia, but not undertake any new work in the foreseeable future.

CTR conducts its work where partner nations request its assistance – it functions only in permissive environments. Russia has not asked CTR for new assistance, with narrow exceptions, for some time. If Russia believes that CTR can bring a special capability to bear on a WMD problem, we would always be willing to discuss it.

Moreover, the nature of the WMD threat has changed. When CTR began, the focus of the program was to eliminate or secure WMD *at its source*. This continues to be our preferred approach: the only way to have 100% confidence that WMD or related infrastructure does not constitute a threat, is to get rid of it. However, we only have access to such stockpiles when the possessor state identifies them and requests assistance for elimination. Many of those known stockpiles or infrastructure were in the states of the former Soviet Union, including Russia, and CTR assistance has been requested to address them in many cases. Much of that assistance has already been provided. If WMD are found elsewhere, CTR is ready to provide security or conduct elimination operations, provided that doing so is consistent with U.S. policy and resource availability.

The threat from large stockpiles of WMD “at its source” and from related infrastructure continues. However, terrorists do not need large amounts of WMD to carry out their missions. After 9/11 this Administration sought to address WMD *on the move*, as well as at the source. The purpose of this revised approach was to help meet the challenge posed by non-state actors, who are not tied to large stockpiles or infrastructure. For CTR, this resulted in the Weapons of Mass Destruction Proliferation Prevention Initiative, which is intended to improve partner nations’ WMD border security capacity. It also resulted in the Threat Agent Detection and Response (TADR) initiative, under CTR’s Biological Threat Reduction Program. TADR is intended to improve partner nations’ capacity to detect, characterize, and share information about biological threats and trends related to dangerous pathogens. This attention to capacity building, in addition to addressing “WMD in place”, will help keep CTR current with the threats it is intended to address.

CTR is one of several tools in our non-proliferation toolkit. Some have said that because the CTR budget request is declining, the Administration intends to declare victory and close the program. This is incorrect. The budget has declined in part because expensive, infrastructure-heavy projects such as Shchuch’ye, warhead security and missile elimination are all nearing completion or well beyond the half-way mark; and because new opportunities to use CTR’s capabilities, in the type of circumstance the CTR model requires, are still being developed. Thus, the measure of CTR’s health or its future is not how much money is being requested. Indeed, one of the key lessons we have learned is to measure our success by the non-proliferation return we receive on an expenditure and by accomplishment of the mission, not merely by how much equipment we supply to a partner. It may well be that CTR’s budget request will need to rise in the future. Some capacity building is costly: the TADR program, which we have already begun to execute in several nations, involves providing some very complex facilities to accomplish its mission.

The CTR policy and implementation teams have developed a unique set of skills to deal with very dangerous materials in very remote parts of the world. They still have much work to do related to existing CTR projects and agreements, but there will be opportunities for new uses of CTR. No one should think that the program is being shut down. Indeed, we would welcome the committee’s support to make CTR a more nimble tool for the long term. In this regard, I would commend to the committee’s attention the provisions of S.198, introduced on January 8, 2007 by Senator Lugar which seek to streamline CTR’s internal processes. Similarly, any additional flexibility the committee might provide for using CTR outside the states of the former

Soviet Union would position the program to be more responsive to emergent requirements and the evolving threat I described, should the need arise. However, any expansion of CTR to new regimes or for new purposes will need to be considered carefully in light of the full array of WMD tools available and in view of CTR's core business activities – elimination, security, and capacity building to address the threat of WMD and related infrastructure and delivery systems. We believe we have the right models in place for these activities, and that staying focused on them is the key to keeping the program running correctly.

### **Proliferation Security Initiative (PSI)**

The United States continues to work with other governments on the Proliferation Security Initiative, which President Bush launched in May 2003. Through the Proliferation Security Initiative, the United States collaborates with like-minded countries on how to stop WMD/missile-related shipments bound to and from non-state actors and states of concern while also working to enhance our individual and collective WMD interdiction tools.

Since Assistant Secretary Flory last testified before this Subcommittee in March 2006, the number of countries that have endorsed the PSI Statement of Interdiction Principles has increased to over eighty. The United States plays a leading role in the the PSI Operational Experts Group (OEG), which meets on behalf of all PSI participants to discuss and advance PSI objectives. The OEG brings together twenty countries and their experts from the military, law enforcement, intelligence, legal, and diplomatic arenas. These experts develop new operational concepts for interdiction; organize a program of interdiction exercises; share information about national legal authorities; and pursue cooperation with industry sectors that can be helpful to the interdiction mission. Through these efforts, OEG participants raise the level of collective and national interdiction capabilities. New Zealand recently hosted the fourteenth OEG meeting in Auckland in March 2007. Greece will host the next OEG meeting in October 2007.

DoD is responsible for leading the Operational Experts Group process, the locus of operational aspects of PSI. To date, PSI partners have had twenty five PSI OEG exercises that have explored all modes of transportation: ground, air, and sea. These exercises have brought to bear the expertise and operational assets of both the military as well as law enforcement agencies, reflecting the cooperative and multi-dimensional forms that real-world interdictions can take. These exercises have also been hosted by a range of countries around the world, and they provide an opportunity for nations that yet to endorse PSI to observe the operational aspects of PSI. Over 50 PSI participants have participated in or sent observers to these twenty five exercises, while about another twenty non-PSI participants have sent observers.

PSI exercise LEADING EDGE, hosted by the United States and Bahrain in October 2006, was the first to be conducted in the Persian Gulf. In addition to six nations that sent operational assets (Australia, France, the United Kingdom, Italy, Bahrain and the United States), the United Arab Emirates, Japan, Spain, South Korea, Pakistan and Qatar sent observers . The United States continues to help plan or participate in a range of upcoming PSI exercises planned for 2007.

In addition to exercises, table-top games and simulations have also helped participants work through interdiction scenarios, and they have, in many cases, improved the way participating governments organize to conduct interdictions. To this end, the United States will host another PSI game for OEG states at the Naval War College in Newport, Rhode Island in June 2007.

We have seen other concrete benefits from the Proliferation Security Initiative. Participation in PSI has helped countries improve their internal interagency processes, communication with counterparts in foreign countries, understanding of international and domestic legal authorities, and understanding of applicable resources and assets. All of these improvements have in turn helped countries in other areas, such as in fulfilling their obligations to implement United Nations Security Council Resolutions (UNSCR) 1718 (DPRK sanctions) and 1737/1747 (Iran). In discussions of UNSCRs 1718, 1737, and 1747 in the last two OEG meetings, a number of countries have cited that their work on PSI has helped lay the groundwork and develop the processes or mechanisms that they need to implement these Chapter VII resolutions.

The Proliferation Security Initiative has been and remains an invaluable non-proliferation activity, and we will continue to work close with our PSI partners to maximize its potential.

## **Conclusion**

Mr. Chairman, the eight missions identified in the National Military Strategy to Combat WMD represent a continuing challenge for us. They are complex because the threat is complex; the next edition of this strategy document could change in important ways, because the WMD threat will change. As it does, we are prepared to make changes in programs like CTR. The same is true for PSI, though this activity is still new enough that we ought not begin speaking of significant changes just yet. The WMD threat is significant, and PSI and CTR are important tools that should be considered to fight that threat. We look forward to working closely with the Congress toward that end.

## Annex

### **FY2008 Cooperative Threat Reduction (CTR) Program Budget Request**

**FY 2008 Total: \$348 million**

**Russia.** The United States would like to see Russia become a full partner in the Global War on Terrorism and in combating WMD proliferation; comply fully with its arms control and nonproliferation obligations; and safely and securely store its nuclear weapons, fissile material and dangerous pathogens. As parts of this vision, which CTR may help realize, are being met, CTR funding for Russia is decreasing.

The FY 2008 budget request for Strategic Offensive Arms Elimination (SOAE) is \$77.9 million. SOAE assists Russia in eliminating strategic delivery systems and infrastructure. SOAE assistance is framed as an incentive for Russia to draw down its former Soviet nuclear forces. FY2008 funds will eliminate 25 SS-18/SS-19 launchers, 21 missiles and launch control centers, 20 sea-launched ballistic missile (SLBM) launchers, one associated strategic ballistic missile submarine, and 10 SLBMs, 33 SS-25 road-mobile launchers, and 44 ICBMs, and will procure 4 isothermal railcars for transporting loaded motor cases.

The Nuclear Weapons Storage Security program assists Russia in upgrading and modernizing security for nuclear warheads in storage. As upgrades to all the sites for which the Russian Federation has requested assistance will be completed using FY2006 and FY2007 funds, the FY 2008 request has declined to \$23 million. These funds will be used to sustain the security upgrades installed at the first 12 Ministry of Defense (MOD) nuclear weapons storage sites and temporary transshipment points for movement of deactivated warheads and to begin the process of creating an indigenous capability within MOD to sustain upgrades in future.

For the Nuclear Weapons Transportation Security program, we have requested \$37.7 million. This program provides safe and secure transport of nuclear warheads from deployed sites to dismantlement or enhanced security storage sites, assists in maintaining MOD's current fleet of aging railcars, and will procure 20 railcars for transporting warheads in FY2008. Russia has agreed to destroy two warhead transport railcars at its own expense in exchange for each new railcar CTR provides.

CTR Biological Threat Reduction (BTR) efforts in Russia are limited by current policies in Russia and access to locations believed to have dangerous pathogens. The FY 2008 budget request is \$5.7 million (of the \$144.4 million requested for all BTR activities). This supports planned cooperative research projects to improve vaccines and identify better anti-viral medications for smallpox.

There was no budget request in FY2008 for the Chemical Weapons Destruction (CWD) program. The funds appropriated and authorized in FY2007 were sufficient to complete the



construction and systemization of the U.S.-funded portions of the facility. The CWDF is being built to destroy nerve agent-filled, man-portable, artillery and missile warheads. This facility, which includes a second processing building built with Russian and other international donor funding, will be able to destroy 1700 metric tons of nerve agent per year.

**Non-Russian FSU States.** Robust programs to combat bio-terrorism and prevent WMD proliferation are underway in several countries.

The budget request for the Biological Threat Reduction (BTR) program is for \$144.4 million. DoD is assisting Georgia, Kazakhstan, Uzbekistan, Azerbaijan, and Ukraine to develop a systematic capability to prevent proliferation of biological weapons related technology, pathogens, and expertise and rapidly detect and diagnose any disease outbreaks of especially dangerous pathogens. Linked to this are tailored cooperative biological research (CBR) projects to identify the locations of dangerous indigenous pathogens in each country and the means by which they are transmitted. We are working with the countries to obtain copies of the strains of the indigenous pathogens so the best reagents for rapid diagnosis are made available. The following describes the threat reduction and proliferation prevention activities that will be accomplished with the FY 2008 funds:

- Georgia: Continue construction of the central reference laboratory that will secure all dangerous pathogens and provide a capability to characterize pathogens and validate diagnoses. The pathogen repositories (one for human and one for veterinarian pathogens) and an accompanying small suite of laboratory space will be built to bio-safety level three standards.
- Uzbekistan: Continue to construct epidemiological monitoring stations and provide training for personnel to rapidly respond to and diagnose disease outbreaks. Continue CBR projects.
- Kazakhstan: If the tax issue can be resolved, DoD will initiate the Central Reference Laboratory, continue to construct/renovate epidemiological monitoring stations and provide training for personnel to rapidly respond to and diagnose disease outbreaks. Continue CBR projects.
- Azerbaijan: Construct/renovate four epidemiological monitoring stations and provide training for personnel to respond and rapidly diagnose disease outbreaks. Continue to provide training for personnel to rapidly respond to and diagnose disease outbreaks and CBR projects.
- Ukraine: Construct/renovate five epidemiological monitoring stations. Continue to provide diagnostic and epidemiological equipment and training to rapidly respond to and diagnose disease outbreaks. Continue CBR projects.

The budget request for the Weapons of Mass Destruction Proliferation Prevention Initiative (WMD-PPI) is \$38 million which will be used to enhance the capabilities of selected non-Russian FSU states to detect and interdict illicit trafficking in WMD and related materials. In implementing the WMD-PPI, DoD has developed projects designed to produce

comprehensive operational capabilities, taking into consideration existing strategic planning and policy documents, including security and theater cooperation guidance.

The following describes the WMD proliferation prevention activities planned to be undertaken with the FY 2008 funds:

- Azerbaijan - Caspian Sea Maritime Project: Enhance radar surveillance capability. Evolve concept of operations to define WMD-related roles and missions for appropriate maritime forces. Refurbish additional patrol craft.
- Kazakhstan – Caspian Sea Maritime Project: Continue to provide training and related WMD detection and interdiction assistance. Develop concept of operations and explore legislative basis for Kazakhstan maritime detection and interdiction roles and missions.
- Ukraine Land Border and Black Sea Maritime Projects: Continue to enhance WMD detection and interdiction capabilities along Ukraine’s border with Moldova. Improve detection and interdiction capability on the Black Sea and at key ports of entry..
- Uzbekistan Land Border Project: Complete portal monitoring project. Provide additional training and related equipment to enhance detection and interdiction capabilities. Land border project to enhance mobility, communications, transportation and interdiction/detection capabilities under consideration.

The FY2008 budget request for Defense and Military Contacts is \$8 million. This program engages military and defense officials in activities that promote demilitarization, regional stability, counter-proliferation, and defense reform; builds security cooperation with the Eurasian states; and promotes exchanges that enhance interoperability with U.S. and NATO forces for the purposes of multinational operations.

For other program support, we have requested \$19 million. These funds will be used to assist the overall implementation of the Program in areas not unique to established projects, such as negotiations on an implementing agreement. It includes the audit and examination program and overall program management and administration.