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U.S. POLICY TOWARD IRAQ

HEARING

BEFORE THE

SUBCOMMITTEE ON THE MIDDLE EAST AND SOUTH ASIA

OF THE

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U.S. POLICY TOWARD IRAQ

THURSDAY, OCTOBER 4, 2001

HOUSE OF REPRESENTATIVES,
SUBCOMMITTEE ON THE MIDDLE EAST AND SOUTH ASIA,
COMMITTEE ON INTERNATIONAL RELATIONS,
Washington, DC.

The Subcommittee met, pursuant to call, at 1:13 p.m. in Room 2172, Rayburn House Office Building, Hon. Benjamin A. Gilman [Chairman of the Subcommittee] presiding.

Mr. GILMAN. The Committee will come to order. During the prior Administration, Congress was told that Iraqi dictator Saddam Hussein was in "a strategic box." We were told that U.S. patrols over northern and southern Iraq were preventing Saddam from threatening his neighbors with conventional forces. We were told that the international sanctions were denying Saddam the revenues with which to rebuild large weapons of mass destruction programs. And we were also told that Saddam Hussein was isolated in the international community.

The purpose of today's hearing is to question these assumptions and to discuss what Saddam Hussein has been up to nearly 3 years after the last U.N. Weapons Inspectors left Iraq.

Iraq has adamantly refused to allow any new inspections, even while making the absurd claim that Iraq is no longer developing any mass destruction weapons.

With Americans justifiably concerned with further terrorist attacks since September 11th, we want to know the extent to which Saddam has rebuilt his biological, chemical, and nuclear weapons capabilities.

September 11th has taught us how costly it is to be complacent. It has also taught us to pointedly challenge those who assert that aggressive terrorists or dictators are "contained" in "boxes." In point of fact, we can never be certain that dictators or terrorists are in a strategic box as long as they are in power or at large.

Secretary of State Powell's "targeted sanctions" are intended to concentrate the efforts of the world community on denying Saddam technology and illicit revenue. Regrettably, however, it seems likely that it will allow Saddam to pick the lock of his cage or—to break down its door altogether.

Accordingly, I very much doubt that the proposed approach will yield the hope for plugging up of leaks in the sanctions regime. Leaks that permitted a Chinese company to install new fiber optic cable to link Iraq's air defense network and make it more effective against U.S. aircraft patrolling the skies over Iraq. Leaks that al-

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lowed Iraq, 6 years ago, to import through Jordan Scud missile guidance systems from Russian middlemen.

There is no reason to believe that Saddam would shrink from providing his weapons of mass destruction technology to terrorists, although there is no reason to believe he has done so as of yet. We cannot rule out the possibility that a man who would kill 5,000 Iraqi Kurds in a poison gas attack at Halabja would contemplate the use of such weapons against American targets.

I am on record, along with the Chairman of the Committee and many of the Members of our Committee, as advocating the overthrow of Saddam Hussein. Indeed, under the Iraq Liberation Act of 1998, it is officially declared U.S. policy to change Iraq's regime. There is no other way to fully and finally end the threat Iraq poses to our national security.

This is an important goal, whether or not Saddam is demonstrated to have played a role in the September 11th attack on our Nation.

We do not, of course, want to unnecessarily complicate the struggle we are currently undertaking against Osama bin Laden and terrorists of his ilk.

But our Nation should be able to "chew gum and walk at the same time." At the earliest possible moment—which might be very soon, and certainly will have to come before we can declare total victory over terrorism—we must turn our attention to ending a regime which we should have dismantled years ago. Saddam's regime continues to defy the will of the international community, defies all norms of acceptable international behavior, as well as human rights norms. While we are striking at other terrorists, we should end the regime of a master terrorist like Saddam.

Today we will hear from distinguished experts on Iraq and its weapons of mass destruction programs, Geoffrey Kemp, Charles Deulfer, and Gary Milhollin. I will introduce them in more detail after Mr. Ackerman has an opportunity to make an opening statement if he so desires. Mr. Ackerman.

[The prepared statement of Mr. Gilman follows:]

PREPARED STATEMENT OF THE HONORABLE BENJAMIN A. GILMAN, A REPRESENTATIVE IN CONGRESS FROM THE STATE OF NEW YORK, AND CHAIRMAN, SUBCOMMITTEE ON THE MIDDLE EAST AND SOUTH ASIA

During the previous Administration, Congress was told that Iraqi dictator Saddam Husayn is "in a strategic box."

We were told that U.S. patrols over northern and southern Iraq were preventing Saddam from threatening his neighbors with conventional forces.

We were told that international sanctions were denying Saddam the revenues with which to rebuild large weapons of mass destruction programs.

And we were also told that Saddam Husayn was isolated in the international community.

The purpose of this hearing is to question these assumptions and to discuss what Saddam Husayn has been up to nearly three years after the last U.N. weapons inspectors left Iraq.

Iraq has adamantly refused to allow new inspections, even while making the absurd claim that Iraq is no longer developing mass destruction weapons.

With Americans justifiably concerned about further terrorist attacks since September 11, we want to know the extent to which Saddam has rebuilt his biological, chemical, and nuclear weapons capabilities.

September 11 has taught us how costly it is to be complacent and taught us to pointedly challenge those who assert that aggressive terrorists—or dictators—are "contained" in "boxes."

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In point of fact, we can never be sure that dictators or terrorists are in any "strategic box" as long as they are in power or at large.

Secretary of State Powell's "targeted sanctions" is intended to concentrate the efforts of the world community on denying Saddam technology and illicit revenue. Unfortunately, however, it seems likely that it will allow Saddam to "pick the lock" of his cage—or to break down its door altogether.

Thus, I very much doubt that the proposed approach will yield the hoped-for plugging up of leaks in the sanctions regime. Leaks, for example, that permitted a Chinese company to install new fiber optic cable to link Iraq's air defense network and make it more effective against U.S. aircraft patrolling the skies over Iraq. Leaks that allowed Iraq, six years ago, to import through Jordan Scud missile guidance systems from Russian middleman.

There is no reason to believe that Saddam would shrink from providing his weapons of mass destruction technology to terrorists, although there is not reason to believe he has done so as of yet. We cannot rule out the possibility that a man who would kill five thousand Iraqi Kurds in a poison gas attack at Halabja would contemplate the use of such weapons against American targets.

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But the United States should be able to "chew gum and walk at the same time." At the earliest possible moment—which might be very soon, and certainly will have to come before we can declare total victory over terrorism—we must turn our attention to ending a regime we should have dismantled years ago. Saddam's regime continues to defy the will of the international community, all norms of acceptable international behavior, and well as all human rights norms. While we're striking at other terrorists, we ought to end regime of a master terrorist like Saddam.

Today, we'll here from three distinguished experts on Iraq and its weapons of mass destruction programs, Geoffrey Kemp, Charles Duelfer, and Gary Milhollin. I will introduce them in more detail after Mr. Ackerman makes any opening statement he may wish.

Mr. ACKERMAN. Mr. Chairman, thank you for calling today's hearing. In the wake of the September 11th terrorist attacks, I think it is important that we as a Nation not lose sight of those states that in the past have wanted to do us harm. Indeed, in the case of Iraq, we have a state that clearly intends to do us harm in the future as well.

It is also appropriate for the Subcommittee to take up this subject, because at the end of November the United States will again have to make the case in the United Nations Security Council for continuation of sanctions on Iraq. In past discussions of the sanctions issue, we have heard a chorus of calls for the relaxation of sanctions from Russia, China, France, and the Arab world, ostensibly because the sanctions hurt the Iraqi people.

I believe, Mr. Chairman, that we must be clear and emphatic, that only Saddam Hussein hurts the Iraqi people. If he were to abide by the conditions laid out in the U.N. Security Council resolutions, conditions which he accepted and which the international community demanded, the sanctions would be lifted. But over the last decade, what we have seen is the continued pursuit of weapons of mass destruction by Iraq in direct contravention of those resolutions. But even if the sanctions remain, it is still Saddam Hussein who chooses not to use the money from the Oil for Food program to provide for the Iraqi people. Billions of dollars flow annually through that program, and yet somehow Iraqis continue to suffer

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as Saddam builds dozens of palaces, none of which appear to be edible. It is time for those outside Iraq who lament the suffering of the people to acknowledge its true source.

Mr. Chairman, we must take back the public debate about sanctions, because for too long Saddam Hussein has portrayed himself and his people as the victims of U.S. aggression. He has identified himself with the Palestinians and suggested that it is U.S. policy to repress both. It is time for this nonsense to stop.

The United States Government should be making an aggressive public case for our policy and we should be making that case around the world. The terrorist attacks of September 11 give us a new context in which to pursue our Iraq policy. The heinous acts of that day should serve as a reminder to our friends on the Security Council that Iraq is still a state sponsor of terrorism and, in this new global coalition to fight terror, Iraq should remain on the terrorist target list rather than their targeted customer list.

The evidence that Iraq was involved in the September 11th attacks is circumstantial. But if the United States does not continue with an aggressive policy toward Iraq, those Nations which have been opposing sanctions will conclude, if they haven't already, that the status quo in Iraq is acceptable. This is an outcome that we must reject. Instead, we must seize upon this opportunity to press vigorously for continued sanctions. The evidence in support of this policy continues to be clear, as I believe we will hear this afternoon. Saddam Hussein continues to pursue weapons of mass destruction technologies and the means to deliver them. He therefore remains a threat to the region and to U.S. interests.

All of the reasons that the international community went to war in 1991 remain 10 years later. A strong effective sanctions regime must remain an integral part of U.S. policy. The real question in Iraq no longer revolves around whether Saddam Hussein can be contained. The real question is whether the international community, and in particular his immediate neighbors, will recognize that as long as he remains, the region and the world continue to be at significant risk.

I thank you, Mr. Chairman. I look forward to hearing from today's distinguished witnesses.

Mr. GILMAN. Thank you Mr. Ackerman.

I call on Mr. Chabot, our Ranking Minority Member. The Majority.

Mr. ACKERMAN. He still is in the Majority.

Mr. GILMAN. Ranking Majority.

Mr. CHABOT. I will keep my remarks brief so we can get to the panel.

I would like to thank the Chairman for holding this important hearing. And just from this Member's point of view, I personally believe that Iraq, and Saddam Hussein in particular, ought to be—I think he has given us more than enough reason to put him up there with Osama bin Laden in this war against terrorism. And if we are serious about ending, destroying and stopping international terrorism, we absolutely have to target Saddam Hussein.

You know, my principal concern—and I have said this to a lot of people—I have spoken to a lot of schools back in my district, and some of the kids are a bit concerned about war and the possibility

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of a draft and that sort of thing. What I have said, and I firmly believe, is that the loss of life that this Nation suffered just a few weeks ago in New York and here in Washington, DC and in Pennsylvania, as terrible as it was, pales in comparison to the potential loss of life next time if chemical or biological or, God forbid, nuclear weapons are used sometime in the not-too-distant future in this country. And that is why it is absolutely critical that we prevail in this war against terrorism. And I believe Saddam Hussein has to be a principal target of that war. I would urge the Administration to include him in those people that we absolutely have to get rid of.

I yield back the balance of my time.

Mr. GILMAN. Thank you Mr. Chabot.

Mr. Hoeffel.

Mr. HOEFFEL. Nothing.

Mr. GILMAN. Thank you. Mr. Lantos.

Mr. LANTOS. Thank you, Mr. Chairman. I want to commend you for holding this hearing. I will just take a few moments to put my views on the record. I was one of the handful of Democrats who supported George Bush a decade ago on the Persian Gulf War. It was not a particularly proud moment for my political party because the majority of my colleagues were on the other side. But the President was correct, and the results, as far as they went, were satisfactory. They obviously didn't go far enough. And when the history books will be written from the vantage point of a hundred years from now, the failure of the first Bush Administration to get rid of Saddam Hussein once and for all will stand as one of the great policy mistakes of the end of the 20th century.

Now, our three distinguished witnesses have submitted superb testimony. I read every line of it and I find it very convincing. Professor Kemp I think in his statement basically summarizes their conclusion:

> "Saddam and his regime pose a growing danger to the Middle East and the United States. The regime cannot be rehabilitated. Therefore, the goal of regime replacement should remain a fundamental tenet of U.S. policy options."

I could not agree more. I believe that the current war on global terrorism so eloquently expressed by our President at the joint session a couple of week ago, lays out the formula. And it also lays out the sequencing. The number one task will be to get rid of bin Laden and his complex organization present in many countries. But as soon as that task is finished, this Nation and our willing allies will have to move on to get rid of Saddam Hussein and other similar regimes. This regime, as Professor Kemp says, cannot be rehabilitated. It has to be destroyed and it has to be displaced. And the American people will find the willpower to do so. Thank you, Mr. Chairman.

Mr. GILMAN. Thank you, Mr. Lantos.

Mr. Issa.

Mr. ISSA. Thank you, Mr. Chairman. I appreciate greatly the opportunity to hear this knowledgeable—and although I haven't read it all yet—well written and insightful historic accounting. I am particularly looking forward to this Committee, and hopefully the pub-

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lic, moving back toward where we were prior to September 11th in focusing on our obligation to isolate Iraq, and particularly in our programs that seem to have been long abandoned to reduce and eliminate their ability to produce weapons of mass destruction.

Like many people around the world, I am concerned with the consistent and continued problem of hunger and absence of good medical supplies for the Iraqi people. And I hope that all of us on this Committee can work together and I hope you can give us some insight in how we might do it, to find a way to provide humanitarian relief that actually gets to the people of Iraq, while continuing and improving the containment of Saddam Hussein.

Mr. GILMAN. Thank you, Mr. Issa.

Mr. Sherman.

Mr. SHERMAN. Thank you, Mr. Chairman. I think we have gotten some phenomenally bad public relations as to the effect of our sanctions. There are hungry children and an inadequate amount of medicine Iraq, but we have saved millions of lives by insisting that these sanctions be there. If they were not, then every penny of Iraqi oil revenue would go directly to Saddam Hussein. He would have so many more palaces, would have nuclear weapons, would have tanks by the thousands, and deaths would be in the millions from starvation.

I don't know whether we need humanitarian aid for Iraq because, frankly, that is a country capable of producing oil revenue enough to make it a relatively well-off country. But we have somehow got to explain to the world that these are not sanctions against Iraq, but rather they are a control system to make sure that Iraq's oil revenue is used to buy food, medicine, and the trucks to transport them. And in the absence of that, we would be looking at millions of Iraqi deaths. Never has a country saved so many civilians and gotten not only so little credit for it, but actually been blamed for those who are dying.

As to clearing out Saddam Hussein's regime, I think our policy ought to be first bin Laden then the Taliban. I think we would have some substantial allies to do that. And then we would be in a position to make demands of the Iraqi regime particularly as to U.N. Inspectors. If they reject those demands, as I expect they would, then perhaps with fewer allies we could proceed down the road that the Ranking Member laid out for us.

Mr. GILMAN. Thank you, Mr. Sherman.

Mr. Cantor.

Mr. CANTOR. Thank you, Mr. Chairman. I too just want to thank the three distinguished panelists for being here today and sharing with us your outlook on the situation that we have with Iraq. And if I could just ask you, in your remarks or at some point in your presentation, to focus on the issue of Iraq's state sponsorship of terrorism. As you know from the State Department's terrorism report, Iraq continues to provide safe haven and support to a variety of Palestinian rejectionist groups, as well as bases, weapons, and protection to an Iranian terrorist group. Dozens of terrorist groups are supported by Saddam Hussein, and several maintain offices in Baghdad, including the Arab Liberation Front, the Palestinian Liberation Front, and Abu Nidal. The PLF leader has appeared on the state-controlled television to praise Iraq's leadership in rallying

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Arab opposition to Israel. And furthermore, Saddam Hussein has offered $10,000 rewards to the families of the Palestinian suicide bombers.

So in your remarks, if you could, just share with us some of your knowledge as to the state sponsorship that Saddam Hussein is undertaking toward the terrorist movements.

Thank you, Mr. Chairman. I yield back.

Mr. GILMAN. Thank you, Mr. Cantor.

[The prepared statement of Mr. Cantor follows:]

PREPARED STATEMENT OF THE HONORABLE ERIC CANTOR, A REPRESENTATIVE IN CONGRESS FROM THE STATE OF VIRGINIA

In statements since the terrorist attacks on September 11, President Bush has made it clear that the United States will not differentiate between terrorists and the states that harbor them. He has said to other countries that "You are with us, or you are with the terrorists." With that in mind, it is clear that Iraq has already chosen its side and it is not with us.

According to the State Department, Iraq continued to provide safe haven and support to a variety of Palestinian rejectionist groups, as well as bases, weapons, and protection to an Iranian terrorist group. Dozens of terrorist groups are supported by Saddam Hussein, and several maintain offices in Baghdad, including the Arab Liberation Front, the Palestine Liberation Front (PLF), and Abu Nidal. The PLF leader has appeared on state-controlled television to praise Iraq's leadership in rallying Arab opposition to Israel. Furthermore, Saddam Hussein has offered $10,000 awards to the families of Palestinian suicide bombers.

Mr. GILMAN. Today's first witness is Geoffrey Kemp, a well-known expert on the region who served in the first Reagan Administration as Senior Director for Near Eastern Affairs at the National Security Council. Earlier this year, Mr. Kemp co-chaired a prestigious working group on Iraq under the auspices of the Council on Foreign Relations. Mr. Kemp, your statement will be entered in full in the record and you may summarize if you prefer. Please proceed.

STATEMENT OF GEOFFEY KEMP, DIRECTOR OF REGIONAL STRATEGIC PROGRAMS, THE NIXON CENTER

Mr. KEMP. Yes, Mr. Chairman, I would like to summarize for 5 minutes.

Mr. GILMAN. Without objection, your full statement will be made part of record. Would you press the button by your mike?

Mr. KEMP. Mr. Chairman, thank you. I am very honored to testify this afternoon on this very, very important subject. Let me get straight to the point. If there is substantial and persuasive evidence that Iraq was directly involved in the attacks on September the 11th, the President has no option but to prepare for a major offensive against Iraq, including the use of military force. Its purpose would be the removal of the regime in Baghdad.

With compelling evidence, one would hope such action would have the direct support of NATO, Saudi Arabia, and Kuwait. However, if the evidence of an Iraqi connection is indirect, circumstantial, and not credible to our key allies, the United States must pursue a longer-term strategy to undermine the regime.

Whatever the evidence, if we mount an operation to change the regime in Baghdad, we will have few regional allies. Anti-Americanism in the Muslim world is intense and pervasive. Its causes are complex and are to be found in many more issues than the

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Arab-Israeli conflict. In the event of clear, substantive and persuasive evidence connecting Saddam to September 11th, the objective, as I said, must be the removal of the regime as well as a coherent policy for a post-Saddam Iraq.

There is no guarantee that any of Saddam's successors that come from within the regime will be any less anti-American than Saddam, or that they will disband their WMD programs or abandon their wish to rebuild Iraq's military conventional forces.

Under the circumstances of Iraq being responsible in part for September 11th, the military choices the United States faces are formidable. While airpower and missiles can wreak a great deal of damage on Iraq's facilities and demoralize Iraqi security forces, most notably the Republican Guard, there is no assurance such an operation would lead to the end of the regime. In the process we could anticipate a severe backlash throughout the Muslim world, since a sustained bombing campaign would need to be more intense than anything witnessed during the Clinton Administration. This would undoubtedly lead to civilian casualties, probably deliberately orchestrated by Saddam.

While Iraqi forces are much weaker than in 1991, they may still have access to WMD, and certainly they possess short-range surface-to-surface missiles. My colleagues will talk in more detail about this, I believe. The occupation of an Arab country by American forces would reinforce Muslim radicals' basic tenet that we are intent on waging a war against Islam. Nevertheless, we may have no option but to take such a step. Kuwait would likely make facilities available, but this provides a very narrow base from which to launch an invasion. If Saudi Arabia decided to support such an action, the operation becomes much more favorable for the United States.

As for coordinating a guerrilla war using Iraqi opposition forces against Saddam, this too requires bases in regional countries. Saudi Arabia, Jordan, and Syria are unlikely to support such operations from their territory. Kuwait might agree, but the terrain in southern Iraq is not well suited to guerrilla operations. Turkey and Iran are much better suited, but Iran will clearly not participate. Turkey might, but will continue to be extremely concerned about the role of the Kurds, given its fear of instability on the border in its own Kurdish problem.

Now, what should we do if the evidence linking Saddam to September the 11th is flimsy and inconclusive? First, we should not abandon the efforts to strengthen the sanctions regime. The present regime against Iraq is unraveling, and until September the 11th regional support for Saddam Hussein was growing. The revised sanctions policy proposed by the Administration deserves support. Today President Putin may be prepared to go along with the U.S. proposal to tighten the sanctions regime. China and France have already agreed to.

But for this to work, we will have to provide more aid to Jordan and to convince Turkey and Iran that their interests are served by working with a new U.N. Security Council resolution on sanctions.

The question of support for Iraqi opposition forces outside Iraq arouses controversy both within the United States Government and among our allies. Iraqi opposition groups could and should be en-

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couraged to remain active in the political arena and the propaganda war against the regime. Provision of lethal assistance could be considered based on future political progress. A parallel effort must be made in the intelligence arena to seek ways to infiltrate and undermine the Saddam Hussein regime from without and from within. Given the intensity of his security, this is a longshot but one we should pursue.

Irrespective of September the 11th, the U.S. needs to make sure that regional allies understand American red lines and that we understand the limits of their support for future U.S. military action. Three red lines are most likely to continue to receive active Arab and Turkish support:

First, Iraqi military threats or attacks on allied forces.

Second, Iraqi threats or attacks on neighboring states.

Third, Iraqi acquisition and deployment of weapons of mass destruction or their use, including nuclear, chemical, and biological weapons.

Red lines less likely to solicit active support include Iraqi aggression against the northern Kurdish enclave, which could be a real problem, and Iraq's military support for Palestinians against Israel. And here to emphasize what several of you said on the panel, the United States must be more assertive and aggressive in its public diplomacy. It should outline its hopes for Iraq and its people once the Saddam Hussein regime is gone.

Our most effective short-run strategy toward Iraq should be to keep Baghdad guessing as to what we are going to do. There is circumstantial evidence that since September the 11th, governments cozying up to Saddam and the dozens of companies seeking lucrative business deals have had second thoughts, not wanting to be seen acting against American interests or caught in the cross-fire of military confrontation. If countries such as Turkey reassess their present favorable relations with Iraq, others might follow.

In conclusion, Mr. Chairman, the U.S. will have to walk a fine line between developing a more robust diplomacy while seeking regional support in preparing for a military response at some time in the future. Thank you.

Mr. GILMAN. Thank you Mr. Kemp.

[The prepared statement of Mr. Kemp follows:]

PREPARED STATEMENT OF GEOFFEY KEMP, DIRECTOR OF REGIONAL STRATEGIC PROGRAMS, THE NIXON CENTER

The immediate priority for U.S. foreign policy must be the removal of Bin Laden and the Al-Qaeda network from Afghanistan and the installation of a new regime in that country. To this end the Bush administration has assembled a powerful but fractious coalition. It includes Russia, Pakistan, India, Uzbekistan, our European allies and some of our Arab friends. This is not going to be an easy operation and it may take months to succeed. We may find ourselves drawn deeper into the quagmire of south Asian politics. The stability of Pakistan, including its nuclear facilities, must be of concern. A humanitarian crisis could be upon us. Under these circumstances any effort to widen the confrontation to take on Iraq or other Middle East countries that harbor terrorists would put in jeopardy this particular coalition. Thus the administration's argument for a sequential approach to dealing with states that support terrorism makes strategic sense.

If we are successful in eliminating the Bin Laden network from Afghanistan and if a government comes to power in Kabul that can bring some stability and humanity to the region it would signal that we are serious about confronting those states that support terrorism. At that point our ability to muster support to end the remaining terrorist threats in the Middle East may be enhanced, though not assured.

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In the meantime, Saddam and his regime pose a growing danger to the Middle East and the United States. The regime cannot be rehabilitated. Therefore, the goal of regime replacement should remain a fundamental tenet of U.S. policy options. The danger posed by Iraq increases the longer Saddam Hussein has access to ample hard currency, which enables him to continue to fund his security services and his WMD programs. The U.S. cannot negotiate with the Saddam Hussein regime. Its demise would be greeted with pleasure by the vast majority of Iraqis, most of our Arab friends, and of course, Israel.

In the aftermath of September 11th, the most pertinent questions concerning Iraq are what actions should we plan for and over what period of time? If there is substantial and persuasive evidence that Iraq was directly involved in the attacks the President has no option but to prepare for a major offensive against Iraq, including the use of military force. Its purpose would be the removal of the regime in Baghdad. With compelling evidence one would hope such action would have the direct support of NATO, Saudi Arabia and Kuwait.

However if the evidence of an Iraqi connection is indirect, circumstantial and not credible to our key allies, the United States must pursue a longer term strategy to undermine the Iraqi regime. This should include: more aggressive intelligence operations and assistance to opposition groups both in Iraq and outside; tightening of U.N. sanctions; continued patrols of the no-fly zones over northern and southern Iraq; and a coordinated international campaign to demonstrate to the world that the United States cares about the plight of the Iraqi people and that it is Saddam Hussein alone who is responsible for their misery and suffering.

Whatever the evidence of Iraq's complicity the reality is that if we mount an operation to change the regime in Baghdad, we will have few regional allies. Anti-Americanism in the Muslim world is intense and pervasive. Its causes are complex and are to be found in many more issues than the Arab-Israeli conflict. Its true that the Intifada of the past year has magnified the problem, but even if there was an Israeli-Palestinian agreement hatred towards America would still be present. Much of the anti-Americanism in the Arab world reflects the anger and rage of discontented populations against their own regimes. As my colleague, Fouad Ajami has written, "It has been America's fate to be caught in the crossfire of a war over Islam itself. A war between privilege and wrath, between the secular powers in the saddle and a nativist-pious opposition from below."

Some have argued that anti-Americanism is one thing, but that if the United States shows new resolve and is prepared to do whatever it takes to end the regime in Baghdad key Arab governments will support us, albeit reluctantly, since their interests ultimately lie with the West. However this proposition would need to be carefully tested before taking precipitous action. Certainly the hostility shown to the United States by citizens of one of our closest Arab friends, Egypt, is a very sober portend of what could lie ahead.

What options do we have in event of clear, substantive and persuasive evidence connecting Saddam Hussein to the events of September 11th? Few governments, including Arab governments, approve of the Saddam Hussein regime. However they express concern that a new American military offensive that did not guarantee the final and definitive removal of Saddam Hussein and his cohorts and the emergence of a stable, unified, Iraq would create more problems than it would solve. Thus if force is to be considered, the objective must be the removal of the regime, as well as a coherent policy for a post-Saddam Iraq. Removing Saddam alone might have some short term benefits, but there are downsides. First, if only Saddam and his immediate entourage are ousted, the Baathist regime will remain in power and Saddam's likely successor (unless it is his sons) would likely be greeted with such relief by the international community that Iraq could soon get out from under the punitive sanctions that have limited Saddam's strategic ambitions. There is no guarantee that any of Saddam's successors that come from within the regime will be any less anti-American than Saddam or that they will disband their WMD programs or abandon their wish to rebuild Iraq's military conventional forces. Iraq has suffered great humiliation in the past 10 years; the desire for redemption and revenge is not restricted to Saddam Hussein alone.

The military choices facing the U.S. in event of a decision to use major force are formidable. A strategic air offensive without the use of ground forces has well known limitations. A ground offensive analogous to Desert Storm would take months to put in place, assuming we had access rights in the region. A more indirect strategy of subversion and guerilla warfare has no guarantee of success.

While airpower and missiles can wreak a great deal of damage on Iraqi facilities and demoralize Iraqi security forces, most notably the Republican Guards, there is no assurance such an operation would lead to the end of the regime. In the process we could anticipate a severe backlash throughout the Muslim world since a sus-

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tained bombing campaign would need to be more intense than anything witnessed during the Clinton administration. This would undoubtedly lead to civilian casualties, probably deliberately orchestrated by Saddam. Images of Iraqi suffering would be duly reported by the worlds' media, particularly CNN and the Arab station Al-Jazeera. Under these circumstances the danger of polarizing the region against the United States would grow unless we were lucky and in the early days of an air campaign Saddam was either overthrown or killed.

If the Iraqi regime survived such an attack but was severely hurt another consequence could be chaos. An imploding Iraqi state could have a destabilizing impact on the neighborhood, particularly on Turkey, Saudi Arabia, Kuwait, Jordan and Iran. Of course events might turn out for the good, but the belief that a pro-Western Iraqi regime will emerge from the ashes of a strategic bombing campaign may be wishful thinking.

The only sure way to replace the Baathist regime is to invade and occupy Iraq. This is such a daunting challenge that it would require a far greater consensus amongst regional and international partners of the United States that is present today. While Iraqi forces are much weaker than in 1991, they may still have access to WMD and certainly possess short range surface to surface missiles. The occupation of an Arab country by American forces would reinforce Muslim radicals basic tenet that we are intent on waging a war against Islam.

Nevertheless under certain circumstances we may have no option but to take such a step. The political and logistical complications are formidable. Without major bases in Saudi Arabia it is difficult to invade from the south. Kuwait would likely make facilities available but this provides a very narrow base from which to accommodate a major American ground force and launch an invasion. If Saudi Arabia decided to support such an action and accept a large American military build up on its soil, the operation becomes much more favorable for the United States. However in 1990 Saudi Arabia itself was directly threatened by Saddam's forces; today it is not. In fact the regime might become more vulnerable from within if it accommodated a huge American military presence.

As for coordinating a guerilla war using Iraqi opposition forces against Saddam this, too, requires bases in regional countries from which to support such action. Saudi Arabia, Jordan, and Syria have repeatedly made it clear they would not support such operations from their territory. Kuwait might reluctantly agree but the terrain in southern Iraq is open and not well suited to guerilla operations. Turkey and Iran are better suited but Iran will clearly not participate. Turkey might, but will continue to be extremely concerned about the role of the Kurds, given its fear of instability on the border and its own Kurdish problem.

What should we do if the evidence linking Saddam Hussein to September 11th is flimsy and inconclusive? First, we should not abandon the efforts to strengthen the sanctions regime. The present sanctions regime against Iraq is unraveling and up until September 11th regional support for Saddam Hussein was growing. The revised sanctions policy proposed by the administration deserves support. It is focused on four key issues.

- First, the preservation of the UN "escrow" account and other measures directed against the regime's financial assets to prevent Saddam Hussein from obtaining additional revenues from increased commerce between Iraq and the outside world.
- Second, giving Iraqis more freedom to purchase civilian goods thereby shifting responsibility to the regime for continued civilian suffering.
- Third, the continuation of an embargo on all conventional weapons transfers to Iraq.
- Fourth, a refinement of the list of prescribed dual use technologies that can assist Saddam Hussein's efforts to reconstitute his weapons of mass destruction.

These are realistic goals for which there is considerable international support. It can be argued that under the new circumstances with greater Russian cooperation on a number of issues, President Putin may be prepared to go along with the U.S. proposal to tighten the sanctions regime on Saddam Hussein. China and France have offered support for a new sanctions regime. If it were to be implemented it could set the stage for reducing Saddam's access to foreign currency.

In parallel we will have to provide more aid to Jordan and to convince Turkey and Iran that their interests are served by working with a new UN Security council resolution. It will be difficult to ensure that goods and services which would now be free to move to Iraq do indeed reach the Iraqi people and are not pilfered by Saddam and his cohorts. Yet under these circumstances it would be less easy to criticize

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the sanctions as being against the Iraqi people. Saddam would now be demonstrably accountable for the suffering, not the UN.

Concerning enhanced support for Iraqi opposition forces outside Iraq, this issue arouses great controversy, both within the United States government and among our allies. Many military analysts have little expectation that any of the Iraqi opposition forces could at anytime soon provide the basis for a military challenge to Saddam Hussein. However the Iraqi opposition groups could and should be encouraged to remain active in the political arena and the propaganda war against the regime. Incremental support for the opposition can be pursued with additional support contingent upon progress in political de-legitimization efforts and opposition successes in the field. Pressure to broaden the appeal of the opposition among the various Iraqi clans, both Sunni and Shiite, should be made though we do need to find more specific groups we can effectively work with. Provision of lethal assistance could be considered based on future political progress. Under present circumstances, it would take a major political investment by the U.S. to make support for opposition groups more credible in the region.

A parallel effort must be made in the intelligence arena to seek ways to infiltrate and undermine the Saddam Hussein regime from without and from within. Deception and dirty tricks should be refined and implemented. No one doubts the difficulties of these types of operations, but clearly the most likely danger to Saddam himself is an uprising within his own Sunni organizations. Given the intensity of his security, this is a long shot, but one that should not be pursued.

Saddam Hussein is likely to behave egregiously at some point in the future. The U.S. therefore needs to make sure that regional allies understand American red lines and that we understand the limits of their support for future U.S. military action. Red lines remain an important element of our policy. Three red lines are most likely to continue to receive active Arab and Turkish support, as distinct from acquiescence.

- First, Iraqi military threats or attacks on allied forces.
- Second, Iraqi threats or attacks on neighboring states.
- Third, Iraqi acquisition and deployment of weapons of mass destruction or their use, including nuclear, chemical, and biological weapons.

Red lines less likely to solicit active support include Iraqi aggression against the Northern Kurdish enclave and Iraq's military support for Palestinians against Israel. There remains considerable room for ambiguity on these issues. For instance, most regional powers accept the US and UK right to defend aircraft patrolling in the NFZ by attacking Iraq's anti-air capability. However, they are unlikely to support major retaliatory action against other Iraqi military and civilian targets.

The United States must be more assertive and aggressive in its public diplomacy. It should outline its hopes for Iraq and its people and state that they will be well treated and respected once the Saddam Hussein regime has gone. The U.S. has been losing the propaganda war and it should be a priority to retain the high ground on the matter of who is most responsible for the suffering of the Iraqi people. The U.S. should lead international efforts to indict leading regime figures, including limiting their foreign travel and freezing their external bank accounts. Those who wish to profit from supporting present regime should be placed in position of having to defend it in light of its track record.

Our most effective short run strategy towards Iraq should be to keep Baghdad guessing as to what we are going to do. There is circumstantial evidence that since September 11th governments cozying up to Saddam and the dozens of companies seeking lucrative business deals have had second thoughts, not wanting to be seen acting against American interests or caught in the crossfire of military confrontation. If countries such as Turkey reassess their present favorable relations with Iraq, others might follow if they believe the U.S. is serious about eventual regime change. This could reverse the favorable momentum Saddam has been exploiting for the past year and could make it more difficult for Baghdad to reassert its presence in the region. For this reason the U.S. will have to walk a fine line between developing a more robust diplomacy while seeking regional support in preparing for a military response at some time in the future.

Mr. GILMAN. Next we will hear from Charles Duelfer, who is one of the few experts who can attest from personal experience just how difficult it is to obtain information from Iraq on its weapons programs. He visited Iraq many times during his tenure as Deputy Executive Chairman of UNSCOM, the special U.N. commission

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charged with dismantling Iraq's weapons programs. He is now a visiting scholar in the Middle East Program at the Center for Strategic and International Studies. Mr. Duelfer, please proceed.

STATEMENT OF CHARLES DUELFER, VISITING SCHOLAR, MIDDLE EAST PROGRAM, CENTER FOR STRATEGIC AND INTERNATIONAL STUDIES

Mr. DUELFER. Thank you, Mr. Chairman. I would like to have my written testimony submitted for the record.

Mr. GILMAN. Without objection, we will be pleased to make it part of the record. You may summarize.

Mr. DUELFER. I will summarize briefly and informally, and hopefully in questions we can get to some of these points in more detail.

Much of what I have to say would underline, I think, the comments made by Members of your Committee. My comments are, as you mentioned, drawn upon my experience of having spent a lot of time in Iraq with all sorts of Iraqis, both very senior officials, Saddam's highest officials in charge of his weapons of mass destruction program, his experts, and average Iraqis in the street.

Let me make first some comments on the weapons of mass destruction threat, and then secondly I will talk about some of the specific problems of the Iraqi regime. UNSCOM, the U.N. Special Commission on Iraq, and the IAEA accomplished a lot during the many years we spent chasing down these programs in Iraq. We accomplished a lot over the obstructions put in our way of the regime. We accounted for a lot of the weapons of mass destruction, but there were some key remaining issues and some key uncertainties which were left.

Ultimately, Iraq successfully divided the Security Council and we found that the Security Council, all of its members, would not agree to pursue sufficient force to cause Iraq to comply fully. But anyway, in this process we learned a few key things. One is the enormous value Iraq attaches to weapons of mass destruction. I remember spending many long nights with top commanders, trying to get them to explain how they planned on using them, why they were designing them, why they kept them. And it really boiled down to two points which they made:

One, in the war that they conducted with Iran, they believed that the use of chemical weapons saved them. Iran was using these human wave attacks, you may recall, and Iraq responded by using 100,000 chemical munitions. And they believe that they survived and prevailed in that war because of their possession of weapons of mass destruction.

Secondly, and in the second Gulf War, they argue that the possession of weapons of mass destruction deterred the Coalition and the United States from going to Baghdad. From their perspective that is how they see it. It raises a question: Who is deterring whom in the region these days? But in any case, that is the view; they attach high importance to these weapons. It explains why they devoted so many resources, billions and billions of dollars, buildings, people, throughout decades. Some of these weapons have military rationales. This is what we tried to explore from them. Some of them did not.

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Iraq would never explain what the rationale was for some of their biological weapons. UNSCOM was never able to get a full and concrete description of the purposes for some of these. We all have our opinions, but it is not a pretty picture. It is for population modification. Killing their own population was one of the logical explanations. Iraq never said that—UNSCOM never stated that as a fact, but it is one of the logical reasons why they would have made some of these agents.

Remaining in Iraq is the intellectual capital to produce all of these. Remaining in Iraq is production equipment. Remaining in Iraq is at least a strategic reserve of these forces. And from what we are able to gather—there are many Iraqis who have left Iraq—these programs are still underway. Their full extent and their full capacity can only be surmised. But no serious analyst believes that Iraq is not pursuing these programs and does not retain some capability. One can only assume they continue to harbor ambitions of having a full array of these weapons, including nuclear.

A couple of comments about the regime and its behavior. America seems to think that the Gulf War ended in 1991. Baghdad doesn't. They are still at war. And in fact, they make an argument that they have been successful and are probably winning the war. They believe that there has been an economic as well as a hot military war going on throughout the period. So there is definitely a difference in view between Washington and Baghdad on what is going on.

Their fight to erode sanctions has been largely successful. Even if new sanctions are put in place in Iraq, Baghdad will see that as a success; because the type of sanctions and the type of enforcement are certainly less stringent than had existed originally.

Curiously, in a lot of my experience with senior officials and professionals in Iraq, it was astonishing that, in fact, they would like nothing better than to be reconnected with the West, with the rest of the world and, curiously, the United States. The average Iraqi, the professionals, the technocrats, the bureaucrats, are all under the thumb of an onerous government.

But the people are the ones who are suffering, and that is where the real tragedy of this whole circumstance is. Because if you look at what Iraq could be in the region, the potential for economic growth, for a growing society, for the proper utilization of oil revenues, with a different regime, with one that would behave by international norms, one that Washington could have relations with, it could change everything in the Middle East. Palestinians could be going to Iraq for schooling, for jobs. Thus, to me, if you compare what Iraq could be with what Iraq is and what it is growing as a threat, there is a big difference. And the potential gain to me is worth the risk, because it really could change everything in the Middle East.

A couple of other brief comments. One good thing about Saddam Hussein is that it doesn't appear that he is suicidal, and therefore deterrence seems to work. This has been the one success, I suppose, in the last decade, and that is that we have been able to deter Iraq again from invading its neighbors, from using overtly some of the weapons which we know it possesses.

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However, the question is, if Baghdad were able to conduct an attack that we would not be able to link specifically to Baghdad, would it? And the potential that we saw in its biological weapons program and some of the research activities which we saw them conducting, seemed to indicate what they were looking at ways where they could conduct an activity or a strike that would not be able to be connected with Iraq.

I just ask you to envision if you went up to Saddam Hussein and said, "Hey, boss, I have got a way of responding to the economic hardships that have been imposed by on us by the United States; we can cause them some damage and they will never be able to connect that to you," what would he do?

So we have got a problem if all we do is rely on deterrence. And I say this, simply to say that treating this problem incrementally, continuing to kick the problem down the road, may be a recipe for long-term disaster.

I subscribe to those of you that say this is a problem that has got to be dealt with. Managing it, deferring it, is not going to work. So far, the regime has not done us the favor of collapsing on its own. I think it is going to need some help. Thank you very much.

[The prepared statement of Mr. Duelfer follows:]

PREPARED STATEMENT OF CHARLES DUELFER, VISITING SCHOLAR, MIDDLE EAST PROGRAM, CENTER FOR STRATEGIC AND INTERNATIONAL STUDIES

Thank you for the opportunity to appear before this Committee and discuss Iraq. I will focus first on the threat of Iraq's weapons of mass destruction (WMD) programs and secondly on the broader Iraq problem.

The Baghdad regime has had the intention of acquiring weapons of mass destruction since the 1970's when most of their programs began. As is well known, the Baghdad regime successfully developed long range missiles with chemical and biological warheads in the 1980's. They came very close to achieving a nuclear weapons capability just before the war in 1991.

Iraq used over 100,000 chemical munitions during its war with Iran. It used a variety of chemical munitions against its own population as well. Best known was the attack against the Kurdish city of Halabja. Immediate casualty figures numbered in the thousands, with long term effects that have not been calculated. There are no confirmed reports of biological weapons use, but the evolving study of health conditions in Kurdistan point to a growing possibility that biological agents caused some of the extraordinary incidences of cancers, birth defects and major diseases now prevalent. Interestingly, Baghdad has blamed similar health problems on the presence of depleted uranium shells used by coalition forces in the south of Iraq in 1991.

UNSCOM and the IAEA were able to account for much of the Iraqi WMD programs. Despite a systematic policy by Iraq to conceal the full extent of their programs, much was learned—albeit with some key gaps.

A few salient points are worth recalling from UNSCOM's work. First, the level of effort and resources committed to these programs was enormous. Billions of dollars, thousands of people, and hundreds of buildings were dedicated to developing and producing these weapons.

Second, the origins of the programs and their purposes are not fully understood, but they were not simply military in nature. In particular, the biological weapons (BW) program appears to have had its origins in the security services. No military concept was ever presented for their research or production. In fact, Iraq claimed that their Ministry of Defense had nothing to do with the BW development program.

Third, when UNSCOM and IAEA left in December 1998, there certainly remained in Iraq the intellectual know-how to continue all these programs. UNSCOM had significant concerns about remaining production capability and indeed, weapons themselves. During the period of time UNSCOM still worked in New York, but was not in Iraq, it continued to collect evidence or ongoing Iraqi work in all areas of WMD. I doubt anyone believes Iraq has stopped its WMD efforts. Even while UNSCOM was operating with our most creative and intrusive inspection techniques, we re-

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mained deeply concerned that programs continued clandestinely—albeit at a reduced level.

Fourth, Iraq is actively and apparently successfully developing both liquid and solid fuelled ballistic missiles. The United Nations resolution banning Iraqi WMD programs does permit missiles of range under150 kilometers. While UNSCOM was in Iraq, we monitored these programs quite carefully. In particular, a program called the Al Samoud was being energetically pursued. It has been tested frequently. It may or may not exceed the permitted range, but what is clear is that Iraq is developing an indigenous missile capability that did not exist before the war. This sizeable commitment of resources by a regime which pleads that the United States is starving its population via sanctions, puts in bold relief their true intentions and priorities.

A final observation about UNSCOM's investigation of Iraq's BW program is relevant under today's circumstances. The BW program was the least understood program and the one Iraq obfuscated the most. There are multiple reasons for this. One is that the purpose behind the development of certain biological agents and weapons was probably not military. For example, Iraq produced large amounts of an agent called Aflatoxin. Exposure to this causes cancer over a period of years. Such exposure might prevent a lieutenant from becoming a colonel, but it is difficult to envision a military purpose—especially bearing in mind that Iraq had extensive experience with the tactical military use of chemical weapons against Iran in the eighties. Their successful use of chemical weapons was one factor that reinforced their commitment to WMD.

We also know Iraqi scientists conducted some experiments in mixing Aflatoxin with a non-lethal agent—CS, or tear gas—commonly used as a riot control tool. The question is what purpose is served by camouflaging the dispersal of an agent that causes cancer?

Another aspect of Iraq's BW research is also troubling. Experiments were conducted with substances that cause agricultural damage such as wheat cover smut. This indicates they were investigating potential economic weapons. Moreover, such agents could easily be deployed in ways that would make their origin virtually impossible to trace. If a potential enemy can harm you without you knowing who did it, it makes deterrence very difficult. Recent events underscore the importance of being able to identify the culprit in a terror attack. Conversely, opponents may increasingly seek to conceal their complicity through various methods.

If I may expand my remarks beyond Iraq's WMD capabilities, I would like to make a few observations drawing upon several years of experience in dealing with Iraq and senior Iraqi government officials.

The regime in Iraq sees itself at war with the United States. It is a military and economic war that is ongoing. The regime is intent on winning and is willing to pay a heavy price to reemerge as the dominant country in the region. Baghdad, with help from friends on the Security Council, has been successfully eroding the consensus that has contained it during the past decade. They have astutely distributed economic favors in ways that win them support. Baghdad has convinced many that the regime is inevitable and therefore must be accepted. Moreover, those who befriend Baghdad will profit. A blind eye is turned to past aggression and atrocities. The regime, at tremendous cost to its own population, seeks to outlast the United States.

At the same time, the Iraqi professionals, technocrats, and even government officials, while they serve their country, would like nothing better than to be reconnected with the rest of the world—including the United States.

The magnitude of the tragedy of Iraq can best be appreciated when you consider two alternative futures for Iraq over the next few years. Presently, Iraq, under the current regime, is on a path of growing threat to the region and the world. It has not lost its ambition to dominate the region through military intimidation. It has growing WMD capabilities, and a significant conventional military. It also will have the increasing leverage of growing oil production—potentially growing to 4–5 million barrels per day in the next few years. Its practice of domestic oppression is certainly not decreasing. Iraq's best and brightest escape if at all possible. Further, there can be no doubt that the regime will continue its battle with the United States. The regime has supported and harbored terrorists in the past and will continue in the future. The regime can be expected to use whatever means possible to attack the United States if it can, and can get away with it.

An alternative future is an Iraq governed by a regime which follows international norms and with which the United States could have normal relations. Such a regime could not only free Iraq from its current quagmire, but could change much in the Middle East. A growing Iraqi economy with the reconstitution of normal international commerce, educational systems and societal revival could go a long way to-

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ward addressing some of the endemic problems in the region. It certainly would release energies and talents of the Iraqi people who currently either escape or suffocate under the current regime.

The difference between these two futures is huge, and growing. The threat Iraq poses will continue to grow if the present regime continues to renew itself. The policy of containment has succeeded in deferring the Iraqi problem not solving it. The potential that Baghdad could act overtly or covertly against the United States remains high. Moreover, there has been a tremendous cost to the Iraqi people. They have had to suffer under Baghdad's repression for another decade while Iraq was contained.

Obviously, the world will watch closely to see how the United States addresses the Iraq problem. Many regional states have become convinced that they must seek their own accommodation with the regime as it poses both a growing threat and reward in terms of oil exports. No firm policy has emerged from Washington in recent years that would lead to other conclusions. Regional states will also watch how the present campaign against terror plays out. If it does not include an Iraq component, the conclusion will be drawn that either the United States accepts, if not desires, the present circumstances in Iraq—or is powerless to change them.

There is an opportunity now to refocus how the world is dealing with Iraq. The threat posed by this regime needs to be highlighted. Certainly the world is right to worry about the suffering of the Iraqi people. But, the actions over the past few years have had the effect of conveying legitimacy on this regime—a regime that has invaded two neighbors and used chemical weapons on its own population. Trusting that this regime, which has used chemical weapons against its own population, won't use them elsewhere is foolish. So far, the American military presence has deterred such attacks. But over the long term, only a when there is new leadership in Baghdad will there be real improvement to regional security and the Iraqi people.

Mr. GILMAN. We'll next hear from Gary Milhollin, who is the Director of the Wisconsin Project in Nuclear Arms Control, perhaps the most authoritative center for the study of proliferation issues in our Nation. Mr. Milhollin has produced volumes of work on Iraq's efforts to obtain weapons-related technology.

Mr. Milhollin you may put your full statement in the record and summarize however you may desire.

STATEMENT OF GARY MILHOLLIN, DIRECTOR, WISCONSIN PROJECT ON NUCLEAR ARMS CONTROL

Mr. MILHOLLIN. Thank you, Mr. Chairman. I also have three items that I would like to add to the record.

Mr. GILMAN. Without objection.

Mr. MILHOLLIN. They are findings from a roundtable that we conducted recently, an article from *Commentary Magazine*, and a table in the *New York Times*.

Mr. GILMAN. Would you identify the conference and the article dates? Could you identify those dates?

Mr. MILHOLLIN. Just a moment. The roundtable has just been put on our Web site in the last few days.

Mr. GILMAN. Where was that conducted and the date?

Mr. MILHOLLIN. The date of the roundtable was May 24th, 2001. It was conducted here in Washington. And the article in *Commentary Magazine* was published in the July-August edition 2001. And the table in the *New York Times* dates from 1998. We prepared the table just after the inspectors left.

Mr. GILMAN. Without objection, they will be received in the record.

[The information referred to follows:]

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IRAQ WATCH ROUNDABLES

Panelists:
W. Seth Carus
Pierce S. Corden
David Kay
Gabriele Kraatz-Wadsack
John Larrabee

Moderators:
Gary Milhollin and Kelly Motz
Editors of IraqWatch.org

- *What policies would be most effective now in dealing with Iraq?*
- *What practical steps would improve the present situation?*

These were the subjects of a roundtable discussion that the Wisconsin Project on Nuclear Arms Control hosted in Washington, D.C. on May 24, 2001. The roundtable's five panelists were chosen on the basis of their experience in Iraq and the Middle East. They were W. Seth Carus, one of the world's leading authorities on Iraq and on the spread of weapons of mass destruction, Pierce S. Corden, who served as Deputy Executive Chairman of the UN Special Commission on Iraq, David Kay, who led nuclear inspection teams in Iraq, Gabriele Kraatz-Wadsack, who led biological weapon inspection teams in Iraq and who is presently chief of the biological weapon section at the U.N.'s Monitoring, Verification and Inspection Commission, and John Larrabee, who led missile inspections in Iraq and is a specialist on ballistic missile technology.

The panel found, in sum, that there is little incentive for Iraq to disarm or cooperate with U.N. inspectors; that smuggling has created a multilayered infrastructure that has corrupted Iraq's neighbors from top to bottom; that "smart sanctions" may not be an improved policy; and that given the forces and policies now operating in the Gulf, the mass destruction weapon threat from Iraq will continue.

These findings are a composite of the panelists' personal views; no particular finding should be attributed to any single panelist, nor should the findings be thought to represent the views of any organization with which a panelist is affiliated. The full text of the panel's findings follow.

Finding 1—Iraq is still committed to developing weapons of mass destruction. In biological weaponry, Iraq is now self-sufficient; it has what is necessary to build a biological arsenal. Iraq also appears to possess stocks of chemical agent and is known to have had virtually every element of a workable nuclear weapon except the fissile material needed to fuel it. Iraq's authorized program for developing short-range ballistic missiles could enable the building of longer-range missiles, and Iraq is also showing an interest in cruise missiles and unmanned aerial vehicles.

Since the cease fire agreement that terminated the Gulf War in 1991, Iraq has waged an unceasing political struggle with the United States, the object of which has been to undo the strategic results that the Gulf War produced. Iraq's goals are to undermine the position of the United States in the Middle East, to reestablish Iraq as the leading Arab state, and eventually to dominate the region.

Iraq's programs to acquire nuclear, biological and chemical weapons, together with long-range missiles, are seen as essential to the achievement of these goals. The drive to possess these arms will not abate as long as the current regime remains in power. In fact, the regime has paid a huge price to protect these programs. Equally important, it has paid this price in order not to be seen as surrendering to the United States.

The panelists agree that Iraq's biological capability now presents the greatest threat. Iraq has the infrastructure, the knowledge base, and the ability to produce what it needs indigenously. This includes growth media for microorganisms, equipment to produce microorganisms in vials, and biological warfare agents. Iraq already possesses the necessary biological strains, some of which are endemic, so there is no need to rely on imports. In addition, biological weapons are relatively cheap to make so there is no financial constraint. Iraq has never demonstrated that its biological weapon program has been terminated or destroyed.

Some panelists are particularly concerned about the covert use of an agent not known to have been in Iraq's arsenal. Such an agent could be produced with a minimum of effort, and a properly released or timed introduction could bring an opponent to its knees. The agent need not be lethal. In fact, the introduction of an economic-focused agent (such as foot and mouth disease) could be highly effective and difficult to trace.

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Nuclear weapons also remain a danger in Iraq. Baghdad presently possesses a workable nuclear weapon design and had virtually every necessary component to build it except the fissile material needed for fuel. In addition, Iraq has sought to keep its nuclear weapon teams intact. With sanctions against Iraq declining, foreign travel to Iraq increasing, and interactions becoming more common with Russians trying to recover billions of dollars in pre-Gulf War debts, the odds are increasing that Iraq may get what it needs. If Iraq manages to import the necessary fissile material, one panelist believes that Iraq could fashion a bomb in a matter of months. This panelist also believes that Iraq still has a pilot centrifuge cascade of some size that the U.N. inspectors missed. The panelist warns that the operation of such a cascade would be hard to detect, and could be used in an effort to process low-enriched uranium up to weapon grade.

Iraq's chemical weapon capability also remain a danger, despite the fact that U.N. inspectors managed to destroy large amounts of it. Iraq appears to retain small stocks of chemical weapon agents, including the highly destructive nerve agent VX. It may be some time, however, before Iraq can produce strategically significant quantities of chemical munitions. To be effective, a chemical agent must be delivered over a considerable area in high concentrations. One panelist pointed out that in addition to the risk that Iraq may restart its known chemical weapon programs, Iraq could pursue some of the new avenues the Soviets opened up. These avenues included novel chemical agents, such as the Novichok family, which are designed to avoid the routine monitoring provisions of the Chemical Weapons Convention, while being easy and cheap to produce in civilian plants. A step in this direction by Iraq might be difficult to detect.

Iraq is presently barred by U.N. resolutions from possessing or developing ballistic missiles with a range of more than 150 kilometers. Most panelists agreed that Iraq will not be able to perfect missiles beyond that range without flight tests, which would probably be discovered. They note that the technologies Iraq has chosen for its 150 kilometer missiles, however, are clearly intended to support follow-on systems with longer ranges. Thus, Iraq's 150 kilometer Al Samoud missile, which is now under development, is little more than a reduced-range SCUD missile, which has a range of 300 kilometers. Iraq has already shown the ability to modify SCUDs to fly more than double their original range and Iraq may still retain a few SCUD-type missiles at secret locations. Some panelists were of the view that the 150 kilometer limit is not self-defining. Without overtly violating the 150-kilometer restriction, Iraq could flight test some of the systems and technologies necessary for a longer-range missile. Iraq could use techniques such as increasing the warhead weight beyond that designed for the eventual operational missile. The heavier payload would limit the range in flight tests, but would still allow the testing or validating of longer-range operational systems.

Some of the panelists believe that Iraq is more likely to deliver chemical or biological agents with a UAV (unmanned aerial vehicle) or cruise missile. These agents are more difficult to deliver successfully with ballistic missiles. A UAV or cruise missile provides better control. It is known that Iraq had a program for using a MiG-21 as a UAV for delivering biological agents and that Iraq actually carried out delivery tests with simulated agents. Iraq also modified a fuel tank to disperse biological agent from a Mirage F1 used as a UAV.

Iraq's conventional military forces are limited, but significant. Iraqi ground forces are weaker than they were in 1991. Some panelists believe that Iraq nevertheless retains the power to overrun Kuwait unless the United States should have enough warning time to increase U.S. forces in the region. Iraq's air defense system is also weak, but improving. U.S. military commanders have expressed the view that it is only a matter of time before Iraq manages to shoot down a U.S. aircraft operating in one of the no-fly zones.

The panel believes that the pace of Iraq's present activities may depend on whether Iraq plans to re-admit U.N. inspectors under some future compromise. If Iraq readmits inspectors, it would be required to account for the use of the sensitive equipment that the inspectors were formerly monitoring. This requirement could limit what Iraq is doing with the equipment now. If, however, Iraq has decided that it will never again admit inspectors, then Iraq could already be using the sensitive equipment without restraint, which would increase significantly its ability to develop weapons of mass destruction. From Iraq's recent announcements, it appears that the latter course is the most likely.

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Finding 2—Iraq has little or no incentive to disarm or to cooperate with U.N. inspectors. Several panelists noted that the United States no longer appears to consider the disarming of Iraq to be an achievable foreign policy goal, or to believe that the resumption of U.N. inspections is a high priority.

Most panelists agree that Iraq has little or no incentive to re-admit U.N. inspectors. Iraq has achieved much of what it sought to gain—including an easing and possibly a near lifting of sanctions—with no cooperation on its part. By promising and actually providing financial advantages to key countries, Iraq has assembled a number of supporters in both the United Nations and the Gulf region. There is no reason for Iraq to see its present intransigence as bringing anything but gain. The greatest remaining restraint on Iraq is U.N. control of Iraq's oil income. Iraq is working hard, however, to increase the amount of oil that is smuggled across its borders without U.N. control.

Some panelists noted that the Bush administration appears to have decided that inspections are not a high priority. The administration has no desire to return to the situation in which the Clinton administration found itself, where U.N. inspectors asked for access to an Iraqi facility, were wrongfully refused, and then turned to the United States for enforcement help. That process gave Saddam Hussein the power to create an international incident at will, and ultimately demonstrated the impotence of the international community—and the United States—when it came to the use of force. They noted that Vice President Cheney has expressed the view that Saddam Hussein can be counted on to frustrate any inspection likely to produce results, and therefore that inspections should not be a high priority.

Nevertheless, some panelists pointed out that it is in Iraq's interest to work out a better relationship with the U.N. Security Council. As long as Iraq is in noncompliance with U.N. resolutions, Iraq's diplomatic standing will be impaired. Even more important, Iraq will continue to be barred from military and civilian dual-use imports. These factors, however, have not been enough to produce Iraqi cooperation so far, and are not likely to produce it in the future.

Finding 3—If Iraq were to re-admit U.N. inspectors, a new baseline for inspections could still be created, notwithstanding the gap in inspection coverage during the past two and one half years. Iraq, however, would have to provide accurate declarations of its weapon activity and immediate, unrestricted access to all persons, documents and sites. In addition, the U.N. Security Council would have to refrain from exerting pressure on the inspectors to wrap things up quickly.

If Iraq re-admits U.N. inspectors (by accepting, for example, U.N. Resolution 1284) Iraq would be required to declare every change made to its monitored facilities since December 1998, when inspections ended. It would also be required to declare what it did with every piece of monitored equipment and all monitored materials. New sites would also have to be declared, as would imports of dual-use equipment. UNMOVIC would analyze these initial declarations, together with other information, and use them as a starting point for a new inspection baseline.

In the opinion of some panelists, a missile or nuclear baseline would probably require only a few months, whereas baselines in the chemical and biological areas would take considerably longer. The gaps in knowledge of these latter areas could be resolved only over a period of time. The time needed would depend on the accuracy of Iraq's declarations and on the degree of access provided to the inspectors. Immediate, unconditional and unrestricted access to physical locations, personnel and documents would be essential to both disarmament and monitoring.

Some panelists fear that if inspectors were re-admitted, there would be tremendous political pressure from the U.N. Security Council to do baselining quickly and to get the inspections over with. Because the inspectors' only authority is derived from the Security Council, the Council's ability and willingness to insist on effective inspections is vital to success.

It is also a fact that even the most intrusive inspection system—such as the one that UNSCOM operated in Iraq—will still produce a residue of uncertainty. It is simply not possible to monitor every square inch in the territory of a state—and some weapons activities do not require much space. It is a political task to decide how serious the residue is. International inspections can be an important confidence building measure, but no illusions should be harbored.

Finding 4—Oil-for-food monitors are no replacement for arms inspectors.

It has been suggested that the monitors responsible for the oil-for-food program in Iraq could verify that sensitive items purchased by Iraq are not misused. However, these monitors have neither the ability nor the mission to carry out such a task.

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First, they lack the expertise. They have no training in the use of sensitive equipment or in the ways by which such equipment might be diverted to a weapon program. The typical oil-for-food inspector would not be able to distinguish a milling machine from a vacuum furnace, and would have no hope of distinguishing a corrosion-resistant pump from an ordinary one. Even trained UNSCOM inspectors have had difficulty combating Iraq's practice of switching identification plates on machines, and of carrying out secret weapon work at supposedly civilian sites.

Second, oil-for-food monitors do not have the mission or the authority to prevent diversions. Their mission is limited to verifying that contracts are fulfilled and that an item goes to the site that purchased it. What happens to an item after that is not their concern. The task of weapon inspectors is quite different; weapon inspectors must track sensitive items wherever they go and however they are used. Only continuous monitoring can prevent weapon development at a civilian site. Thus, the presence of oil-for-food monitors cannot justify the export of sensitive items under "smart sanctions."

Finding 5—The smuggling of oil out of Iraq and of goods into Iraq has created a multilayered infrastructure that has corrupted Iraq's neighbors from top to bottom. The prospects of stopping this smuggling are not good.

The international trade embargo did reduce Iraq's access to resources when it was first imposed. Since then, however, Iraq's methods for smuggling oil have grown more sophisticated and the financing harder to trace or block. Within Iraq, Saddam Hussein has used smuggling revenues to enrich his family and friends and to bind groups to his regime. He has also used these revenues to build support in neighboring countries. In addition, important elements of the Kurdish economy have become entrapped and dependent upon oil smuggling.

The smuggling of goods into Iraq has also grown, and become more sophisticated. It now consists of a multilayered infrastructure that reaches back through the highest levels in Jordan, Syria, Turkey and even Iran. Overall, Saddam's oil revenue has now reached the levels he enjoyed before the Gulf war. This increased stream of petrodollars has created a political momentum in Iraq's favor that will be difficult to stop.

To reverse the momentum, the front line states would have to be given great incentives. However, there are obstacles in the way. The first is the nature of the governments with which one would have to deal. There is real doubt whether some of the front line states possess the internal coherence to counteract the secret flow of money to elites—a weakness that Iraq is now exploiting. There is also the fact that the West would have to deal with people in the Middle East that it doesn't normally turn money over to. And finally, there is the brute question of the amounts required. It is by no means evident that the United States and its allies would be willing to pay enough to offset the secret profits from billions in illicit oil sales.

Among the incentives that might be possibly offered—other than money—are intelligence sharing, increased sales of weapons or dual-use goods, or even threats of sanctions for non-cooperation. These incentives, of course, present many problems of their own. Iraq would no doubt retaliate against the first state that decided to cooperate with the West, and would immediately shift its business elsewhere. Thus, all states would have to cooperate. One benefit of cooperation would undoubtedly be increased inspections at the borders of the front-line states. These inspections might catch some goods coming in, but, in the panel's opinion, they would be no effective substitute for U.N. inspectors on the ground inside Iraq itself. Borders leak, and the more money that is at stake, the more they leak. A dedicated country with the desire and resources of Iraq will either divert revenue or obtain it outside the streams presently controlled. It will also seek new illicit revenue streams as old ones are closed off.

Finding 6—The "smart sanctions" proposed by the administration may not be an improved policy, and could increase the danger posed by Iraq.

The administration has proposed a new set of "smart sanctions" for Iraq, but the panel as a whole is not convinced that they are a step forward. Allowing Iraq to import a broader range of civilian goods, which is what the new sanctions would do, is not likely to help the Iraqi people. Saddam Hussein has deliberately chosen to maintain the suffering of the Iraqi population by refusing to buy civilian goods with existing oil-for-food revenue. He has used the suffering, in turn, to build pressure for ending the U.N. sanctions and its control over his oil revenue. In fact, none of the major players on Iraq's side in the present debate—Russia, China or France—appear to be motivated by concern about the Iraqi population and neither does Saddam Hussein. Ordinary Iraqis are ill-starred pawns in the struggle for control of Iraq's bank accounts.

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The U.S. proposal would retain U.N. control over Iraq's oil income and would forbid the purchase of arms and sensitive dual-use items; however, it would abolish controls on just about everything else. It would not require Iraq to re-admit U.N. inspectors or to take any steps toward disarmament.

Without inspectors, there is no internal restraint on Iraqi efforts to rebuild the infrastructure necessary for rearmament, including efforts to develop weapons of mass destruction. In particular, there would be no on-the-ground control to prevent diversion of Iraq's increased civilian imports to military ends. One panelist pointed out that when the United States and its allies compromised in December 1999, and agreed to U.N. Resolution 1284, they were trying to allay the humanitarian argument against sanctions by allowing Iraq to sell unlimited amounts of oil. The U.N. received, however, nothing in return. Now, with smart sanctions, the process would be repeated. Controls on Iraq would be weakened once again without any Iraqi movement toward disarmament or inspections. There is no reason to believe that Iraq will cooperate with the new sanctions any more than with the previous ones. Thus, the new sanctions may be a slippery slope, with further reductions of sanctions to follow. The illusion of controls would be preserved while sanctions continue to erode.

Finding 7—The prospects are dim for a satisfactory outcome in Iraq. Options are few, and there are no good ones. The United States has never had a long-term strategy for dealing with Iraq; this would be a good time to devise one.

Most panelists agree that Iraq has won the public relations battle over sanctions. The general public no longer realizes that if Saddam Hussein truly decided to disarm, he could clear Iraq's name in a matter of months, end the embargo, and remove any restraint on the flow of goods to the Iraqi population. He has been rejecting this opportunity, however, since 1991. Saddam Hussein obviously believes that preserving his mass destruction weapon programs is more important than the billions of dollars in oil income that his country has foregone and will continue to forego.

In the face of Iraq's intransigence, the West has tried to compel its compliance, both by economic means through sanctions, and by political and military means through a multilateral coalition. Neither of these efforts is succeeding. The principal remaining option—full-scale military intervention—carries a price no one is willing to pay. Thus, an uneasy status quo remains.

Yet the status quo is unacceptable. The Gulf states and others are already currying favor with Iraq because they perceive that it will not be compelled to give up its weapon potential. They also perceive that Iraq has a growing chance of evading U.N. control of its bank accounts. Thus, there is an increasing willingness to violate sanctions. The result is that sanctions are eroding even while Iraq is working to enhance its mass destruction weapon capabilities.

This outcome will undoubtedly spur weapons proliferation in the region. If Iraq is successful in pursuing secret weapon programs, others will see that they can do the same. Iran, in particular, will be under pressure to match Iraq in mass destruction weaponry, and Saudi Arabia will be watching. The United States and its allies have been able to threaten countries with an array of sanctions for proliferation, but if sanctions prove unsuccessful in Iraq, they will necessarily lose credibility. The price of not making things better in Iraq may be to make things worse in the region.

The alternatives seem to be to keep sanctions as strong as possible or to replace them with something better. However, giving up on sanctions would hand a tremendous victory to Iraq; there would be no way to "spin" it otherwise. Thus, while there may be a temptation to declare victory on sanctions and retire from the field—by arguing that sanctions have at least slowed down Saddam for a decade—it is not possible to abandon sanctions unless something more effective can be substituted.

The opposition to sanctions is fundamentally driven by money. The reason why Russia, France and China oppose sanctions is that they want access to Iraq—to "get the money out," in the words of one panelist. France, in particular, has always seen Iraq as a major source of income. What is needed is an arrangement in which these countries can get dollars out of Iraq while preserving international security. That arrangement cannot mean a resumption of Iraqi mass destruction weapon programs.

One of the reasons the United States may not have been more successful in the Gulf is that U.S. diplomats have pointed their energy further west—to the Israeli peace process. Because the United States sees the peace process as its most important interest in the region, it has been willing to overlook things, for example, taking place in Jordan. To make progress in the Gulf, the United States needs to spread its efforts across both parts of the Middle East more equally.

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U.S. Iraq policy continues to be largely tactical, without an evident long-term strategy for dealing with the threat that Saddam Hussein presents. "Smart sanctions" are primarily a tactic—designed to counter the criticism that too many sales are now being held up by U.S. and U.K. objections. Even if these new sanctions are adopted, however, Iraq would be no nearer to disarmament than it was before.

The longer-term strategic question seems to be whether some common ground can be found among the former members of the Gulf Coalition and the permanent members of the U.N. Security Council. Most panelists believe that little such ground exists. Nevertheless, it might be feasible to fashion a consensus around the principle that Iraqi military moves against its neighbors will not be tolerated; that Iraq's military capabilities must be strictly limited; and that information should be shared on what Iraq is up to. The United States may be compelled to seek such a consensus eventually. The panel concludes that "solving" the problem of Iraq does not now seem feasible. The removal of Saddam Hussein does not have the support of U.S. allies, nor is such a step within the power and resources that the United States is willing to commit. Nor is Iraq likely to disarm or re-admit arms inspectors with real authority. This situation, coupled with the rise in Iraq's oil income, will produce a steady increase in Iraqi arms, with weapons of mass destruction likely to be part of the mix. This is a hard conclusion to accept, but given present policies toward the Gulf, the risk that Saddam Hussein will plunge the world into another crisis remains.

SHOPPING WITH SADDAM HUSSEIN

By GARY MILHOLLIN & KELLY MOTZ [1]
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Whether or not the world is ready, Saddam Hussein is back. With oil income now reaching the levels he enjoyed before the Gulf war, Iraq's president is beginning to buy his way out of the "box" in which former Secretary of State Madeleine K. Albright famously declared we had confined him.

What Saddam chooses to spend his money on is of cardinal importance. During the decade before the 1991 Gulf war, when he could buy what he wanted, his weapons scientists imported factories to make poison gas, strains of microbes for germ-warfare agents, missiles that during the Gulf war would kill U.S. troops in Saudi Arabia, and equipment that, had the war not intervened, would long since have produced an atomic bomb.

But the Gulf war did intervene, and as a consequence, after its troops were routed in Operation Desert Storm, Iraq pledged to disarm. To verify that it had done so, a UN inspection regime was put into place, coupled with a ban on international trade with Baghdad that had been imposed in 1990. The inspectors were in for a big surprise. They uncovered a complex of secret sites in which virtually every kind of weaponry of mass destruction was being fabricated. Iraq had purchased giant magnets and centrifuges for enriching uranium, had imported German components to enhance the range of Scud missiles purchased from the Soviet Union, had bought plants for producing chemical and biological agents, and had actually loaded those agents into warheads. (The record of these purchases can be found in our online publication, IraqWatch.org.)

It was these discoveries, and the resulting friction with Saddam's regime, that led in 1998 to the UN inspectors being forced out. The sanctions on international trade, however, remained in place, though increasingly they had come to resemble what President Bush last January characterized as so much "Swiss cheese." Now a joint British-American proposal has been put forward that would replace the current broad-based sanctions with prohibitions only on the sale of arms and some civilian "dual-use" items. The new arrangement would also continue the current "oil-for-food" system, under which Iraq can sell as much oil as it wants but is supposed to deposit the revenue in a UN-supervised escrow account and use it only to buy civilian goods that the UN has specifically approved.

The new proposal—whether adopted by the UN or not—has little hope of stopping the Iraqis from sneaking in what they need to rebuild their weapons sites and sneaking out the oil to pay for it. For the truth is that even when the UN inspection regime was in place, the Iraqis had already figured out how to do just that.

Here is how the system works. Suppose an Iraqi site needs a new computer-controlled machine tool, one especially capable of making the high-precision parts needed for long-range missiles or nuclear weapons. Since such a purchase would be ve-

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[1] GARY MILHOLLIN *is the director of the Wisconsin Project on Nuclear Arms Control, where* KELLY MOTZ *serves as a research associate. This is their first appearance in* Commentary.

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toed at the United Nations, the order goes instead to a middleman in Jordan. The middleman contacts the manufacturer, who cannot export to Iraq without the approval of the UN but is perfectly free to export to Jordan, unhampered by any embargo. The machine goes to the free-trade port of Aqaba, where the middleman—listed falsely as the final user—loads it on a truck and illegally sends it to Iraq.

The international community's export-control system operates on the assumption that, in such cases, at least some steps will be taken to stop goods at the border, or, failing that, to punish malefactors later. But neither is happening. The only trucks that stop at the border between Jordan and Iraq are the ones carrying goods bought under oil-for-food contracts that have been authorized by the UN. These come to rest inside Iraq itself so that UN monitors can check the paperwork, thus enabling the seller to get his money. Other trucks, carrying contraband cargo, simply cross the border unchecked.

And how does the contraband cargo get paid for? According to the latest estimates, Jordan imports, at discount prices, about $300 million worth of Iraqi oil per year *outside* the UN oil-for-food program. (Jordan argues that it has no other source of affordable oil, so the UN and the United States have chosen to ignore this continuing breach in the embargo.) To get reimbursed for his hot cargo, the smuggler or his agent presents an invoice to the commercial attaché at Iraq's embassy in Jordan, who pays him out of the proceeds of the sale of Iraq's oil shipments. In effect, cut-rate oil is being bartered for whatever Iraq wants to buy.

There is, of course, a reason why Jordan does not police its borders or track what goes through its free-trade zones. If machine tools stopped coming out of Jordan, discounted oil would stop coming in. Jordanian middlemen, officials, and others who live off the discount would be hit hard. Besides, in addition to the $300 million in unregulated oil, Iraq directs oil-for-food contracts through Jordan. The money gives Baghdad enormous leverage.

A similar situation is developing in Syria. Last November, oil began to flow through a newly repaired Iraq/Syria pipeline, all of it outside UN control, at a value estimated at $1 billion a year. Although Secretary of State Colin Powell recently announced a Syrian pledge to bring this revenue under UN jurisdiction, Syria has taken no discernible action. As billions of dollars in unregulated cash pile up in Damascus, smuggling can be expected to explode. And Lebanon, which this past April was offered a deal similar to Jordan's, appears to be next.

Since Saddam could sell his oil at a much higher price by operating through the UN, he is obviously expecting something in return from the slush funds he has been creating around his borders. What is he getting, and from whom?

Before being forced out in 1998, the UN inspectors compiled a series of confidential reports detailing what they knew about Iraq's foreign suppliers. We have been able to see these reports, which have never been published. What they recount is an ongoing effort to build weapons of mass destruction. Throughout the 90's, in violation of the UN embargo and in the teeth of the inspection regime, the Iraqis were continuing to "import goods . . . from at least . . . twenty different countries." On Iraq's shopping list were "turnkey facilities, full-sized production lines, industrial know-how, high-tech spare parts, and raw materials." The success of this import program depended on "a disturbing proclivity on the part of several countries and companies to supply Iraq with missile technology and assistance, despite the sanctions maintained by the United Nations."

The core of Iraq's present supply network dates from the early 1990's. As the result of a decision to concentrate its shopping expeditions in Eastern Europe, Iraqi delegations fanned out to Belarus, Ukraine, Romania, and Russia, waving petrodollars in front of these countries' once proud but now starving missile and military plants. They returned with suitcases full of illicit contracts for virtually every kind of equipment a missile-maker might need.

The experience in Belarus was typical. In July 1995, a high-level Iraqi delegation arrived in Minsk. It came from the Badr State Establishment, which had achieved renown before and during the Gulf war. Badr's machine tools had turned out components for the high-speed centrifuges that Iraq was counting on to process uranium for its first atomic bomb. Badr also made parts for the Al Hussein missile, one of which killed U.S. troops in Saudi Arabia during the Gulf war and several of which landed in Tel Aviv. Today, the plant still retains a line of powerful machine tools.

The main attraction in Minsk was a company called Belstroyimpex. There the Iraqis looked at high-end machine tools, a production line for making diamond-cutting tools, and another production line for powder metallurgy. Iraqi records show that a contract for these machines, or for an even longer list of equipment, was then being carried out. The final shopping list included the diamond-cutting tools, which can be used to make precision parts for nuclear weapons and long-range missiles, and a highly sensitive plasma spray machine that can be used to protect nuclear-

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weapon components from corrosion. The list also included design work for integrated circuits destined for a military electronics plant that, before the Gulf war, had produced military radars, missile components, and equipment for making nuclear-weapon fuel. The deal was obviously not submitted to the United Nations as required; if it had been, it would never have been approved.

Like so much other contraband entering Iraq, the machines traveled first to the free-trade zone in Aqaba. There they lay until word was given to transfer them to the buyer. An outfit in Amman called the Firas Trading Company served as broker. The confidence Iraq placed in its Jordanian arrangement was a marvel to the UN inspectors. As one of them (a non-native speaker of English) put it colorfully, "Iraq does not consider goods laying in a Jordanian free zone being threatened to loose control."

Indeed not. During visits to the Badr site in 1996 and 1997, UN inspectors discovered both the powder-metallurgy line and the plasma spray machine (the latter manufactured by the Belarus firm Visoky Vacuum). Obviously the contracts had been fulfilled.[2] As far as anyone can tell, moreover, the Belarus connection is still active: when inspectors visited the Saddam State Establishment—known also as the Saddam Artillery Plant—in 1998, they observed the Iraqis installing fourteen new machines for manufacturing 75-millimeter lenses. The crates were marked "Republic of Belarus, Vitebsk Machine Building Plant" and "Free Trade Zone, Zarka, Jordan." In light of the fact that the plant was making optical sights for artillery, one inspector remarked: "You can bet the lenses were not for eyeglasses."

In Ukraine, the Iraqi focus was more specific: missile components. In September 1993, a Ukrainian trader with a Ph.D. in electronics named Yuri Orshansky arrived in Baghdad. He was accompanied by Dr. Yuri Ayzenberg from a Ukrainian firm, Khartron, well known for its ability to design missile-guidance systems. Within two months, an Iraqi delegation would travel to Ukraine to follow up.

The Iraqi delegation was led by Brigadier General Naim Bakr Ali, head of Iraq's Scud missile-guidance program. With him were two officials from Iraq's Missile Research and Development Center, and rounding out the team were Brigadier General Sáfa from Ibn Al-Haytham, Iraq's largest missile-manufacturing site, and Major Raad from Al-Karama State Establishment, another such site. Their mission was clear: to negotiate agreements for as much help as they could get. As General Naim would himself tell the UN inspectors, his instructions were simple: "If you find something good, sign; if you do not find something good, then don't sign."

He signed. In Ukraine, Orshansky, Ayzenberg, and Naim executed a "protocol"—amounting to an outline of future cooperation—that promised Iraq the keys to a trove of missile technology. Ukraine would sell guidance components for surface-to-surface missiles, help Iraq develop batteries of the latest anti-aircraft missiles, provide equipment for missile research, and even establish a college to train missile experts. To get things started, Iraq asked for price quotes on a test stand for rocket motors, a series of gyroscopes and accelerometers for missile-guidance systems, and high-precision machine tools for making missile parts.

Under questioning, General Naim later claimed that the deal was supposed to take effect only after the embargo was lifted, and hence did not violate UN resolutions. As the inspectors pointed out to him, however, the agreement expressly stipulated that it would come into effect "from the moment it [was] adopted by the governments of Ukraine and Iraq"—that is to say, almost immediately. (Both Naim's superior and the Ukrainian cabinet approved the deal in 1994.) General Naim also claimed that Iraq intended to work only on missiles that could fly under 150 kilometers, permitted under certain UN resolutions. But an appendix to the agreement described a system for "separating the warhead from the bus"; only long-range missiles, which Iraq is not permitted to possess, have warheads that are separated during flight from the rocket engine (or bus) that carries them aloft. In short, Saddam Hussein was aiming to project his power as far as possible.

In November 1994, General Naim led another Iraqi delegation to Ukraine. Aided by many of the same experts, he signed a second protocol as ambitious as the first. Khartron was now to provide four different types of missile guidance, two of them for separable warheads. According to the protocol, Iraq had already given Khartron the data needed to build the first type, and a schedule was included for receiving

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[2] Another piece of evidence that the Jordanian smuggling route was working well turned up in 1998, when the inspectors found a new computer-controlled milling machine at a site that had done missile work before the Gulf war. The machine, built by the Ping Jeng company in Taiwan, had been sent through Aqaba by a Jordanian middleman listed as "Mohanad K. Mohammed." Documents showed that the machine was built in March 1998, only shortly before turning up in Iraq.

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the data for the other three. Khartron also helped the Iraqis work on missile-guidance problems during the visit itself.

Iraq has always sought independence in missile production, and so the second protocol, like the first, took into account the ability to manufacture. To help the Iraqis do the necessary research toward that end, Ukraine agreed to supply laboratories, a wind tunnel, computer software, technical assistance, and training. For developing guidance systems themselves, Iraq would get raw materials, a production line for key parts, testing equipment, and a "clean room" to allow assembly of delicate parts in an atmosphere free of dust or dirt. Iraq would also get a production line to build rocket engines, plus equipment to test the engines and their sub-assemblies.

All in all, Yuri Orshansky would travel to Iraq at least six times between 1993 and 1995, and Iraq would send at least four delegations to Ukraine. But under questioning by the UN inspectors, General Naim claimed that Iraq had never actually received a single import. "No deals were ever finalized, no money was ever transferred, and not one penny was made" by the company he had set up to handle the missile deals. The inspectors, who concluded that Naim "was rarely honest," did not believe his story. Nevertheless, they were unable to find any of the equipment listed in the protocols. None of it turned up at the missile sites they were monitoring, nor could they develop any evidence showing that it might be elsewhere. In interviews with us, the inspectors have offered two possible explanations for this outcome. Either Iraq bought the equipment and hid it for future use, presumably when the inspection regime would be lifted, or Iraq may have been *only* shopping—comparing prices in Ukraine to those in Russia and Romania, where it was looking at the same kind of equipment. The latter possibility seems unlikely after so many trips, so much consultation, and so many contracts for specific items. More likely by far is that Iraq received some of the Ukrainian equipment it tried so hard to buy, and that the equipment is in use today.

As it turned out, moreover, Orshansky was offering more than just missiles. At an Iraqi site called Al Kawthar, the inspectors found a 300-page file detailing an illegal February 1995 deal for Russian aircraft. The agreement, with Orshansky's firm Montelect, included Mi-17 helicopters and Su-25 fighter planes—military hardware that the embargo unquestionably banned—as well as engines and guidance systems for remotely-controlled drones. The drones were every bit as disquieting an item as the tanks and planes; they could be used to deliver poison gas or germ-warfare agents.

This Iraqi file did not reveal whether the helicopters and fighters were to be sent directly from Russian factories or were to be assembled in Iraq. A firm called the Russian Aviation Trading House was supposed to do the buying in Russia, and a Lebanese company, Amsar Trading, was to handle the shipping of arms into Iraq and of oil out. Livinvest, a Russian company, would obtain the needed "approvals" from the Russian government.

Whether this deal went through is likewise uncertain. The Iraqis claimed it did not, and that they never paid Orshansky anything. Whether or not that is true, he clearly remains in favor in Baghdad, and Ukrainian companies are still willing to trade. Only this past April, according to a news report from Kiev, more than 100 Ukrainian companies, including makers of space and aviation gear, displayed their wares at a Baghdad trade exhibition. The report quoted none other than "the honorary Iraqi consul in Kharkov," Mr. Yuri Orshansky.

While Iraqi delegations were signing contracts in Ukraine, they were also signing them in Romania, in some cases for similar equipment. The main place of interest in Romania was Aerofina, a military firm that Iraqis had visited even before the Gulf war. In February 1994, a group of missile experts returned to Aerofina to ask for help with liquid-fueled missiles. This trip led to still further visits; in January 1995, experts from the Ibn Al Haytham and Al Karama missile sites signed a contract with Aerofina for 250 sets of missile-engine parts that Iraq could not produce itself.

This was, of course, egregiously contrary to the UN embargo. Aerofina nevertheless agreed to provide the special valves, sealing rings, needles, and O-rings that Iraq needed. Some of these parts arrived in Iraq around September 1995, intended for a regulator, the part of a missile engine that maintains thrust.

As in Ukraine, the Iraqis were also looking for missile-guidance components. For $1.16 million, Aerofina agreed in July 1995 to supply twenty sample gyroscopes; also included were the tools and equipment needed to produce them, and the equipment needed to test them. Earlier in 1995, Romania's Industrial Group of the Army similarly agreed to help Iraq develop the propellant for a solid-fueled missile.

In addition to these contracts, the Iraqis managed to get other Romanian firms to sign protocols for an even broader range of assistance. Thus, in March 1995, the company GIA–RA agreed to provide 100 complete missile engines. Another firm,

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Romtechnica, undertook to provide engine-testing facilities, while a third, Turbomechanica, agreed to sell injectors and turbopumps.

Iraqi missile experts were grilled about all of these contracts by the inspectors. Once again the Iraqis would admit to getting only a small number of items—specifically, the parts for the engine regulators. All the other contracts, they claimed, had been canceled for lack of funds. Although the inspectors opine that Iraq received far more than it admits to, all they know for sure is that none of the contracted items ever turned up at the sites they were monitoring.

But they do know one other thing for sure: a considerable number of Romanian firms stood ready to violate the UN embargo. And it seems they still are. In February, a delegation of Romanian parliamentarians reportedly met with members of the Iraqi secret service to negotiate arms deals. The trip was apparently authorized by a Romanian party leader whose brother, a former Romtechnica employee, has been linked to shady arms deals in the past.

Finally, the Iraqis also tried their luck in Russia. In June 1993, the Al Karama State Establishment, in search of guidance components for Scud missiles, decided to employ a Palestinian middleman named Wiham Garbiyah. That September, Garbiyah shepherded an Iraqi delegation through Moscow on a successful hunt not only for the Scud components but for guidance elements for a much more powerful missile, the Soviet SS–N–18, which, after being launched from a nuclear submarine, can hit targets more than 4,000 miles away. Garbiyah's first package of missile parts, which seem to have been mainly samples, arrived in Baghdad in December. It contained Scud components plus at least some parts for the SS–N–18.

By April 1995, Garbiyah was back in Moscow searching for more. In Zagorsk, a town near Moscow famous for its monastery and churches, he managed to buy 120 gyroscopes and accelerometers for long-range missiles. The seller was Niikhsm, a missile-dismantlement plant. Another Russian company, Mars Rotor, obligingly tested the instruments before they left the country. On July 15, 1995, Garbiyah shipped the components to Amman and on July 27 got them through to Baghdad.

It is unclear how many of these particular components the Iraqis wound up with. After being tipped off by intelligence sources, the UN inspectors intercepted one of Garbiyah's subsequent shipments in Jordan. They also pulled a number of guidance components from the Tigris river, where the Iraqis had thrown them to avoid detection. Again, the only thing we know for sure is that Russian firms were ready to sell missile parts in clear violation of the embargo.

Can Saddam's smuggling network be shut down? Only if it is possible to control the cargoes coming into Iraq and the oil going out. Neither will be easy. In addition to the determined leadership of the United States, what is required to control the cargoes is the cooperation of four countries—namely, Belarus, Ukraine, Romania, and Russia—where America's writ does not exactly run strong. Belarus is trying to re-integrate itself with Russia, while Russia itself is doing everything it can to help Saddam. Ukraine is mired in political turmoil. The only comparative bright spot is Romania, whose government took positive action in the 1990's when confronted with the Aerofina deals; there may also be some leverage in Romania's dependence on international loans. But in general the prospects are bleak.

Could controls work at Iraq's borders? To change things there, Jordan and Syria would have to start sending all the money they pay for oil to the UN, or withhold it from Saddam in some other way that would dry up his smuggling accounts. They would also have to start blocking his illicit imports, for which the oil shipments, whether discounted or actually free, are acting as bribes. Why should they do that? And what would replace the vast amount of money they would lose?

There may be answers to these questions, but behind all of them lurks the larger question of the West's political will. While pondering that imponderable commodity, one should reflect upon a particularly chilling item turned up by the UN inspectors: a 1996 directive, from Iraq's powerful Military Industrial Commission, forbidding any personnel associated with Iraq's nuclear-weapon effort "to retire, move, transfer, change housing, etc., without the permission of the Iraqi Atomic Energy Commission."[3] In other words, Saddam Hussein is working to keep his nuclear-weapon teams intact.

Before the embargo began, these teams had the highest claim to Saddam's resources. Now, as the embargo wanes, and the balances grow in his secret accounts, they can once again buy what they need. Not only is Saddam Hussein back, he is on the way to having nuclear weapons, and the missiles that will deliver them.

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[3]This was after the defection in 1994 of Khidhir Hamza, the regime's top nuclear scientist; see the review of his recent book, *Saddam's Bombmaker*, by Daniel Pipes in the June *Commentary*.

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The New York Times
Week in Review
Sunday, December 20, 1998

What the Inspectors Can't Find and Why They Can't Find It

Arms inspectors have been trying for seven years to verify that Iraq has kept its promise to destroy its chemical, nuclear and biological warfare capacity, but say many pieces of the puzzle are still unaccounted for. This table was compiled by the Wisconsin Project on Nuclear Arms Control, a research group based in Washington that tracks the spread of weapons of mass destruction. The authors, Gary Milhollin and Kelly Nugent, based their work principally on reports from the United Nations Special Commission and the International Atomic Energy Agency, and statements by Richard Butler, the commission's chief inspector.

Poison Gas

UNACCOUNTED FOR IN IRAQ	HOW INSPECTORS KNOW	WHAT IRAQ SAYS
At least 3.9 tons of VX nerve gas.	Iraq admits producing this amount in 1988 and 1990.	The gas was low quality and the effort to make it failed.
VX nerve gas put into warheads.	U.S. and French tests found traces of nerve gas on warhead remnants.	The evidence was planted.
About 800 tons of ingredients for VX gas.	Out of 805 tons on hand, only 191 could be verified as destroyed.	Everything was destroyed or consumed in production.
Up to 3,000 tons of other poison gas agents.	Iraq admits producing agents in the 1980's.	They were used, thrown away or destroyed by U.S. bombs during the 1991 gulf war.
Several hundred additional tons of poison gas agents that Iraq may have produced.	Iraq had enough ingredients to make more poison gas than it admits producing.	All poison gas production has been declared.
4,000 tons of ingredients to make poison gas.	Iraq admits importing or producing them.	No records of what happened to them are available.
500 bombs with parachutes to deliver gas or germ payloads.	Iraq admits producing them.	They were secretly destroyed.
About 550 artillery shells filled with mustard gas.	Iraq admits they existed.	They were lost shortly after the gulf war.
107,500 casings for chemical arms.	Iraq admits producing or importing them.	No records are available.
31,658 filled and empty chemical munitions.	Iraq admits producing or importing them.	They were thrown away, destroyed secretly or destroyed by U.S. bombs.
An Iraqi Air Force document showing how much poison gas was used against Iran, and thus how much Iraq has left.	A U.N. inspector held the document briefly in her hands before Iraq confiscated it.	Inspectors might be able to see it, but only in the presence of the Secretary General's personal envoy.
The results of a project to make binary artillery shells for sarin nerve gas.	Iraq admits it ran such a project and made experimental shells.	There are no records or physical traces of the program.
Production procedures for making poison gas.	Such procedures are needed for large-scale production.	No documents containing these procedures can be found.
Documents showing the overall size of the chemical weapons program.	Inspectors determined that specific documents are still missing.	No such documents can be found.

Ramazan Ozturk/Gpa Press

A Kurdish citizen and her child killed in Halabja, where Iraq is accused of using poison gas in 1988.

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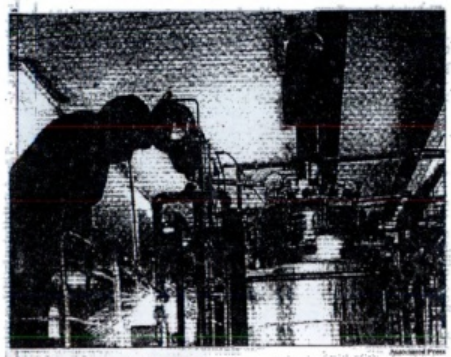


Associated Press

A worker under the supervision of U.N. weapons inspectors dismantling a fermentation vat in Iraq in 1996. Such a vat could be used to make biological weapons.

Germ Warfare Agents

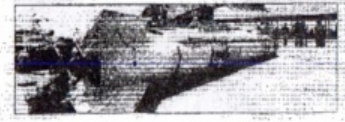
UNACCOUNTED FOR IN IRAQ	HOW INSPECTORS KNOW	WHAT IRAQ SAYS
At least 157 aerial bombs filled with germ agents.	Iraq admits filling this many.	They were secretly destroyed.
At least 25 missile warheads containing germ agents (anthrax, aflotoxin and botulinum).	Iraq admits producing them.	They were secretly destroyed.
Excess germ warfare agent.	Iraq admits producing more of the agent than was used to fill munitions.	The excess was secretly destroyed.
Spraying equipment to deliver germ agents by helicopter.	Iraq admits it tested such equipment.	Iraq refuses to explain what happened to it.
The results of a project to deliver germ agents by drop tanks.	Iraq admits the project existed, but inspectors cannot verify Iraq's account.	Everything has been accounted for.
Growth media to produce three or four times the amount of anthrax Iraq admits producing.	U.N. inspectors discovered that this much was imported.	Either the material was not imported or it went to a civilian lab.
Equipment to produce germ agents.	Iraq provided an incomplete inventory.	Everything has been accounted for.
Program to strip germ agents so they are easier to store and use.	Inspectors saw a document revealing the program's existence.	No such program existed.
Log book showing purchases for the germ warfare program.	Inspectors saw the log book in 1995.	The book cannot be found.
List of imported ingredients for germ agents.	Iraq admits the document exists.	The document cannot be found.
List of ingredients for germ agents stored at Iraq's main germ facility.	Iraq admits the document exists.	The document cannot be found.
The total amount of germ agents Iraq produced (anthrax, botulinum, gas gangrene, aflatoxin).	Production capacity far exceeds the amount Iraq admits producing.	Iraq did not use full capacity.

Nuclear Weapons

UNACCOUNTED FOR IN IRAQ	HOW INSPECTORS KNOW	WHAT IRAQ SAYS
Components for three to four explosion-type nuclear weapons, lacking only uranium fuel.	Intelligence gathered by the former U.N. inspector Scott Ritter.	Such weapons do not exist.
Drawings showing the latest stage of Iraq's nuclear weapon design.	Inspectors determined the drawings must exist.	Cannot explain why the drawings are missing.
Design drawings of individual nuclear weapon components, indicating the precise dimensions of explosive lenses.	Other drawings show that these drawings exist.	Iraq no longer has these drawings.
Drawings of how to mate a nuclear warhead to a missile.	Other drawings show that these drawings exist.	Iraq no longer has these drawings.
Documents detailing cooperation among various Iraqi nuclear weapon and missile groups.	The cooperation must have generated a paper trail.	No response.
Documents revealing how far Iraq got in developing centrifuges to process uranium to weapons grade.	Iraq tested one or two prototypes.	The documents were secretly destroyed.
170 technical reports explaining how to produce and operate these centrifuges.	Iraq admits a German supplier provided them, and a few were found.	The documents were secretly destroyed.
Materials and equipment belonging to Iraq's most advanced nuclear weapon design team.	Inspectors have determined that important items are still missing.	Iraq has provided everything it can find.
Materials and equipment belonging to the group trying to process uranium to nuclear weapons grade.	Inspectors have determined that important items are still missing.	Iraq has provided everything it can find.
The name and whereabouts of a foreign national who offered to help Iraq's nuclear program.	Inspectors were informed that the offer was made.	Inspectors should consult an Iraqi expatriate who might provide a lead. (They did; it was a dead end.)
Documents proving Iraq's claim that it abandoned its secret nuclear-bomb program.	Inspectors determined that such a step must have been recorded.	No records can be found.

Ballistic Missiles

UNACCOUNTED FOR	HOW INSPECTORS KNOW	WHAT IRAQ SAYS
Seven, locally-produced ballistic missiles.	Iraq admits it had them.	They were secretly destroyed in 1991.
Two operational missiles that Iraq imported.	Iraq admits it had them.	They were secretly destroyed in 1991.
Components for missile guidance that Iraq imported.	Iraq supplied an inventory, but it was incomplete.	They were secretly destroyed.
Up to 150 tons of material for missile production.	Iraq admits it had it; destruction could not be verified.	It was secretly melted or crushed into rivets and ingots.
Liquid fuel for long-range missiles.	Iraq admits it had them.	It was secretly destroyed and will not be discussed further.
Up to 50 Scud-type missile warheads, presumably for high explosives.	Iraq admits it had them.	They were secretly destroyed.
Drawings showing how to 'fatten' a Scud missile.	Iraq needed such drawings to produce these missiles.	All available drawings were provided.



An Iraqi al-Hussein Scud missile awaiting destruction by U.N. weapon inspectors.

Associated Press

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Mr. GILMAN. Did you wish to summarize your statement?

Mr. MILHOLLIN. Yes.

Mr. GILMAN. Your full statement will be made a part of the record.

Mr. MILHOLLIN. Thank you, Mr. Chairman. I will just make a few comments about the threat that I see from Iraq that still remains after inspections ended. And then I will make some comments about the Administration's sanctions proposals.

First of all I think it is very important to remember what Saddam Hussein appears to have left. And I will just go down the programs one at a time. In biological weaponry, the experts that I have spoken to (who seem to be the foremost ones), believe that Saddam Hussein is now essentially self-sufficient; that Iraq has the strains, the equipment, and the know-how necessary to make biological weapons; that Iraq is pretty much independent now of imports. We know that Iraq did not account for all the biological agent that it made before the Gulf War, and we know that it produced anthrax. I think a reasonable assumption is that that capability still exists and is an active threat.

With respect to nuclear weapons, Iraq, we discovered during inspections, has a workable nuclear weapon design. The inspectors looked at it carefully and judged that it will work. But we know that Saddam Hussein made most, if not all, of the components of the nuclear weapon and that the only thing lacking to have a successful bomb is the fissile material needed to fuel it. Which in the case of Iraq's design, the latest design I know of, is about 15 to 16 kilograms of highly enriched uranium. If Iraq could acquire that somehow on the international black market, I think we would have to assume that Iraq could make a bomb within weeks, or months at the most.

Chemical weapons. Iraq retains, in the judgment of the inspectors, at least some stocks of chemical agents. The quantity is unknown. We do know that Iraqis knows how to make VX, which is the most lethal nerve agent, and we know that Iraq is capable now of producing more VX. We don't know what Iraq might be doing with respect to VX, because we don't have any inspectors in the country.

Missiles. Iraq under U.N. Resolutions is allowed to develop missiles that fly up to 150 kilometers. Unfortunately, the technologies necessary to master a missile that flies up to 150 kilometers are transferable. That same technology can be used to make missiles that fly much farther than that. We know that Iraq appears to be hiding some of the Scud-type missiles it had during the Gulf War, and also appears to be hiding a substantial number of components for those missiles.

All of this capability, and it is a massive capability, has been built up through imports. Iraq has bought from abroad just about everything it needed for its programs. And the important thing to point out here is that the procurement activity did not stop with the beginning of sanctions. It has continued through the 1990s.

I will just give you some examples of things that my organization has discovered. In 1998, Iraq ordered some machines from Siemens in Germany to pulverize kidney stones inside the body. These are known as lithotripter machines. Unfortunately, in each machine is

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a high-precision electronic switch that is also used to detonate nuclear weapons. Iraq ordered 120 switches as spare parts. Siemens says it supplied eight, one for each machine and two spares. The State Department seems to think that Iraq got even more than that, and the last time I talked to the U.N., they seemed to think that there was a risk that the number was even higher.

The reason, I should say, that this export happened was because medical equipment is an exception, or was at that time, to the embargo. So one of the risks we are facing in Iraq is that Iraq will procure things under the guise of civilian equipment, humanitarian equipment, medical equipment, oil equipment, that will in fact have other purposes: arms or weapons of mass destruction.

In the *Commentary Magazine* article that I submitted, my colleague Kelly Motz and I managed to track Saddam's efforts to buy forbidden missile parts from Eastern Europe in the 1990s. Iraq sent delegations to the Ukraine, to Belarus, Romania, and Russia. In each country—this was during the embargo—they made contracts which would be illegal to perform in each of those countries, and the inspectors know that some things were delivered. The problem is that the inspectors found documents, but they didn't find much of the equipment that was described in the contracts. So we are faced with the problem that we know Iraq contracted for lots of missile components. We don't know how many components were actually delivered.

The inspectors reported that the shopping list included, "turnkey facilities, know-how, and raw materials." The Iraqis had a very aggressive shopping list.

Already today, we have heard mentioned the Chinese company that is helping Iraq improve its air defenses with fiber optic technology. It is important to know that that company was built with U.S. help. It imported a great amount of sensitive U.S. equipment with licenses from the Commerce Department. When my organization wrote about this company, it had an import license pending from Motorola. It is not true that the United States is totally innocent in these affairs. What we are seeing is that exports from the United States, for example, to China, wind up biting us in Iraq.

I would like to make a few comments about smart sanctions, the Administration's proposal. I think from what I can gather from this proposal and from the situation in Iraq, it seems to me unlikely that it is going to make the situation better. Saddam Hussein is using the suffering of the Iraqi people as a lever against the world. His objective is to use the suffering to create momentum sufficient to give him control over his own bank accounts. So just because we are allowing Iraq to buy more civilian equipment doesn't mean that the Iraqi people will be helped.

This proposal, the smart sanctions proposal, does make it easier for Saddam Hussein to import sensitive technology. Under the smart sanctions approach, the U.N. will only be reviewing a small fraction of the contracts that it is now reviewing. That means that there is a significant risk that dual-use equipment or arms are going to go into Iraq under the guise of civilian equipment.

And it is important to notice that we are not getting anything in exchange for the relaxation in import controls on Iraq; that is there is no quid pro quo coming from the Iraqi direction. Iraq has

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not agreed to disarm, to permit inspectors to come in, or to take any other steps.

There is also the problem of oil smuggling. It is getting worse. The amount of oil now being smuggled out without U.N. control is growing. We estimate it is above $2 billion now, probably closer to 4. And we have to assume that all of that money can be looked at as sort of an arms index. Iraq gets more for its oil by shipping it legitimately through the Oil for Food program. To smuggle it out, Iraq has to sell it for less. So why should Iraq do that? Why does it want to get less money for its exports in order to launder the money to get it free of U.N. control? Answer: Either to prop up the regime or to buy arms.

So, we can tell how much—we can tell how fast the risk is growing by looking at the amount of oil that is being smuggled out.

I don't know of any links directly between Iraq and the events of September 11th. There have been some meetings reported in the press, but there is no evidence that I am aware of that links Saddam Hussein to the attacks. I think overall, we have pretty much lost the public relations battle on sanctions. So I recommend that our government make a better effort to take our case to the public and to the world. We have a good case; we are just not making it very well.

Second, I think we have to do something to bring Russia back into the fold. Russia is acting as Saddam Hussein's lawyer in the United Nations. If Russia wants to be part of the solution to the terrorism threat, then Russia can start by helping us on Iraq, which it is not doing at the present time.

And then finally, there has to be some kind of a solution for the front-line states. They are now cooperating in oil smuggling. If we want to keep Saddam's bank accounts under international control, that has to be stopped. We have to find a formula for bringing the front-line states into line. I am afraid that so far, I don't see one.

Thank you very much.

Mr. GILMAN. Thank you Mr. Milhollin.

[The prepared statement of Mr. Milhollin follows:]

PREPARED STATEMENT OF GARY MILHOLLIN, DIRECTOR, WISCONSIN PROJECT ON NUCLEAR ARMS CONTROL

I am pleased to appear before this distinguished subcommittee to discuss the situation in Iraq. I direct the Wisconsin Project on Nuclear Arms Control, a research project here in Washington that is devoted to stopping the spread of nuclear weapons.

I will begin by describing the threat from Iraq and some recent Iraqi procurement attempts, and then I will comment on the "smart sanctions" proposal put forth by the administration. I will conclude with a few words on the recent terrorist attacks on America.

I would like to submit three items for the record. The first presents the findings from a roundtable that my organization conducted in May 2001. The five panelists were experts chosen on the basis of their experience in Iraq and the Middle East. The second item is a recent article authored by myself and Kelly Motz in *Commentary Magazine* (accompanied by a news story in the *New York Times*) which revealed that Iraq continued to buy prohibited military items throughout the 1990s, despite U.N. sanctions. The third is a table my organization prepared after the inspectors left Iraq in 1998, which lists what remains unaccounted for in Iraq's mass destruction weapon programs. This list is still relevant to the issues we face today.

These documents can also be found electronically on our *Iraq Watch* web site: *http://www.iraqwatch.org*. This comprehensive web site monitors Iraq's progress in building weapons of mass destruction and has as its goals increasing public aware-

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ness of the strategic situation in Iraq and making detailed knowledge of Iraq's weapon status available to policy-makers, the media, private scholars and the general public.

WHAT HAS IRAQ BEEN DOING RECENTLY?

Since the cease fire agreement that terminated the Gulf War in 1991, Iraq has waged an unceasing political struggle with the United States and its allies, the object of which has been to undo the strategic results that the Gulf War produced. Iraq sees its programs for developing nuclear, biological and chemical weapons, together with long-range missiles, as essential to the achievement of this goal.

The main restraint on Iraqi arms has been the international trade embargo. It, however, is now eroding—with increasing speed—because key countries no longer support it. The decline of the embargo has removed virtually all incentive for Iraq to disarm or to re-admit U.N. inspectors, who were forced out in December 1998. These developments, coupled with the present rise in Iraq's oil income, will produce a steady increase in Iraq's military might, with weapons of mass destruction as part of the mix.

Such a military resurgence in Iraq is certain to destabilize the Middle East. It will also complicate the peace process. If Iraq continues an all-out drive for mass destruction weapons, Iran must try to match the effort. Egypt and Saudi Arabia will also be watching. A growing nuclear, chemical, and biological arms race between Iraq, Iran and possibly other countries in the region will, in turn, make it difficult for Israel to feel secure enough to make the concessions that would have to accompany peace in the Middle East. The price of not making things better in Iraq could be to make them worse in the region.

Iraq's procurement network is a vital component of its weapon effort. This network, which years of U.N. inspections have failed to eradicate, has remained active despite the embargo. It can be expected to put Iraq's recently-enhanced oil revenues immediately to work.

IRAQ'S MASS DESTRUCTION WEAPON THREAT

Iraq's biological capability now presents the greatest threat. Iraq has become self-sufficient in biological weaponry; it possesses the strains, growth media and infrastructure necessary to build a biological arsenal. Iraq also retains stocks of chemical agent from the period of the Gulf War and is known to have all the elements of a workable nuclear weapon except the fissile material needed to fuel it. Iraq's authorized program for developing short-range missiles will also enable the building of longer-range missiles, and Iraq is showing an interest in cruise missiles and unmanned aerial vehicles, apparently to deliver chemical or biological payloads.

When the U.N. inspectors left Iraq in December 1998, they were convinced that Iraq had not revealed the full extent of its weapon programs, and still retained important capabilities. Iraq now seems to have everything it needs, for example, to produce biological weapons. Iraq already possesses the necessary biological strains, some of which are endemic, so there is no need to rely on imports. It also has equipment for producing microorganisms. The total amount of germ agent Iraq produced (anthrax, botulinum, gas gangrene, aflatoxin) was never revealed to the inspectors, who know only that Iraq's production capacity far exceeded what it admitted producing. Iraq has simply alleged that its production facilities were not run at full capacity, a claim contradicted by its all-out drive to mass-produce germ warfare agents. Inspectors believe that Iraq retains at least 157 aerial bombs and 25 missile warheads filled with germ agents, retains spraying equipment to deliver germ agents by helicopter, and possessed enough growth media to generate three or four times the amount of anthrax it admits producing. Iraq either claims that these items were destroyed unilaterally, claims they were used for civilian purposes or simply refuses to explain what happened to them. Nor can inspectors account for the results of a known project to deliver germ agents by drop tanks or account for much of the equipment Iraq used to produce germ agents. Finally, Iraq contends that many essential records of its biological weapon program, such as log books of materials purchased, lists of imported ingredients, and lists of stored ingredients, simply "cannot be found."

There are signs Iraq may be back in the business of developing biological weapons, if indeed it ever left that business. In March 2001, Iraq created considerable suspicion by asking the United Nations for permission to "renovat[e] the laboratories for the production of foot-and-mouth vaccine" using oil-for-food monies. The laboratories in question were at the Daura site, which Iraq had admitted converting in 1990 to its secret biological weapon program. Daura conducted research on hemorrhagic conjunctivitis, human rota virus, and camelpox, as well as enterovirus 70.

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Iraq also produced thousands of liters of botulinum toxin and admitted to having undertaken genetic engineering research and development there.

Nuclear weapons also remain a clear and present danger in Iraq. Baghdad presently possesses a workable nuclear weapon design and all of the necessary components to build it except the fissile material needed for fuel. It is also known that Iraq has decided to keep its nuclear weapon teams intact. With sanctions against Iraq declining, foreign travel to Iraq increasing, and interactions becoming more common with Russians trying to recover billions of dollars in pre-Gulf War debts, the odds are going up that Iraq may get what it needs. If Iraq could import the necessary fissile material, it could fashion a bomb in weeks or months.

Iraq's chemical weapon program is also a danger, despite the fact that U.N. inspectors managed to destroy large amounts of it. Iraq appears to retain small stocks of chemical agents, which could include the highly destructive nerve agent VX. Iraq would, however, have to restart its production plants before turning out strategically significant quantities of chemical munitions.

There is at least some evidence that it may be doing so. In an August 2000 report to Congress, the CIA said Iraq is continuing to rebuild former dual-use chemical weapon plants and missile production facilities, as well as installing or repairing necessary dual-use equipment. In January 2001, Iraq was reported to have rebuilt two factories in the Falluja complex, which produced chemical and biological agents before the Gulf War, and to have resumed the production of chlorine at a third factory. Iraq claimed one of the factories was making castor oil used in brake fluid, but castor beans also contain ricin, a biological agent. The other factory is believed to be producing pesticides and herbicides. Then in April, August Hanning, the director of German intelligence (BND), was reported by the press as saying that Iraq was developing new chemical weapons and that "German companies apparently delivered important components for the production of poison gas to Iraq's Samarra plant." Iraq denied these allegations.

U.N. resolutions presently limit Iraq to developing missiles with a range of not more than 150 kilometers. A missile beyond that range would be hard to develop without flight tests, which would probably be discovered. The technologies Iraq has chosen for its short-range missiles, however, are clearly intended to permit follow-on systems with longer ranges. Thus, Iraq's 150 kilometer Al Samoud missile, which is now under development, is little more than a reduced-range SCUD missile, which has a range of 300 kilometers. Iraq has already shown the ability to modify SCUDs to fly more than double their original range, and Iraq still appears to retain a few SCUD-type missiles at a secret location. In addition, the inspectors cannot account for up to 150 tons of missile production materials, or for Iraq's stockpile of liquid rocket fuel. There is also the problem that the 150 kilometer limit is not self-defining. Iraq could test a longer-range missile by burning only a portion of its fuel, so that it would travel only 150 kilometers, or Iraq could test a longer-range missile with a warhead heavier than the one intended for use, which would cause the test missile to fly a shorter distance than the real one would.

There are also signs that Iraq may be working on other means to deliver biological or chemical weapons. In the same August 2000 report to Congress, the CIA warned that Iraq is still developing an unmanned aerial vehicle, converted from an Eastern European L–29 trainer jet, which the CIA believes is intended to deliver chemical or biological agents. This effort is taking place at the Al-Faris Factory, located in Al-Amiriyah, Baghdad, the same site where Iraq built drop tanks to deliver biological agents before the Gulf war. Iraq actually deployed L–29s to an air base in November 1997 when threatened with attack by the United States.

Iraq also took over several Russian-built crop-dusting helicopters from the U.N. Food and Agricultural Organization in May 2001. While only about half of the original six helicopters are still airworthy, the remaining three could possibly be used to disseminate biological or chemical agents. Before the Gulf War, Iraq's Technical Research Center at Al Salman developed an aerosol generator for the dispersal of biological agents by modifying helicopter-borne disseminators for chemical insecticides.

IRAQ'S SUPPLIERS

Iraq has built these capabilities almost entirely with imports. Before the Gulf War, Western companies sold Iraq turbopumps and rocket nozzles for extended-range Scud missiles, sold special furnaces and presses capable of shaping nuclear weapon components, and built turn-key plants for manufacturing poison gas agents. Without this help, Iraq's weapon programs could not have achieved anything near the success they enjoyed when the Gulf War began.

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These procurement efforts continued during the 1990s, despite the prohibitions of the U.N. embargo. In 1999, our organization revealed that Iraq had imported a half dozen machines called "lithotripters" (which pulverize kidney stones inside the body without surgery) under the guise of humanitarian supplies. Each machine, however, required a high-precision electronic switch that had a second use: it could trigger an atomic bomb. Iraq wanted to buy 120 extra switches as "spare parts." Iraq placed the order with the German electronics firm Siemens, which supplied the machines but forwarded the order for the extra switches to its supplier, Thomson-C.S.F., a French military-electronics company. It is uncertain whether the French government barred the sale. Stephen Cooney, a Siemens spokesman, claimed that Siemens shipped only eight switches, one in each machine and two spares. Sources at the United Nations and the State Department, however, believe that the number supplied is higher. It only takes one switch to detonate Iraq's latest bomb design.

In March 2001, our organization disclosed that the Chinese company Huawei Technologies, recently caught supplying fiber optic technology to Iraq's air defenses, had previously imported a large amount of sensitive U.S. equipment, and had an important license application pending to import more from Motorola. In fact, Motorola proposed to sell routing and switching technology that would have been ideal for improving an air defense network. The technology allows communications to be shuttled quickly across multiple transmission lines, increasing efficiency and immunizing the network from air attack.

Iraq also shopped for military items throughout the 1990s, despite U.N. sanctions. In the article in *Commentary*, Ms. Motz and I showed that Iraq's procurement efforts were focused mainly in former eastern bloc countries. We based the article on a series of U.N. reports in which the U.N. inspectors detailed what they knew about Iraq's foreign suppliers. The reports revealed that in violation of the U.N. embargo, Iraq had continued to "import goods . . . from at least . . . twenty different countries" and that Iraq's shopping list included "turnkey facilities, full-sized production lines, industrial know-how, high-tech spare parts, and raw materials."

Iraq made agreements to buy missile and conventional weapon components from companies in Ukraine, Belarus, Romania and Russia. The deals also included high-tech machine tools useful in building both nuclear weapons and ballistic missiles. Jordanian middlemen played a key role in most of the sales.

"SMART SANCTIONS"

The "smart sanctions" proposed by the administration are not likely to improve the situation in Iraq and could make it worse. The U.S. proposal would retain U.N. control over Iraq's oil income, would bar Iraq from purchasing arms, and would bar Iraq from purchasing sensitive dual-use items; however, it would allow Iraq to buy almost everything else. The U.N. would stop controlling most of the goods that Iraq now buys with its oil-for-food revenue.

The U.S. proposal is unlikely to help the Iraqi people. Saddam Hussein has deliberately chosen to maintain the suffering of the Iraqi population by refusing to buy civilian goods with his existing oil-for-food revenue. He has used the suffering, in turn, to build pressure for ending U.N. control over his oil revenue. In fact, none of the major players on Iraq's side in the present debate—Russia, China or France—appear to be motivated by concern about the Iraqi population and neither does Saddam Hussein. Ordinary Iraqis are only pawns in the struggle for control of Iraq's bank accounts.

Under the administration's plan, Iraq could find it easier to buy what it needs to rebuild its conventional forces and even mass destruction weapons. Militarily useful items will probably be sent to Iraq under the guise of civilian purchases. In effect, the U.S. plan is a unilateral concession. It relaxes controls on what Iraq can buy, but asks nothing in return. It does not require Iraq to re-admit U.N. inspectors or to take any steps toward disarmament. Its main virtue seems to be that it will diminish complaints from Russia and France that the United States is holding up too many contracts. Simply diminishing these complaints is not an effective policy.

Moreover, there is no reason to believe that Iraq will cooperate with the new sanctions any more than with the previous ones. Thus, the new sanctions may be a slippery slope, with further reductions of sanctions to follow. The illusion of controls would be preserved while sanctions continue to erode.

There is also the problem of smuggling: oil is being smuggled out of Iraq; goods are being smuggled in. In recent years, Iraq's methods for smuggling oil have grown more sophisticated and the financing harder to trace or block. The smuggling of goods has also grown, and become more sophisticated. It now consists of a multi-layered infrastructure that reaches back through the highest levels in Jordan, Syria, Turkey and even Iran. Overall, Saddam's oil revenue has now reached the levels he

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enjoyed before the Gulf War. This increased stream of petrodollars has created a political momentum in Iraq's favor that will be difficult to stop.

There is a reason, for example, why Jordan has not been policing its borders or tracking what goes through its free-trade zones. If machine tools stopped coming out of Jordan, discounted oil would stop coming in. Jordanian middlemen, officials, and others who live off the discount would be hit hard. In addition to $750 million in unregulated oil, Iraq directs oil-for-food contracts through Jordan. The money gives Baghdad enormous leverage.

A similar situation is developing in Syria. Last November, oil began to flow through a newly repaired Iraq/Syria pipeline, all outside U.N. control, at a value estimated at $1 billion a year. Although Secretary of State Colin Powell announced in February a Syrian pledge to bring this revenue under U.N. jurisdiction, Syria has taken no discernible action. As billions of dollars in unregulated cash flow through Damascus, smuggling can be expected to explode. And Lebanon, which this past April was offered a deal similar to Jordan's, appears to be next. Because Iraq could sell its oil at a much higher price by operating through the United Nations, Iraq is obviously expecting something from the slush funds it has created around its borders.

It is not evident how the administration's new sanctions proposal could change this equation. The proposal does try to help Iraq's neighbors pay for more border guards, but it seems to lack any mechanism for replacing the secret profits now flowing from billions in illicit oil sales. There is real doubt whether some of Iraq's neighbors have the internal coherence to counteract such a large stream of money to their elites—a weakness that Iraq is now exploiting. Moreover, by removing a greater quantity of goods from U.N. review, the proposal may actually increase the opportunities for smuggling in dangerous technology.

Iraq has essentially won the public relations battle over sanctions. The general public no longer realizes that if Saddam Hussein truly decided to disarm, he could clear Iraq's name in a matter of months, end the embargo, and remove any restraint on the flow of goods to the Iraqi population. He has been rejecting this opportunity, however, for a full decade. Saddam Hussein obviously believes that his ability to produce mass destruction weapons is more important than the billions of dollars in oil income that his country has foregone annually.

In light of this public relations victory, there is no reason for Iraq to see its intransigence as bringing anything but gain. It has achieved much of what it sought—including an easing and possibly a near lifting of sanctions—without conceding anything. By promising and actually providing financial advantages to key countries, Iraq has assembled a number of supporters in both the United Nations and the Gulf region. Therefore, Iraq has little or no incentive to now disarm or cooperate with U.N. inspectors. Iraq is instead buying its way out of the "box" in which the United States says it has been confined.

As a result, Iraq's procurement network, already back in operation, can be expected to fuel new mass destruction weapon efforts at secret sites, just as it did before the Gulf War. These weapon programs are seen by Iraq as essential to its aims of winning the war of attrition against the United States and dominating the Middle East region. These programs will not be abandoned unless Iraq's strategic goals were to change.

LINKS TO TERRORISM

The September 11 attacks on the United States have forever altered the way U.S. officials look at terrorism and the countries that support it. A new sense of urgency can be expected to affect America's position on every issue touching Iraq, including the debate over sanctions, Iraq's disarmament obligations, and the enforcement of the no-fly zones.

The United States officially considers Iraq to be a country that supports international terrorism. According to press reports, some U.S. officials have pushed for an immediate attack on terrorist sites in Iraq. Others have been more cautious. Vice President Richard B. Cheney said on September 16 that the administration did not yet have evidence linking Saddam Hussein to the attacks. Secretary of State Colin Powell has argued that time is needed to prepare the diplomatic groundwork for military action, which should take place at first only in Afghanistan.

Meanwhile, reports in the media have pointed to possible ties between Iraq and Osama bin Laden. On September 19, an American press report cited U.S. intelligence officials as saying that an Iraqi intelligence official had met secretly one year ago with Mohamed Atta, one of the hijackers on the first flight to hit the World Trade Center. A second press report cited U.S. intelligence officials as saying that Osama bin Laden had been in contact with Iraqi government agents in the days just

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prior to the attacks. More recently, the press cited a U.S. official as saying that Farouk Hijazi, an Iraqi intelligence officer who is currently the Iraqi ambassador to Turkey, met with bin Laden in Afghanistan in December 1998. These reports, standing alone, do not constitute evidence of Iraqi state sponsorship of the terrorists who struck America. They do show, however, that possible links to Iraq are being actively investigated.

Mr. GILMAN. I want to thank our panelists for their excellent testimony. We will now call on Mr. Ackerman for questioning.

Mr. ACKERMAN. Thank you, Mr. Chairman. Do I understand that the three of you would answer yes to the question should we take out Saddam Hussein? Mr. Kemp?

Mr. KEMP. My view is the regime has to be changed. The question is how do we do it, when do we do it, and who do we do it with? Those are the operational questions that I think—I don't think there is any doubt that the longer this regime stays, the more dangers we are going to have.

Mr. ACKERMAN. Are you suggesting that there is other than a military option to take out the regime, a public relations effort?

Mr. KEMP. I think you need a multifaceted strategy. And dependent upon what the linkage is between Saddam Hussein and what happened on September the 11th, clearly if it were a direct link we would have no option but to consider military force. But in the absence of that, the most important thing we have to do is to pull together an alliance that will take seriously the long-term threat posed by Saddam Hussein.

Mr. ACKERMAN. Let me zip to the end game of this. It would seem to me you are indicating putting together a strategy not to get a democratic or republican convention that screams it is time for him to go or something and puts up a different candidate, but you want an international coalition built on whatever kind of evidence that people understand to know that he is a bad guy. And when they do that, we have won the public relations battle, and then the military to take him out. Or is there some other way?

Let's say 99 percent of the world agrees with us, it is time for him to go, how do you do this? Does it have to be military, or is there some other notion that anybody has?

Mr. KEMP. I am sure there are intelligence options that have not worked in the past. I don't think we have taken them as seriously as we should. Therefore I would not say military options are not the only ones.

Mr. ACKERMAN. I am hard-pressed to think of another. If anybody could suggest one—in your answer, Mr. Duelfer.

Mr. DUELFER. I think what Mr. Kemp is suggesting, you can conduct covert activities, but who knows how successful they will be?

Mr. ACKERMAN. What does the covert activity do?

Mr. DUELFER. Presumably you attempt to build an opposition within Iraq. But as we have seen in the past, that is a highly suspect endeavor. If you want——

Mr. ACKERMAN. Does anybody—part of the same question. Does anybody seriously think that you are going to go back to the premise that you are going to get the people of Iraq to oust Saddam Hussein in his lifetime? Or in the end, is it a military option?

When you say intelligence, when you say covert, when you say all those things, somebody is going to hit the guy? Is that what we are saying? Or are we thinking, is anybody seriously thinking we

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are going to bring enough democracy while Saddam Hussein is there to get them to—when is the election, by the way? I didn't notice what the date was.

Mr. DUELFER. He won the last one with 99 percent of the vote.

Mr. ACKERMAN. Fine. So we only have to convince another 49 percent, another 50 percent and we got him. Is there a way other than the military option in the end? It could be some kind of covert, could be a military of one?

Mr. KEMP. I would argue yes, if you take it seriously and do not expect instant results. In other words, it is going to take a new culture of creating covert operations once more. And it is going to take a long time, and it is probably going to take a lot of money.

Mr. MILHOLLIN. Mr. Ackerman, I would say that there may be a lesson to be learned from what we are doing now with respect to Osama bin Laden. I think we can all see that in order even to conduct a military operation against Osama bin Laden, a lot of diplomatic preparation is necessary. And so I would think that if you are going to conduct such an operation against Saddam Hussein, that you are going to have to go through a similar process of preparation. I am not sure that we can do both at once, but that—I don't mean to say that I would be opposed to do that in Iraq; it is just that I think that is how you would have to do it. You would have to do the kind of steps that we are doing now with respect to Osama bin Laden.

Mr. ACKERMAN. So what you are saying, then, Mr. Milhollin, is that if we build an international coalition of some sort, engage and win over public opinion internationally to a large extent, then use the military option once the world is on our side.

Mr. MILHOLLIN. I think that is how you would have to do it. Otherwise it would be the—the costs would be very great just doing it and doing it unilaterally.

Mr. ACKERMAN. Do you see us in any way during the lifetime of Saddam's regime being able to convince the Iraqi people to rise up and overthrow him?

Mr. MILHOLLIN. I am not an expert on domestic Iraqi politics but I think any observer can see he has a regime of terror. And it is very effective. And we know that other regimes of terror in the world have lasted a long time. So I am quite pessimistic that we are going to get some kind of an internal revolt that would be successful.

Mr. ACKERMAN. I will yield back my time for another round.

Mr. GILMAN. Thank you, Mr. Ackerman. Mr. Cantor.

Mr. CANTOR. Thank you, Mr. Chairman. And if I could just pose the question about this reign of terror and how Saddam has sustained himself in power all these years, given the trends in the other countries in the region, and if you will, their fragility, how is it he has been able to sustain himself so well, if you will, and what is the state of any opposition within Iraq? And, again, if you could comment toward the terror side and the sponsorship of any groups that are conducting themselves in the Middle East.

Mr. KEMP. Well, I would argue, Mr. Cantor, that his first, second, and third priority is to stay in power. Everything he does derives from that. The way he does it is quite simple. He has enough hard currency from the illegal sale of oil to pay off all the security

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details he needs, and he is utterly, utterly ruthless about his own protection. And it is virtually impossible to break into that security system unless there is some collapse from within.

Now, with regard to his support for terrorist groups, undoubtedly Saddam has extremely close ties with many of the terrorist groups throughout the Middle East. But my sense is he is fairly cautious about having his fingerprints identified with their actions. And that is why I am dubious that we will ever find any direct compelling link between Saddam and Osama bin Laden and September the 11th. But I would stand corrected if that evidence comes forward, but it hasn't been demonstrated so far.

This is a man who knows how to survive. And what we have to do is to understand that as long as he has access to hard currency, his ability to purchase all the wherewithal to remain in power and expand his weapons inventory is going to grow. Therefore, the problem is going to get worse, not better.

The dilemma we are all struggling with is how do you end this, absent the sort of coalition we had in 1990 and 1991? Could you replicate the coalition that we have put together now for Afghanistan? I have great doubts about that at this point in time. But there is an argument that goes as follows: If we succeed in getting rid of bin Laden and the Taliban regime, we would have put the world on notice that we are serious. We may be able to hold together key members of this new alliance, including the Russians, to then focus on other terrorist problems in the Middle East. But we should have no illusions that alliance partners are going to go along completely with our agendas, because they have their own agendas. The Russians have Chechnya, the Chinese have other problems, the Europeans have their own list of problems. So it is going to be a long, difficult operation, but I don't think it is impossible.

Mr. GILMAN. Thank you, Mr. Cantor. Mr. Berman.

Mr. BERMAN. There are a lot of issues to explore. Maybe I will go from the narrow to the broader. I am fascinated by this notion that in this period of sanctions, post 1991, the kind of technologies that have hemorrhaged to Iraq at a time when Russia and all the other countries with which we have major differences for instance, or export strategies in the context of Iran, are committed to at least a certain level of control. Let me just take two examples to understand this. Mr. Chairman is it down to 30 seconds?

Mr. GILMAN. We are resetting the timer. Please proceed.

Mr. BERMAN. First, let's take this Siemens export. First, what are the electronic switches for in the context of WMD programs? The electronic switches you talked about; what are they for?

Mr. MILHOLLIN. They provide a very strong, accurate pulse of electricity that is necessary to detonate the high explosives that cause implosion.

Mr. BERMAN. So this is for the nuclear program.

Mr. MILHOLLIN. This is for a nuclear weapon. It is hard to do a nuclear weapon without one of these. And the ones in the machine are particularly good for nuclear weapons.

Mr. BERMAN. Now, when a company like Siemens—this isn't your fly-by-night little importer-exporter—gets a request from an Iraqi end user, not for eight kidney stone smashers but for eight elec-

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tronic switches—suppose I had to replace switches in a kidney stone smasher, in a country where the medical conditions are such that my guess is that kidney stone smashing is not the major priority of an Iraqi government or the Iraqi people at this particular moment. They have got enough pain beyond the kidney stones. What happens in the corporate mentality of Siemens or in the export control regime of Germany, that says we are going to let this go? And that is one issue I guess I would like answered.

The second one is on the fiber optics. I remember the Iraqi air defense system; I remember the French helping the Iraqis build it. I remember the Desert Storm coalition knocking it out. You are telling me they are now replacing their air defense system using fiber optics. Explain a little more clearly what you mean. What came from China, what did China get from the United States? So if you could just address both of those issues.

Mr. MILHOLLIN. I will take the first one first. In the case of Siemens, there is an exception in the U.N. Resolution for medical equipment.

Mr. BERMAN. I understand that.

Mr. MILHOLLIN. For Siemens to sell the machine, a lithotripter with the switch in it that would be highly useful to detonate a weapon, Siemens would have to make a corporate judgment that the risk is worth taking. I don't think that is a good judgment. Then Siemens would have to get an export license from the German government, which then it would have to make the decision that that is a risk worth taking.

Mr. BERMAN. You are telling me Siemens didn't even sell the machine with electronic switch?

Mr. MILHOLLIN. They sold the machine with the switches. They sold six machines with switches, plus two spares. So they sold eight switches, according to Siemens. That is what Siemens told me. Whether the additional switches were sold is another question. And frankly, I think it is a little unclear how many they actually got, but I think it is pretty clear that Siemens was ready to sell however many the export control people in the German government would approve.

Mr. BERMAN. Is this a case where Siemens is putting its head in the sand, knowing there is no practical way in the world that, given the priorities of Iraq these days, they would want six of these kidney stone smashing machines, has every reason to believe that it is the highly valued electronic switches that they want—and say, ah, but a deal is a deal; we can make some money and we are going to do it.

Mr. MILHOLLIN. It is hard for me to put myself in the position of Siemens. But I can say I have been tracking exports and imports, as you know, for a long time. And Siemens is a company that keeps coming up. For example, Libya has two poison gas plants. In those poison gas plants there is a process control computer. In both plants, the process control computer was made by Siemens. I don't have my Siemens book with me today, but Siemens is a name that is quite familiar to me. So I think it is just—Siemens has to stand before the tribunal of world opinion and decide what to say. I am not going to make Siemens' argument.

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Mr. BERMAN. All right. It is easier to bash them than to bash us. Go to the fiber optic transfer and tell me.

Mr. MILHOLLIN. In the case of the fiber optics, the company that provided it, Huawei Technologies, was a very small company until U.S. companies started doing joint ventures with it and started exporting it sensitive U.S. equipment. And since then it has become a giant.

Mr. BERMAN. And is this sensitive U.S. equipment on the commodity control list?

Mr. MILHOLLIN. Yes, licensed by the Commerce Department.

Mr. BERMAN. So this was approved? Licensed?

Mr. MILHOLLIN. Approved. Licensed by the Commerce Department to Huawei.

Mr. BERMAN. Is there any effort in that to control end use and prohibit retransfers of items manufactured? Or in the area of fiber optics, do we not care what the companies——

Mr. MILHOLLIN. Some of the exports were of instruments and computers, not just fiber optics. And the Chinese have not been very cooperative in allowing us to verify what they do with things we sell them. So my guess is there is little or no control on what Huawei does with what we sell Huawei.

Mr. BERMAN. This is interesting and my time is up.

Mr. GILMAN. Thank you very much, Mr. Berman.

I have a few questions that I would like to address to the panel. First of all, can you tell me what is the state of the economy today in Iraq? Good? Bad? Growing? Declining? I address that to all the panelists.

Mr. DUELFER. Perhaps I can address that from personal observation. When I was last there, it was 1998, it was not good, of course. The average Iraqi was selling his possessions on the street. You would take a cab and find out it was a university professor driving it. Perhaps the best measure is before the Gulf War, an Iraqi dinar was worth $3.50. These days an Iraqi dinar—excuse me, a dollar will get you 2,000 Iraqi dinars. So we would spend, we used wads of dinars. You get a wad about an inch thick, and that was the unit. If you had your personal savings in Iraq, like most of the citizens do, it went effectively to zero.

In the last couple of years, under the Oil for Food program, and with the illegal oil sales supplementing the incomes of the elite, from visitors who have been there I understand there are a lot more new cars around. But again, you have to be connected to the regime. You can buy anything you want in Baghdad for a price. You can buy these jet skis to go run up and down the Tigris River if you have the cash. But you have got to be a loyal member of the regime to get the cash.

Mr. KEMP. I would put it this way, Mr. Chairman: Iraq is clearly better off than it was several years ago because oil prices have risen and Iraq has been exporting more oil. Iraq's potential for being a strong economic player is enormous. Iraq's oil reserves are second only to Saudi Arabia. Over time, if Iraq were to get out from under sanctions, and were to start importing all the necessary equipment to refurbish its oil production capability, it could be up to 4 million barrels a day, and then return to the growth levels that it had before Saddam Hussein invaded Iran in 1980. At that

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time, Iraq was on the verge of an economic takeoff. In those days Iran had a strong middle class. We are dealing here with a country that has huge potential, and that is why this enormous potential in the hands of Saddam Hussein is so potentially dangerous.

Mr. GILMAN. Thank you. Mr. Milhollin, a comment?

Mr. MILHOLLIN. No, I have no comments.

Mr. GILMAN. What is the relationship now between Iran and Iraq? Any comments? Mr. Kemp?

Mr. KEMP. They still have not resolved many issues after the war ended in 1988, including POWs and MIAs. The Iraqis permit an organization, Mujahedin-e Khalq to operate out of Iraq against Iran. Iran regards the Mujahedin as terrorists. Iran in turn has made military forays into Iraq to attack the Mujahedin. Today relations are not good but they have been getting better.

I think the most serious long-term problem we face is that the Iranians themselves are clearly thinking, talking, and acting as though they will go nuclear at some point in the future. And the security issue that is most important for them is Iraq. So if we do not resolve the issue of weapons of mass destruction in Iraq, we can be guaranteed that Iran will either follow suit or is already following suit.

Mr. GILMAN. Any other panelists wish to comment?

Mr. DUELFER. Just briefly. I mean, the relations are bad. When something would blow up in Baghdad, and if it wasn't the United States, it was probably Iran that was in back of that.

Mr. GILMAN. Mr. Milhollin.

Mr. MILHOLLIN. I would like to add to what Mr. Kemp has said. Right now I think we have to consider that Iran and Iraq are in an undeclared nuclear arms race. If you look at Iran, it has Pakistan on one side, which has nuclear arms; Iraq on the other, which is trying to get nuclear arms. And so the Iranians are under a lot of pressure to develop nuclear arms.

And if they do, then I think if Iran and Iraq manage to develop nuclear weapons, then you are going to have to start worrying about Egypt and Turkey and Saudi Arabia. So nothing is more important than keeping those two countries from getting the bomb.

Mr. GILMAN. Are either one—well, let's concentrate on Iraq. Is Iraq trading and exporting terrorism? Any comment by any of our panelists? Do you have any knowledge of that? Mr. Kemp?

Mr. KEMP. Oh, undoubtedly they are up to no good. I cannot give the nuts and bolts, but Iraq has a sophisticated intelligence service, and clearly they talk to other groups around the world who hate the United States. Exactly how involved they have been in various terrorist incidents is a matter of debate amongst analysts in this town. I do not have any conclusive evidence of their involvement in the recent terrorist attacks against the United States, but I certainly wouldn't put it past them. I think it is an issue that you should explore with the intelligence services, because if there is a link, then we have to regard the Iraqi threat even more seriously than we have done so far.

Mr. GILMAN. Any of the other panelists? Mr. Milhollin.

Mr. MILHOLLIN. No comment on that.

Mr. GILMAN. Mr. Duelfer?

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Mr. DUELFER. Well, I have to limit a bit what I say because a lot of what I learned was under U.N. auspices, and we had one function and that was weapons of mass destruction. So when we would stumble across the other activities of the Iraqi government, no matter what they were, that was not part of our mandate.

Having said that, we stumbled across a lot in our wanderings about Iraq, and my view is that there is certainly a lot of support to terrorist groups, and I would believe a lot of what I have seen about the types of groups based there and the types of training that have been going on.

But I think I would have to second what Jeff Kemp has said about the relationship with this particular act of September 11th. I frankly would be somewhat surprised if there was a command relationship between Baghdad and that event. Equally, though, I would be surprised, very surprised, if there were not a relationship between Iraqi intelligence services and the al Qaeda networks in some fashion, either through financial, perhaps, expertise and trading information.

Mr. GILMAN. My time has run. Mr. Ackerman.

Mr. ACKERMAN. Thank you very much. I think all three of you have said in one way or another what Mr. Kemp said directly, and that is that we have lost the sanctions case and that we have to take our case to the world.

Moving on from that, trying to figure out how you do that, and if you can do that, the issue of the nuclear arms race that, Mr. Duelfer, you just referred to in your former capacity as the Deputy Executive Chairman of the U.N. Special Commission, UNSCOM, and then I guess its Acting Director until its abolition. Some of our friends in the international community, presumably those to whom we would take our case, being an important part of the world, are our friends on the Security Council. They have called you and your associates all kinds of names—I guess being a spy was among the most kind—for your determined insistence to be able to inspect according to the international mandate the places at which they were either storing or producing materiel or, indeed, weapons of mass destruction. They have taken some pretty heavy hits at you, and I just want to give you your shot.

But having made that available here, I also want you and the others to address how in the world do we take our case when we have—where we have China and France and Russia, you know, permanent members of the Security Council, at least in one case certainly a leading democracy, certainly in all three cases countries willing to sell their soul for a prospective market to be able to do business with Iraq. How do we even think we are going to be able to take our case to the world court if we need to build this coalition, going back to what we have to do before we change the regime, which everybody says we have to do one way or another?

That is a long, run-on sentence—question. Take the reins and run with it.

Mr. DUELFER. Let me see if I can find an optimistic note in recent events. I think that September 11th refocused the attention in a lot of capitals, because I think they quickly realized that the threat was not just to the United States, but it was to the world

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economy, it was to the world system in which they all had enormous stakes.

With respect to the U.N. Security Council and the particular case of Iraq, I mean, I am with you. A lot of these, our so-called friends and allies, they were getting a free ride with Iraq. They could make deals, they could criticize the United States, they could criticize UNSCOM, they could behave irresponsibly, because they knew at end of the day if Iraq did something nutty again, the United States would save the day; that the United States forces were there, that they would contain Saddam and his regime, and so they could have a free rein.

I think the United States should have gone much further in terms of holding their feet to the fire. These countries which are happily making oil contracts with the same people who happily used gas against their own population, as some of you have pointed to, they should not be allowed to forget that.

They should not be allowed to effectively convey legitimacy on this regime through their dealing with it. It was much easier, it turned out, for the Security Council to modify UNSCOM than it was to modify Iraq. And let me just interject a thought here. A lot of people are talking about let's get Iraq to accept weapons inspectors again. Well, I daresay be careful about what type of weapons inspectors might be accepted into Iraq, because they may not be serious under the conditions that Iraq might potentially accept them.

But I agree with the thrust of your question. The council, I believe, was behaving irresponsibly. They were taking a very short-term view. But I think under current circumstances, with leadership, the international community can perhaps refocus. But if not, we have got to be able to go on our own. We cannot allow ourselves to be tied up during a visit to Lilliput by some of these people if they are not going to agree.

Mr. ACKERMAN. Mr. Milhollin.

Mr. MILHOLLIN. I think it is true that both the French and the Russians are motivated primarily by money. That is, the rhetoric they put out, is that they are concerned for the Iraqi population. I don't think that is true. It is just a matter of money. In my experience, the way to counteract people who are motivated by money is to shame them out of their position.

Now, we haven't been successful in that. I would say that if we want to succeed, we are going to have to put leading officials, meaning the Secretary of State, the President, the Vice President, out in public; and they are going to have to lay out the case against Iraq. They are going to have to shame countries like Russia and France from the positions they are taking. And I have not seen it happen. I guess I am an optimist. I think you can do it. It is just that we have not really made it a high priority, and I think we could.

Mr. ACKERMAN. Thank you, Mr. Chairman.

Mr. GILMAN. The gentleman's time has expired. Mr. Berman.

Mr. ACKERMAN. Can we have Mr. Kemp respond to that?

Mr. GILMAN. Mr. Kemp, go ahead.

Mr. KEMP. There are two points I would make here. I think the previous Administration made a deliberate calculation that they would give priority on the Arab-Israeli peace negotiations, which I

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think was a reasonable thing to do. They did not want to stir up the hornet's nest of Iraq at the same time, because it would have meant treading on a lot of toes. Now, I agree with my colleagues, it is a whole new ball game. September 11th has changed everything. But we should not, I think, underestimate the resistance we are going to get to a more proactive Iraq policy in the region. I think it may be easier to get the Russians and Chinese on board now, because they have different agendas and they ultimately see this as an opportunity to work with us.

But I think for our Arab friends in the region, Iraq remains a huge dilemma, because there is great support on the street for the plight of the Iraqi people, which they wrongly blame us for. But as we all agree, we have yet to reverse that image. And, therefore, perhaps the first thing we have to do is, while we are corralling Russia and China in New York, we also have to take the case to the region to make it clear that we are very concerned about the plight of the ordinary Iraqi people, and it would be American policy, following the demise of Saddam Hussein and his regime, to work as diligently as we can to help rebuild the country and to bring back some semblance of hope to these people.

Mr. GILMAN. The gentleman's time has expired. Mr. Berman.

Mr. BERMAN. Mr. Kemp, you think some part of Iran's motivation for their nuclear program is the Iraqi nuclear program?

Mr. KEMP. Absolutely; and their chemical program and their biological program and their missile program. After all, Iran suffered from major chemical attacks from Iraq.

Mr. BERMAN. Yes. Do you think that knowing that, that—or the absence of that program or the knowledge that program had been discontinued or that intervening events had taken care of that problem—would that affect Iran's decision to pursue those systems?

Mr. KEMP. Well, if you had asked me that a year ago, I would have probably said it would slow it down. But I think what we have to accept that which has happened in the last 3 weeks is that by ending our sanctions on Pakistan, by ending sanctions on India, after years and years of making nuclear proliferation on the subcontinent a priority of American policy, we are grandfathering India and Pakistan into the nuclear club. Although the Iranians are preoccupied with Iraq, they are also preoccupied with Pakistan.

And therefore while I think Iraq is a big factor in their calculations, Pakistan is now going to be high on their agenda of concerns. Of course, they worry about Israel as well. But fundamentally it would slow them down, and if we had better relations with them, it would give us an opportunity to help discuss alternatives with them. But I am very skeptical that you are going do change their mind-set at this point in time.

Mr. BERMAN. How would you characterize—I guess at least prior to September 11th, how would you characterize this Administration's policy toward Iraq?.

Mr. KEMP. It did not have one. Iraq policy was under review, as I understand it. I think what is interesting about this Administration's actions before September 11th is that they had not made any major comprehensive statement about the Middle East covering the peace process, Iran, Iraq, energy. There was no major speech. Now, I understand that they were preparing to do this, if the *New York*

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Times is to be believed, irrespective of September 11th. But I do believe now it will be incumbent upon them to outline a new policy.

Mr. BERMAN. I think that is a great way to build a coalition: here is what we were going to say before September 11th, and you can really build your base.

So it is quite clear that a lot of people who now have important positions in the Bush Administration had very definitive views on a much more assertive policy vis-a-vis Iraq before they came into this Administration, but that has not yet developed into an Administration policy. Is that fair to say?

Mr. KEMP. As I understand it, that is correct.

Mr. BERMAN. Gary Milhollin mentioned one way to get people to stop doing things for money is to shame them. The other one is to pay them more to do the opposite. Of course, that has the effect of being a rental, not a good purchase.

In terms of this, how do you think we should approach Russia in the context of sanctions in Iraq at this particular point, given obviously the September 11th priorities, accepting your premise of first things first? How do we envelop Russia into both, as to Iraq and perhaps as to Iran, particularly as to Iraq?

Mr. KEMP. I think this is an opportunity to get Russia to support the smart sanctions proposal, which I think against a lot of expectations, the Administration had been successful in getting France and China to agree to.

Now, if you get Russia on board as well, we can still argue the utility of smart sanctions. But one thing I don't think we can dispute is that this would put the onus once more on Saddam Hussein to make the case that sanctions are hurting the Iraqi people rather than his own behavior.

We have had this terrible problem of being blamed for the misery, and I think the smart sanctions give you a way out of that. This is a more useful avenue to approach with the Russians than, for instance, trying to get them to stop their nuclear cooperation with Iran or their arms sales with Iran, which I think involves a lot of money and a basic strategic partnership.

Mr. BERMAN. So just to finish up, in a way—if we are going to focus with Russia on something, focus on their position vis-a-vis Iraq, not Iran?

Mr. KEMP. That would be my priority. Others might disagree, but that is what I would say, yes.

Mr. BERMAN. Thank you, Mr. Chairman.

Mr. GILMAN. Thank you, Mr. Berman.

Mr. Kemp, why do you feel that the targeted sanctions approach advanced by Secretary Powell, along with other measures he recommended, would have any measurable impact on the Iraqi regime and on the economy of Iraq?

Mr. KEMP. Well, I am not sure it would. A lot will depend upon how successfully it is implemented. You not only need to get the Russians on board in New York, you have to have cooperation in the region, because the leakage right now, the black marketeering that goes on across the Turkish border through Jordan, through Iran's waterways, is legion. And my colleagues have both discussed this. You have got to at the same time convince the regional players that it is in their interests to cooperate with more border con-

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trols. Whether that is possible or not, I don't know. I would have said before September the 11th, it was going to be difficult to get Russians and it would be difficult to get regional support. I would say after September the 11th, we have a fighting chance. But it is not going to be easy.

Mr. GILMAN. Mr. Kemp, do you agree with Mr. Duelfer that Saddam cannot be deterred through classical deterrence methods?

Mr. KEMP. It depends what you mean by deterred. From doing what? I think he is deterred from using military force against his neighbors. I think he is deterred from using overt military force against Israel, absent some regional conflagration. I do not think he is deterred from using force against his people and conducting sort of covert operations that we may know nothing about. I don't think he is deterred from that.

Mr. GILMAN. Mr. Duelfer, given that there have been no inspections for nearly 3 years now, is there any evidence that Iraq is rebuilding its WMD programs?

Mr. DUELFER. There was continuing evidence, even when we were inspecting in Iraq. It was not stuff we could take to the Security Council and say this is proof, but there was certainly evidence and that has not abated. There are Iraqis who leave Iraq regularly, and curiously enough, some of them were involved in the weapons programs, and they will relate what they were involved in, and their activities continue to this present time.

Mr. GILMAN. Is there any evidence that during the Gulf War that Iraq used some chemical weapons against our forces?

Mr. DUELFER. We looked at that pretty closely, and we saw no definitive evidence that they used chemical weapons. There were some chemical weapons plants in storage bunkers which were blown. But our understanding, and certainly the Iraqis' claim, was that they did not use them. And, of course, we pressed them on that, and fundamentally the reason they said they did not was because Saddam thought he would be toast if he did.

Mr. GILMAN. Mr. Milhollin, your testimony seems to stop short of saying that Iraq is actually rebuilding its WMD programs, referring instead to the rebuilding of facilities and the potential for reconstituting of these programs. Is there any reason why you drew those distinctions?

Mr. MILHOLLIN. Well, we have evidence that certain facilities are being rebuilt, and we know those facilities were used in prior days for illicit purposes for making weapons of mass destruction. But as far as I know—and I haven't been privy to any information that proves that the sites they are rebuilding are actually being used to make chemical or biological weapons, for example.

Saddam has learned a lot about our intelligence capabilities over the years. And getting accurate information from on high is harder than it was before. So the reason I stop short is just because I don't want to make a statement I cannot support. But I guess I would make one point, though, that the fact that Iraq has foregone scores of billions of dollars in oil income rather than disarm, I think shows you the extent of commitment to weapons of mass destruction. It is safe to assume that what we cannot see is what we should be worried about.

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Mr. GILMAN. I have one last question to all of our panelists. There have been some reports suggesting Iraq may have been aware of or involved in the September 11th plot. There was some report that they met with an Iraqi intelligence person before they undertook their attack. What is your assessment of those reports, and what has been the relationship, if any, between Iraq and al Qaeda? Mr. Duelfer?

Mr. DUELFER. Well, let me take—I would be surprised, again, if there were not a relationship between al Qaeda and Iraqi intelligence and Iraqi expertise. Iraq has certainly maintained contact with all kinds of nefarious actors and organizations. But I am not sure I would say that because an Iraqi intelligence officer in Prague met with a guy who turned out to be conducting one of these activities, I don't think that would necessarily be evidence that they were connected with September 11th. Iraqi intelligence officers are all over the place. They are in New York. They are everywhere. There are a lot of people who meet with Iraqi intelligence officers, whether they know it or not.

Mr. GILMAN. Mr. Kemp?

Mr. KEMP. Yes, I would keep an open mind on this Mr. Chairman. We are in the process of conducting the most intensive intelligence investigation in history, and sooner or later if there is a connection, we will find it. So far, I have not seen any evidence that that exists, but I would not rule it out.

Mr. GILMAN. Mr. Milhollin.

Mr. MILHOLLIN. I do not see any evidence of the contents of any of these meetings, so without that, I don't think it is possible to know whether the Iraqis knew about the event before it happened or whether they had any role in it.

I think, though, that we have to assume—well, on an optimistic note, I guess I could say that Saddam right now seems to be doing pretty well. He is escaping the embargo. If we want to make an assumption, we could assume it would not be prudent for him at this time to be connected with an attack on the United States. But like all assumptions, that could turn out to be wrong.

Mr. GILMAN. One last question. Some do not want to pursue or oppose the overthrow strategy and try to disparage the opposition's unity and fighting capability. What is your assessment of the capability of the opposition to overthrow the regime of Saddam? To all the panelists. Mr. Duelfer.

Mr. DUELFER. I think they should be incrementally given the opportunity to prove themselves. The INC and others they were in Iraq when it was not pleasant to be in Iraq. And I think that a lot of people unfairly criticize them. But incrementally they can be given a chance to prove themselves, and if they demonstrate progress, give them some more support.

Mr. KEMP. That is my view, that is what I said in my formal testimony. And I think you need to have some military personnel testify on this, because I cannot judge how good they would be militarily, but I agree it has to be incremental, they have to prove themselves first.

Mr. MILHOLLIN. I agree with Mr. Duelfer.

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Mr. GILMAN. Well, gentlemen, we want to thank you for your testimony and for giving your time to appear before our Committee. The Committee stands adjourned.

[Whereupon, at 2:52 p.m., the Subcommittee was adjourned.]

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APPENDIX

MATERIAL SUBMITTED FOR THE HEARING RECORD

ADDITIONAL MATERIAL SUBMITTED FOR THE RECORD BY MR. GARY MILHOLLIN

Letters from Readers
Commentary Magazine
October 2001, pp. 3–6

SANCTIONS

TO THE EDITOR: In their much-publicized article, "Shopping with Saddam Hussein" [July-August], Gary Milhollin and Kelly Motz display a remarkably simplistic and somewhat disingenuous approach to the ongoing efforts to circumvent UN economic sanctions. There is no doubt that these sanctions are violated almost at will by Iraq in order to obtain material that would otherwise be denied under the existing embargo. Yet it is a somewhat fantastic leap to say, as the authors do, that any UN inspection regime, including the recently collapsed "smart sanctions" advanced by the United States and Great Britain, would have "little hope of stopping the Iraqis from sneaking in what they need to rebuild their weapons sites and sneaking out the oil to pay for it."

To justify this bold assessment, the authors claim that "even when the UNinspection regime was in place, the Iraqis had already figured out how to do just that." But the fact is that the inspectors from the United Nations Special Commission (UNSCOM) had implemented an extremely effective mechanism for tracking and monitoring Iraq's clandestine procurement efforts.

The critical fact is that none of the numerous transactions cited by the authors was conducted in violation of relevant UN resolutions. With the exception of the foiled endeavor by Wi'am Gharbiah to bring in Russian ballistic-missile components in 1995 (and even in that case the evidence points to a rogue operation rather than one orchestrated by the Iraqi government), Iraq was not prohibited from possessing any of the material in question, so long as it had been disclosed under the provisions of Resolution 715 (ongoing monitoring and verification) or 1051 (export-import control) prior to arrival in the country. And all items were indeed declared to UNSCOM within the required reporting period.

From 1995 through 1998, as a weapons inspector for UNSCOM, I ran a series of counterproliferation operations known collectively as Operation Tea Cup. The interception of Gharbiah's shipment in Jordan was the first, and most public, manifestation of this operation, and only UNSCOM, with its strong intelligence relationship with friendly governments, could have pulled it off. For nearly three years, Operation Tea Cup yielded similarly impressive gains, terminating a contract for a glass-lined reactor suitable for both civilian and military activity and tracking down other equipment useful in chemical production processes.

In September 1997, in cooperation with Israeli intelligence, I traveled to Kiev to meet with the head of the Joint Intelligence Center/National Security and Defense Council of Ukraine for the express purpose of investigating the activities of Yuri Orshansky, a figure mentioned by the authors. Although they contend, without any supporting evidence, that Orshansky delivered goods to Iraq subsequent to a series of protocols signed in 1995–1996, my investigation showed the exact opposite: no material brokered by Orshansky or anybody else was delivered to Iraq from Ukraine. I put more faith in my factually supported findings than in the speculative musings of Gary Milhollin and Kelly Motz.

But creative interpretation seems to be their modus operandi. Take the following passage:

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> Before being forced out in 1998, the UN inspectors compiled a series of confidential reports detailing what they knew about Iraq's foreign suppliers. . . . What they recount is an ongoing effort to build weapons of mass destruction.

These reports, in truth, recount no such thing. While the many inspections exposed the leakage of the sanctions regime, nothing was discovered that could point to an effort to rebuild Iraq's weapons of mass destruction.

My reading of these documents provides a much more realistic assessment. Take, for instance, the report of the combined Missile/Export-Import team inspecting the Karama State Establishment (Iraq's major ballistic-missile facility) on May 27, 1997. During this inspection, Dr. Hamid Khalil Ibrahim, a leading Iraqi missile scientist, told the team that no foreign goods had been received since May 1996. The team then asked Dr. Hamid (as he was known familiarly) about precision machine tools that Iraq had declared to UNSCOM in December 1996. These tools, of Italian manufacture, did not fall under the technical specifications set forth in Resolution 1051, and so were deemed legitimate (despite having been brought into Iraq in violation of sanctions). The same held true for seven boxes of production tools (of Romanian origin) for gyroscopes, and a British-made grinding machine.

The inspection was conducted in a very thorough manner, and concluded as follows: "No proscribed activity or details were observed." This phrase is repeated throughout the documents UNSCOM produced concerning Iraq's compliance with its obligations under the Ongoing Monitoring and Verification (OMV) plan. In fact, since the implementation of Resolution 1051, the inspectors uncovered not a single example of proscribed export-import activity. How Gary Milhollin and Kelly Motz can assert the contrary escapes me.

None of this is to deny today's harsh reality that goods are pouring through the defunct, and discredited, regime of economic sanctions. Is Iraq using the oil-for-food program to support such activity? Of course it is. One of the last major operations I carried out under Tea Cup was aimed at disrupting efforts to obtain ballistic-missile technology and production capabilities from Aerofina, a Romanian military-industrial company. In the end, none of the activity turned out to be of a proscribed nature, but intercepted conversations between the Iraqi team, headed by Dr. Hamid, and his Romanian intermediary pointedly referred to the oil-for-food program as a means of facilitating the transfer of goods from Romania. He said: "We would use the oil-for-food agreement. The Jordanians don't ask why, so we could call it 'electrical parts for sewage system,' 'pumps for irrigation,' 'coolers for water pumps,' 'machine tools,' 'instrumentation for pipelines,' or 'raw materials.'"

Clearly, then, the Iraqis were, and probably still are, violating the economic sanctions by misrepresenting goods as part of the so-called humanitarian relief effort. But such violations do not automatically translate into schemes for acquiring weapons of mass destruction; in linking the two, Gary Milhollin and Kelly Motz are mixing apples and oranges. Nor does the failure of one program (sanctions) automatically translate into the failure of another (inspections). In fact, the history of UNSCOM's work shows just the opposite: despite the failure of the sanctions regime, inspectors were able to keep a tight lid on Iraq's ability to rebuild its past prohibited programs.

Unfortunately, on-site inspections have been tossed into the garbage heap by those U.S. policy-makers who seek not the disarmament of Iraq's weapons of mass destruction but rather the removal of Iraq's president. It was the mixing of these two disparate objectives that ultimately condemned UNSCOM, and their continued mixing ensures that the United Nations Monitoring and Verification Inspection Commission, UNSCOM's predecessor, will never be allowed back on the job. Yet the fact is that inspections did, and can, work.

If the authors were sincere, they would try to help formulate a policy that might result in a resumption of inspection activity. That they chose instead to denigrate the process by distorting facts shows that they are motivated by concerns other than nonproliferation. This is a shame, and does a grave disservice to a cause they purport to champion.

SCOTT RITTER
Delmar, New York

GARY MILHOLLIN and KELLY MOTZ write: Scott Ritter both misunderstands our article and makes a series of claims that are patently false.

Mr. Ritter begins by stating that none of the secret missile deals we described was "in violation of relevant UN resolutions." He also contends that "Iraq was not prohibited from possessing any of the material in question" as long as it was declared to the United Nations.

Nothing could be farther from the truth. UN Security Council Resolution 661 barred the sale to Iraq by any nation of "any commodities or products," with only

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two exceptions: "supplies intended strictly for medical purposes, and . . . foodstuffs." Resolution 661 was passed in 1990 and was in force when the deals we described were carried out. Does Mr. Ritter believe that gyroscopes and other missile-guidance components are food? Or medicine? Does he think that Saddam Hussein bought them to make sandwiches or bandages?

Missile parts are also munitions—that is, arms. As such, they are also barred from sale to Iraq by UN Security Council Resolution 687, adopted in 1991 and in force during the period we discussed. Resolution 687 not only bans the sale of "arms and related . . . components" to Iraq, it bans even the "promotion or facilitation" of such sales. There is no question that both Resolution 661 and Resolution 687 expressly forbade the deals we described. As a former UN inspector, Mr. Ritter must know that.

That Iraq was not prohibited from possessing any of the imported material is also false: the illegal status of the import followed the goods into the country. Mr. Ritter tries to obscure this point by claiming that Iraq "declared" all the items it illegally imported. He is misleading the reader: in fact, Iraq declared its secret imports only after the UN inspectors had discovered them independently. Seized Iraqi documents make it clear that Iraq intentionally did not declare illegally imported items, "in order to avoid problems." This, too, Mr. Ritter should know perfectly well.

Citing secret missile contracts with the Romanian company Aerofina, Mr. Ritter claims that none of Aerofina's deals with Iraq "turned out to be of a proscribed nature." Yet Aerofina agreed to supply missile-engine parts, gyroscopes for missile guidance, the tools and equipment needed to produce these items, and the equipment needed to test them. Iraq claimed that these purchases were made for short-range missiles, which it is permitted to develop on its own. The crucial fact, however, is that a total arms embargo under Resolution 687 is still in effect on the sale of any missile parts to Iraq—whether for short- or long-range missiles. Thus Mr. Ritter is wrong again: the Aerofina deals were indeed "proscribed." They were proscribed when they occurred, and they are proscribed today.

In his letter, Mr. Ritter himself admits that Iraq violated the UN sanctions "almost at will." How he can say that and simultaneously assert that no UN resolutions were being violated is something only he understands.

Mr. Ritter takes considerable pains to argue that none of the goods brokered by Yuri Orshansky, a Ukrainian middleman, was actually delivered. As a criticism of our article, this is disingenuous. We ourselves pointed out that the UN inspectors were "unable to find any of the equipment" they suspected Orshansky of brokering. What we did say was that, in interviews with us, the inspectors offered two possible explanations for this outcome: either Iraq bought the equipment and hid it for future use, or Iraq may have been only shopping and comparing prices. We deemed the latter possibility unlikely after so many trips, so much consultation, and so many contracts for specific items. We think it more likely that secret imports from Ukraine are helping Iraq rearm today.

Perhaps Mr. Ritter's most surprising assertion is that "nothing was discovered [by the UN inspectors] that could point to an effort to rebuild Iraq's weapons of mass destruction." Mr. Ritter himself, while a UN inspector, went to great lengths to penetrate Iraq's elaborate system of concealment and deception, which employed thousands of persons with no other purpose than to hide Iraq's efforts to acquire weapons of mass destruction. His present claim is contradicted by his own experience.

There is little doubt that Iraq is still concealing its weapon programs. The strongest evidence is its refusal to admit UN inspectors. This refusal is causing the continuation of the trade embargo, which in turn is costing billions in lost oil revenue. Saddam Hussein obviously thinks that concealing his weapons is more important than feeding his population.

It is untrue that we "denigrate" the inspection process, as Mr. Ritter accuses us of doing. We think the best outcome in Iraq would be to have fully empowered inspectors return and complete the job of disarmament. Unfortunately, the UN's effort to monitor Iraq's imports was never intended to stop illegal sales, and was never effective in doing so. Instead, it was established to allow Iraq to import dual-use goods and to insure that they were used for legitimate purposes. Now that the inspectors are gone, Iraq is free to use its imports, legal or illegal, for any purpose it wishes.

Finally, Mr. Ritter seems to be confused about which government is responsible for getting UN inspections—in his words—"tossed into the garbage heap." By attacking the U.S., he is fingering the wrong culprit; the Iraqi government is solely responsible for prohibiting the return of inspectors. Worse, by blaming the U.S., Mr. Ritter is implicitly condoning Iraq's continued flouting of UN resolutions. This curi-

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ous stance, when added to his other invalid claims, leads one to wonder whose side he is really on.

U.N. Sanctions Didn't Stop Iraq From Buying Weapons
By BARBARA CROSSETTE
The New York Times
June 18, 2001, p. A6

Two American arms control experts, combing through unpublished reports by a disbanded arms inspection commission, say they found evidence that Iraq continued to buy prohibited weapons or parts long after United Nations sanctions were imposed in 1990.

Many of the purchases appear to have been made in Central and Eastern Europe, the experts, Gary Milhollin, director of the Wisconsin Project on Nuclear Arms Control in Washington, and Kelly Motz, a project researcher, say in a new independent report. They found documents concerning illegal sales or potential sales by companies in Ukraine, Belarus and Romania. Among the purchases made by the government of Saddam Hussein were missile components and high-technology machine tools.

In the past, United Nations arms inspectors for Iraq had been reluctant to identify countries in public reports, in part because there have also been suspicions of illegal trading by companies in Russia, a powerful member of the Security Council.

The report by the Wisconsin Project, to be published on Wednesday in the magazine Commentary, appears as the United Nations Security Council is debating a new "oil for food" program for Iraq that would lift most restrictions on sales of civilian goods to Iraq.

The Council is stymied over American insistence that, given Iraq's past subterfuges in acquiring weapons of mass destruction, the plan must include an extensive list of items that could only be sold after a review to make sure they were not intended for military use.

"What this shows is that Saddam's procurement network is alive and well and has been working steadily despite the sanctions," Mr. Milhollin said in an interview on Thursday. "To stop it, we need to do better.

"There are a lot of companies out there willing to break the embargo, and they're also going to be willing to take advantages of weaknesses in this list, which means the list ought to be as strong as we can make it. Given his proclivities to divert things and to stop selling oil for his people in order to leverage us out of controlling his money, if there are going to be mistakes made, we ought to make them on the side of being more careful about what he is allowed to buy."

The sanctions were imposed on Iraq in 1990, after it invaded Kuwait. The oil for food program allows Iraq to sell oil to alleviate suffering of the civilian population under the sanctions. The United Nations monitors expenditure of the profits, with part going to Kurds in the north and reparations for the Persian Gulf war.

France, Russia and China are objecting to the American list of items that would have to be reviewed under the broadened program.

They contend that some items, beyond clearly prohibited arms, are unnecessarily restrictive and will prolong hardships in Iraq that the new oil-sales plan was intended to alleviate.

Some independent experts say United States intelligence agencies are trying to keep certain items out of Iraq that it could use to make American eavesdropping harder, if not impossible.

In negotiations this week in Paris and New York, the Americans agreed to trim the list somewhat, diplomats said. But continuing disagreements over its scope it could cause the Council to miss another deadline, July 3, for establishing the new oil-sales program.

In their article, Mr. Milhollin and Dr. Motz dismiss the debate over the new plan as largely irrelevant. "The new proposal—whether adopted by the U.N. or not—has little hope of stopping the Iraqis from sneaking in what they need to rebuild their weapons sites and sneaking out the oil to pay for it," they wrote. "For the truth is that even when the U.N. inspections regime was in place, the Iraqis had figured out how to do just that."

Iraq continues to argue that it has disarmed as required by the Security Council and that sanctions should be lifted without further preconditions. Russia and France, the Council members with the closest ties to Iraq, say that while an automatic lifting of sanctions is not possible, Iraq should be told clearly what it still needs to do so that sanctions can at least be suspended as soon as possible.

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A United Nations commission was set up after the gulf war to monitor Iraq's weapons, but the inspectors were withdrawn in late 1998, in advance of American and British bombing of Iraq. It was that commission's documents that Mr. Milhollin and Dr. Motz reviewed.

A new arms inspection system was established, but this week its director, Hans Blix of Sweden, told the Security Council again that inspectors from his new United Nations Monitoring, Verification and Inspection Commission must go to Iraq before a suspension can be considered. Mr. Hussein has barred them.

"The completion of both the inventory of unresolved disarmament issues and the identification of the key remaining disarmament tasks," he wrote in a report to the Council, "will only be possible after the commission's experts have commenced work in Iraq and have been able to assess what changes may have occurred during the almost two-and-a-half years when there have been no on-site inspections or monitoring in Iraq."

Among the examples drawn from the documents of the now defunct United Nations Special Commission was a case that began in 1995 when a delegation of Iraqi specialists from the Badr State Establishment, which made sophisticated machine tools, arrived in Belarus with a shopping list that included diamond-cutting tools. They can be used for making precision parts for nuclear weapons and long-range missiles. Those tools and other materials were bought outside United Nations rules, the authors say, and shipped to Iraq by way of the Jordanian free-trade port of Aqaba.

As late as 1998, before arms inspectors were withdrawn from Iraq, the Wisconsin Project article says, United Nations experts saw high-technology lens-making machinery from Belarus being unloaded in Iraq. In Ukraine, the Iraqis wanted to acquire whole laboratories, with training assistance and computer software. The Iraqis say they never made the purchases, and United Nations inspectors never found evidence of them at missile sites or other places.

Ukraine continues to be publicly active in Iraq, however. This year, according to news reports from Kiev, more than 100 Ukrainian companies, some selling space and aviation equipment, exhibited their goods at a Baghdad trade fair.

The New York Times
April 29, 2001, Sunday, Late Edition—Final
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SECTION: Section 1; Page 16; Column 4; Foreign Desk
LENGTH: 1274 words
HEADLINE: Document Reveals 1987 Bomb Test by Iraq
BYLINE: By William J. Broad

BODY: Iraq tested a bomb in 1987 that cast a radioactive cloud in the open air and was designed to cause vomiting, cancer, birth defects and slow death, according to a secret Iraqi report on the weapon's construction and testing.

Radiation sickness from the bomb, the document said, would "weaken enemy units from the standpoint of health and inflict losses that would be difficult to explain, possibly producing a psychological effect." Death, it added, might occur "within two to six weeks." The bomb, 12 feet long and weighing more than a ton, according to the document, could be dropped on troop areas, industrial centers, airports, railroad stations, bridges and "any other areas the command decrees."

While the existence of Iraq's effort to build a radiological weapon has been known for several years, the 1987 report sheds light on the secret effort. The New York Times obtained the document from the Wisconsin Project on Nuclear Arms Control, a private group in Washington that said it acquired it from a United Nations official.

Radiation or radiological weapons, sometimes known as "dirty nukes," are the poor cousins of nuclear arms. Their conventional high explosives scatter highly radioactive materials to poison targets rather than destroying them with blast and heat. Their effects on people can range from radiation sickness to agonizingly slow death, which is why military experts often see them as ethically bankrupt.

"It shows what kind of guy we're dealing with," said Gary Milhollin, the group's director, of the Iraqi leader, Saddam Hussein. The bomb, he added, was "nasty stuff meant to kill people over a long period of time" and thus, he said, "crossed the line into moral barbarism."

It was basically a dud, however, Mr. Milhollin said, and that caused the Iraqis to scrap the project. The radiation levels were considered too low to achieve the grisly objectives.

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The episode nonetheless "shows Iraq's intention" to develop weapons of mass destruction, he added. The official who disclosed the document, Mr. Milhollin said, is "concerned that Saddam is going to get the bomb."

The United Nations rarely discloses documents gathered in Iraq, but David Albright, formerly a nuclear inspector in Iraq, said he had seen the document and that it he did not doubt it was authentic.

He and other experts agreed that the document, which is to be posted on a Web site Monday, gives away no secrets that could aid weapons development and no indication that the project was a resounding failure.

Nuclear experts say Iraq today has neither programs to develop radiological weapons nor the reactors needed to make radioactive materials for them, and no fuel for nuclear arms. The reactor used in making the prototype radiological weapon was itself bombed during the gulf war in 1991, and inspectors tried to keep Iraq from resuming its nuclear efforts for years afterward.

But today the inspectors are largely gone and American experts worry that Iraq may be quietly shopping for bomb fuel and parts on the international black market.

"There's growing concern that Iraq is reconstituting its nuclear weapons program and will make steady progress because it knows so much already," said Mr. Albright, president of the Institute for Science and International Security, an arms control group in Washington.

Iraq's testing of its radiological weapon was done in 1987 as it waged a war of attrition against Iran and considered the radiation bomb as a way to cripple enemy forces. The document said the work was undertaken by Atomic Energy Agency and the Al Qa-Qa and Al Muthanna centers of the Iraqi Military Industrial Commission.

To make the radioactive materials, Iraqi engineers prepared special metals to irradiate in a reactor at Tuwaitha, Iraq's primary nuclear site. The document said the metal was mostly zirconium, which is often used in atomic reactors because it resists corrosion. The zirconium mixture also included hafnium, uranium and iron.

Zirconium was chosen, the document said, because a production process for it already existed since the metal was used for incendiary bombs. When finely powdered, the metal ignites spontaneously in air.

The half-life of zirconium 95, the document said, was 75.5 days. This relatively short period of radioactive decay, it said, "helps to dissipate the effect of the bomb after several weeks so that it is difficult to track, analyze, or recognize." The brevity, it added, gives "the desired biological effects" while making it "possible for our units to go to the bombed area without great danger after this period has expired."

The document has many diagrams. They show at the bomb's core a thick three-foot lead case, shielding workers from its radioactive rays, that held the zirconium. This leaden case fit inside an eight-foot casing that held fuses and explosive charges and was capped by tail fins four feet long.

The weapon and its parts were tested three times in 1987, the document said. The first sought to see if the thick lead case holding an irradiated charge could be blown apart, in order to discharge. It could.

The second test was of a bomb sitting on the ground. "The explosion was awesome," said the report. "We saw the blast wave moving out of the center of the explosion in the form of a circle moving at great speed." The radioactive cloud rose more than 600 feet.

In the third test, the Iraqi Air Force dropped two bombs, which again produced huge clouds. "We must point out," the report said, "that a significant part of the fallout went with the cloud into the air and it was not possible to follow this small amount of radioactive matter by means of the portable equipment."

Radiation readings on the ground were rather low, in one case "290 times above the highest level allowed nationally for foodstuffs." The document reported no readings taken in the air—a critical oversight for a weapon meant to hurt and kill people largely through the inhalation of radioactive particles.

The main flaws of the weapon, the report said, were that its radioactive charges lost strength quickly. The irradiatiated charge had to be used within a week. Calm weather was also essential. Another drawback, it said, was that the work had to be done in strict secrecy, "even with regard to those doing the work, so as not to give rise to psychological feelings leading to hesitation because of a fear of radiation."

A final problem, it said, was that an alert enemy might come to realize that the exploding bombs packed a lingering punch, allowing the future development of defensive precautions. It even suggested that satellites might be able to spot radiation from "a concentrated strike," a feat that seems unlikely.

Iraq gave the document to the inspectors and the United Nations apparently referred to it in a April 1996 report of the United Nations special commission set up

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to monitor Iraq's disarmament. "Iraq declared," it said, "that no order to produce radiological weapons was given and the project was abandoned."

The document is to be posted Monday at *www.iraqwatch.org*, a new initiative of the Wisconsin Project. The main supporter of the Web site is the Smith-Richardson Foundation, a private group in Westport, Conn., that specializes in issues of national security.

Mr. Milhollin of the Wisconsin Project said that the radiation effort was clearly a flop, despite the report's upbeat language.

"When you read this, you get the impression that the guys in Iraq were trying to put best face on the results, to exaggerate them," he said. "But if you look at the figures, it's obvious it didn't work." *http://www.nytimes.com*

The New York Times
July 3, 2001, Tuesday, Late Edition—Final
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SECTION: Section A; Page 1; Column 1; Foreign Desk
LENGTH: 1451 words
HEADLINE: Effort to Recast Iraq Oil Sanctions is Halted for Now
BYLINE: By Barbara Crossette
DATELINE: United Nations, July 2

BODY: Facing a Russian veto in the Security Council, the United States and Britain today abandoned efforts for now to change the rules for permissible trade with Iraq.

The plan would have expanded civilian trade while tightening controls on smuggling oil and prohibited weapons, depriving President Saddam Hussein of an excuse that it was the sanctions alone that were hurting the Iraqi people. Russia, with strong commercial interests in Iraq and a long history of military and diplomatic cooperation, had introduced its own resolution, which reopened the issue of lifting the sanctions imposed in 1990 after Iraq's invasion of Kuwait. A Russian veto would have killed the American and British proposal for the foreseeable future.

The United States and Britain decided to abandon the fight for now and to seek an extension of the current "oil for food" program for five months. A month's extension on the program's current mandate runs out at midnight on Tuesday.

The decision not to force a showdown, after winning agreement for the plan from China and France and thereby isolating Russia among the five permanent Council members with vetoes, was a setback for the Bush administration, which had made a new policy on Iraq a high priority.

With a postponement of five months, Iraq would emerge with what it wants in the short term—the status quo. That could bolster hard-liners in Washington who have always contended that diplomatic efforts were wasted on President Hussein and that more direct methods are needed to keep Iraq from posing a threat to other nations.

Ambassador James B. Cunningham, the American representative on the Council, said in an interview that the United States was in no way "shelving the policy."

Mr. Cunningham said the United States agreed to the five-month extension because it was the better of two choices: Washington could have risked a veto or decided instead to buy more time to get the Russians to join the consensus. He said there would be more high-level meetings with the Russians over the next few months and those opportunities would be used to press the case for the resolution.

"It strikes us as illogical for the Russians to take this position when it is so clear that there is a basis in the Council for an agreement—an agreement that would help the Iraqi civilians," he said. He called the postponement of the new oil plan "a defeat for the Iraqi people."

American officials have said in recent weeks that they have been mystified by what the Russian motivations may really be and have often have been sent mixed signals about what Russia's real concerns are. Diplomats said China's decision to accept the outlines of the American and British plan was important because it indicated that the Russian position was difficult to understand and had virtually no support.

Sir Jeremy Greenstock, Britain's ambassador, said after a brief Council meeting this morning that it was important that the resolution creating the new oil sales plan—which the British introduced and took the lead in fighting for in the absence of a new permanent American ambassador from the Bush administration—remain on the table. He described it as "broadly supported and very much alive." Forcing Russia's hand would have killed the plan with a veto.

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Calling Russian opposition to the proposal "unjustifiable and negative," Sir Jeremy said that "preserving the validity of that resolution means, in the view of the United Kingdom and most members of the Council—perhaps all members of the Council—avoiding a crash over the next couple of days because that does damage to the draft resolution."

An end to sanctions is Iraq's basic goal, since sanctions have introduced United Nations supervision of Iraqi trade and, under the oil-for-food program, Iraqi profits, placing them in an escrow account under United Nations control. Iraqi smuggling, and illegal oil sales to neighbors that the United States tolerated to keep allies like Turkey and Jordan happy, are now giving the Iraqis $1 billion or more outside the system.

Contrary to Iraqi wishes, however, Russia does not argue for lifting sanctions immediately, but says the embargo should be suspended after Iraq allows arms inspectors, who have not been allowed to work in Iraq since late 1998, to return and resume monitoring. The United States and Britain have insisted that this is not an issue to be raised within the context of a new oil-for-food plan.

In December 1999, a separate Security Council resolution laid out the steps Iraq must take not only to allow inspectors to work but also to meet certain crucial disarmament tasks, still to be determined. The Security Council has required Iraq to eliminate its weapons of mass destruction.

Ambassador Sergey Lavrov of Russia turned that argument around today, saying it was the American-British proposal that had strayed from the essential purpose of selling oil to buy civilian goods and materials to rebuild Iraq's infrastructure.

"We consider that this proposal is not just extending or improving the humanitarian program; it's about giving the program some new functions, and this requires a very thorough study," he said. He added that the Western proposal was "linked to the sanctions policy and the disarmament policy."

"Our government position has always been consistent, and we're in favor of renewing the program and improving the humanitarian operation," he said.

Iraq stopped exporting oil several weeks ago to protest the possible passage of the British and American plan, denying itself, and presumably the Iraqi civilian population, millions of dollars in income.

Finding a way to prevent Iraq from gaining propaganda advantage from the unquestioned deprivation most Iraqis—though not Mr. Hussein's inner circle—suffered from a decade of sanctions has always been a problem for the Security Council and its member governments. The United States said in introducing the new plan that it wanted to rob Iraq of an excuse for its own failure to spend money on the civilian population in need of medicines and a wide range of public goods and services.

Shortly after the 1991 American-led war to free Kuwait, a United Nations team visiting Iraq warned that there was a catastrophe in the making, as the embargo cut off most trade links with the outside world. In August of that year, Iraq was first offered an oil-for-food program, but turned it down, demanding an end to sanctions instead. Not until 1995 did Iraq agree to an oil sales program supervised by the United Nations. It began functioning late in 1996, and was broadened three years later to remove the limit on oil sales.

Since 1996, most recently aided by high oil prices, Iraq has exported over $43 billion in oil. The United Nations deducts part of the profits to compensate victims of the Iraqi war against Kuwait and a share for the Kurds in northern Iraq who had suffered intense persecution, including poison gas attacks, by the government in Baghdad. Iraq is now free to spend the rest of the money on a wide range of imports, and nearly $25 billion in goods have been ordered. The new British-American plan would have removed remaining restrictions on civilian trade.

A sticking point, however, was a list the United States wanted to annex to the Council resolution, which would enumerate certain weapons banned under existing international agreements and some other ostensibly civilian goods that could have military purposes. The list of so-called "dual use" items was not prohibitive; it called only for a right to review purchases of those goods.

Last week, Secretary of State Colin L. Powell was able to persuade the French and Chinese to drop their objections after the list was whittled down. What remained to block passage of the resolution, in addition to persistent Russian opposition, was the question of how to compensate Iraq's neighbors—Jordan, Syria and Turkey—for loss of oil supplies Iraq had been selling outside the system at reduced prices.

That illegal trade, to which the Security Council at first turned a blind eye, became more of a concern as oil prices rose and the Iraqis were accumulating money that could have gone into illegal arms.

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Iraq threatened to cut off all oil to its neighbors if they joined the United Nations-supervised system. Jordan, in particular, said its economy would be devastated by such a move.

Then a month ago, Iraq stopped all exports of oil anywhere to protest the Security Council's move toward revamping the oil-for-food program and its decision to put off a vote from June 3 to July 3. Iraq has lost $1.3 billion it could have spent on consumer goods and services. *http://www.nytimes.com*

The New York Times
June 30, 2001, Saturday, Late Edition—Final
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SECTION: Section A; Page 3; Column 1; Foreign Desk
LENGTH: 929 words
HEADLINE: Plan to Modify U.N. Sanctions Against Iraq Bogs Down, Powell Says
BYLINE: By Jane Perlez
DATELINE: Paris, June 29

BODY: Secretary of State Colin L. Powell won support from France and China today for a plan to loosen restrictions on trade in civilian goods with Iraq, but he said that continued resistance from Russia made it unlikely that the proposal could be adopted at the United Nations by a deadline next week.

Secretary Powell said Moscow had refused to "engage" on the issue and continued to insist that its commercial interests would be harmed. The proposal, supported by Britain and the United States, would revise the "oil for food" program under which Iraq may sell oil to buy civilian goods, allowing far freer trade in most civilian goods. But the Security Council would also compile and enforce a list of imports it would insist on inspecting to preclude the import of arms or items that could be used for military purposes. The Bush administration has also promised to devise methods to cut off the smuggling of Iraqi oil.

Sanctions were imposed on Iraq after it occupied Kuwait in 1990, and these would remain in force until Baghdad allows arms inspectors to return. The United Nations would also continue to administer Iraqi oil profits.

The United States and Britain first proposed the changes in May to counter President Saddam Hussein's accusations that sanctions were to blame for the suffering of ordinary Iraqis.

But objections from Russia, as well as France and China, led to an extension of the current system for a month, to July 3.

As Secretary Powell landed here, a State Department spokesman said that China and France had agreed to the list of items that would have to come under review, leaving only Russia among the five permanent members of the Security Council still resisting.

The official said Secretary Powell, who ended his trip to Israel and the Palestinian territories this morning, had spoken to the French foreign minister, Hubert Vedrine, and the Chinese foreign minister, Tang Jiaxuan, in a last-minute effort to win passage in the Security Council.

If the United States proposal fails by the deadline on Tuesday, it would represent a major setback for Secretary Powell, who took over at the State Department intent on convincing the Bush administration that his approach was the correct one to keep Mr. Hussein under control.

More hawkish officials at the Pentagon have argued that even if the modified sanctions passed at the United Nations they would have little effect in curbing Mr. Hussein and that the better route was to try to dislodge him from power. Secretary Powell, who arrived here this evening from Amman, Jordan, said he discussed the sanctions revisions with King Abdullah during lunch with him today. Jordan initially gave Secretary Powell its support in his quest to modify the oil-for-food regime, but two weeks ago the Jordanian government publicly said that the changes would cause a $1 billion loss in annual revenue, a financial burden too heavy to carry. Jordan is a major route for the smuggling of Iraqi oil.

"The Russians have strong commercial interests they feel are not protected," by the American proposal, Secretary Powell told reporters as he flew here to meet Crown Prince Abdullah bin Abdel Aziz of Saudi Arabia. The secretary said the Russians also had a "different view" on whether Iraq had complied with inspections of their weapons of mass destruction. Asked if the Russians were using this occasion to deliberately embarrass the Bush administration, Secretary Powell said, "I don't think it is necessarily a flex your muscles, mano a mano thing with the United States." But he said Washington had not directly dealt with the Russian president, Vladimir V. Putin, on the issue.

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Moscow, Secretary Powell said, was "always looking for a solution that Iraqis would agree to." The Iraqis have demanded that all sanctions be lifted. Further, Secretary Powell said, Russia had a "good understanding" of the extent of Iraq's program of weapons of mass destruction but the United States tended to be "more vigilant."

Russia and China have argued for a much leaner list than the United States has wanted. France and Russian have also wanted to open the way for some foreign investment, particularly in Iraq's oil sector.

As Secretary Powell and his State Department diplomats worked the Iraqi issue at the United Nations, they were severely hampered by the spill-over effect of the Palestinian-Israeli conflict. Arab governments have become increasingly nervous about public outrage in their streets over the perception that the United States is backing Israel in its conflict with the Palestinians. Aside from the possible political costs in Washington, Secretary Powell could also face a further breakdown in the sanctions regime in Iraq if the United Nations' effort fails. Putting the best face on it today, the secretary of state said, "I think what we have succeeded in doing is bringing a political consensus together over the last five months from what was political disarray at the beginning of the year."

Iraq had demanded that all sanctions be lifted without conditions. And according to moderate Arab diplomats, Mr. Hussein has run an effective campaign in the last month persuading Arab countries not to go along with the American proposal. One of the intentions of Secretary Powell's early initiatives on Iraq was to curb the criticism in the Arab world that the United States was trying to intentionally impoverish the Iraqi people. But that American appeal got buried as the Palestinian uprising gathered steam early this year and highlighted the plight of Palestinians.
http://www.nytimes.com

The New York Times
May 17, 2001, Thursday, Late Edition—Final, Correction Appended
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SECTION: Section A; Page 1; Column 3; Foreign Desk
LENGTH: 1334 words
HEADLINE: U.S. and Britain Seek to Restore Trade with Iraq
BYLINE: By Barbara Crossette
DATELINE: United Nations, May 16

BODY: Britain, backed by the United States, will propose next week that the United Nations lift the 11-year ban on international trade with Iraq, British officials said today.

The long-awaited British-American proposal, if adopted by the Security Council, would prohibit only the sale of a specific list of arms and weapons-related items to Iraq. But the plan would require Iraq to let international arms inspections resume before any sanctions could be lifted, and it would reject Iraqi demands to return to Baghdad the control over money Iraq earns from oil sales. That money would still be deposited into a United Nations-supervised escrow account, to be drawn on for imports. Iraq has already said it would accept nothing short of an end to the embargo, and it expelled international inspectors in 1998, so it is likely to reject the plan as inadequate.

"The measures that we are proposing in effect will mean the end of sanctions on ordinary civilian imports into Iraq," a British official said today. "We are trying to agree on more focused controls on Iraq's weapons and illegal oil exports," he said.

Although the new proposals, representing a fundamental shift in the way the United Nations will deal with Iraq, were developed jointly, Bush administration officials appeared reluctant to comment publicly on the plan, leaving the British alone out front today.

The administration's approach has many critics in Washington, especially among conservatives who believe Mr. Bush should increase pressure on President Saddam Hussein in the hope of bringing down his regime. But Mr. Bush, in an interview with The New York Times in January, likened the Iraqi sanctions to "Swiss cheese" and went along with a proposal by Secretary of State Colin L. Powell to focus on enforcing sanctions on military transfers.

"You undercut all sanctions if you try to stop everything," one State Department official said. "It simply doesn't work to try to lock up the country, especially when so many other countries are willing to turn the other way when goods are smuggled across the border. So it's time to try a different approach."

The proposal comes several years after deep fissures developed in the Security Council over the usefulness or ethical justification for the sweeping embargo that

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the Security Council imposed under the last Bush administration and which the Clinton administration demanded it keep in place. In recent years, rising oil prices also gave Mr. Hussein enhanced economic power that helped reduce his diplomatic isolation, as old and new trading partners joined in calls for a lifting of sanctions.

A long and difficult council debate is expected. The other permanent members of the council with veto power, China, France and Russia, which have argued for a quicker suspension of sanctions, did not comment on the proposals today.

In Washington, Richard Boucher, the State Department spokesman, said that the administration was in "a sort of intermediate stage" of consultations with Security Council members and nations near Iraq. "We don't have a proposal at this point to present."

Mr. Boucher did indicate, however, that the administration supported the plan in principle. "The goal of this process is to control effectively Iraq's ability to buy weapons, to control Iraq's ability to threaten its neighbors, especially to control Iraq's ability to threaten its region with weapons of mass destruction," he said. "So, on the one hand, you will have a set of controls that do that. On the other hand, we will smooth out the process and enable civilian goods to reach the Iraqi people."

The British official briefing reporters said that the basic plan was ready to be presented to the Security Council as a resolution as early as next week.

"We've been consulting other Security Council members and key states in the region, and have proposed some ideas, and so far we are receiving a reasonably positive response," the British official said.

Ambassador James Cunningham, the acting American representative on the Council, said today that he hoped to see the resolution adopted by the end of this month, but refused to discuss the proposal in detail.

A review and renewal of the existing "oil for food" program in Iraq is due by June 4, and British and American officials would like to replace that with the new plan at that time.

There has been a steady erosion of the isolation of Iraq, as neighboring countries and other nations began to increase trade and send flights to Baghdad's newly reopened airport. At the same time, Arab nations and other opponents of sanctions continue to criticize them for causing unacceptable hardship to the Iraqi people.

"Under this system, Iraq will be able to meet all of its civilian needs," the British official said. "If our proposals are adopted by the Security Council, Iraq will have no excuse for the suffering of the Iraqi people."

The new plan for Iraq marks another stage in a long-running attempt by the Security Council to deal effectively with an Iraqi government noted for its record of trying to create nuclear, chemical and biological weapons before and possibly since its invasion and occupation of neighboring Kuwait in August 1990.

After the war to free Kuwait that followed in early 1991, Iraq was told by the Security Council that it would remain under a strict embargo on oil sales and weapons purchases until it had been fully disarmed to the satisfaction of United Nations inspectors. Goods like food and medicine were never included in the embargo.

By the end of that year, when much of Iraq's arsenal was being destroyed but it was clear that Mr. Hussein was neither going to cooperate with the inspection system in ferreting out undeclared arms nor use what money he had to alleviate civilian hardships, the Security Council offered Iraq the chance to buy more civilian goods through controlled oil sales. Iraq refused, and it was not until 1996 that a revised oil-for-food program was accepted.

That program has been steadily expanded, until Iraq is now free to import a wide range of goods and equipment. But it is still required to present a list of proposed purchases to the United Nations periodically. That rule would now be lifted.

Under the new British-American proposal, Iraq is still required to readmit arms inspectors, who have not been allowed to work in the country since 1998, and to be declared free of biological, chemical and nuclear weapons or components as well as missiles with a range of over 150 kilometers. Until then, the sanctions imposed in 1990 and reaffirmed repeatedly since remain in place.

The proposal requires that two concrete lists of prohibited weapons and weapons-related goods be drawn up, one for weapons of mass destruction and the other for conventional arms. Such purchases could not be made by Iraq, and questionable contracts could still be referred to the Council's sanctions committee. That panel, the British official said, could deny a sale entirely, exercise a line-item veto or ask that United Nations monitors track the ultimate destination and use of a suspect item in Iraq.

In general, the new proposals rely heavily on United Nations monitoring, which could be problematic. Britain and the United States have pressed for more monitors in Iraq, but this has been rejected by some of Iraq's supporters. The Iraqi government could simply bar monitors.

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The free flow of civilian goods into Iraq would place a heavy responsibility for vigilance on Iraq's neighbors, since arms inspectors of the United Nations Monitoring, Verification and Inspection Commission are concerned about the possibility of Iraq's hiding material for arms programs in civilian shipments.

On a recent visit to the Middle East, General Powell discussed these next steps with countries in the region. Diplomats say that Jordan, Turkey and Syria would have to be reassured that they would not suffer economically if they cooperated with the United Nations. *http://www.nytimes.com*

CORRECTION-DATE: May 18, 2001, Friday May 19, 2001, Saturday

CORRECTION: An article yesterday about a proposal by Britain and the United States to lift the 11-year ban on international trade with Iraq misstated the reason for the departure of international inspectors there in 1998. It occurred—that December, before the United States and Britain began bombing raids on Iraq—because the United Nations feared that they might be harmed or taken hostage. They were not expelled.

Because of an editing error, an article on Thursday about a proposal by Britain and the United States to lift the 11-year ban on international trade with Iraq misstated the reason for the departure of international inspectors there in 1998. It occurred—that December, before the United States and Britain began bombing raids on Iraq—because the United Nations feared that they might be harmed or taken hostage. They were not expelled.

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8/25/01

THE WASHINGTON POST WORLD NEWS DM VA R

U.S. Supports Britain in Move To Tighten Pricing of Iraqi Oil

By Colum Lynch
Special to The Washington Post

UNITED NATIONS, Aug. 24—The United States today threw its weight behind a British proposal to tighten procedures for pricing Iraqi oil, raising prospects for a new clash with Baghdad at the United Nations.

Iraq and Russia, its chief ally on the U.N. Security Council, oppose any effort to impose changes in a system that diplomats allege has allowed Baghdad to rake in an illegal 10- to 15-cent surcharge on every barrel of oil it sells.

"In principle, we don't like any change in the existing scheme," said Gennady Gatilov, Russia's deputy representative to the United Nations. "Oil exporters will experience difficulties in signing and fulfilling contracts."

Under the United Nations' "oil for food" program, Iraq is allowed to export as much oil as it desires. But the revenue must go into a U.N. account and be spent under U.N. supervision, primarily to purchase humanitarian supplies.

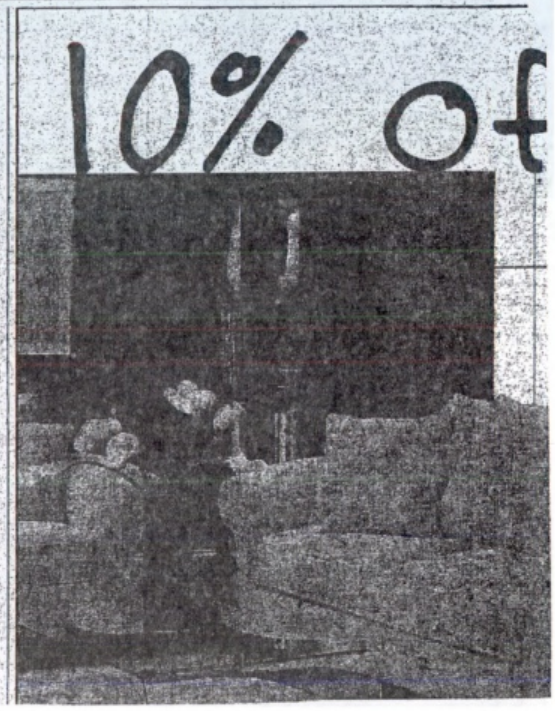
According to diplomats, Iraq has tried to set artificially low prices on its oil and to favor buyers who are willing to pay secret surcharges into offshore bank accounts, circumventing the United Nations' control over Iraqi oil revenue. U.S. and British officials say they suspect the illicit proceeds have been used to purchase weapons and luxury items for Iraq's ruling elite.

At present, Iraq and the United Nations jointly set oil prices every 30 days. But Baghdad also has been permitted to negotiate reductions in its prices whenever the world price for oil drops, ensuring that traders can earn enough of a profit to pay kickbacks.

Britain proposed last week that Iraq and the United Nations set prices every 10 days, making it more difficult for Baghdad to exploit fluctuations in the market. Britain also used its veto power on the U.N. committee that monitors Iraqi oil sales to prevent Iraq from setting new prices.

The United States initially balked at supporting its most important ally, citing concerns that the British plan would disrupt the global oil trade. But the Bush administration assured Britain today that it would back a compromise plan to set prices for 15-day periods.

The allies are expected to inform the Security Council on Monday that they will test the new policy beginning with September prices. "We have agreed to allow current August prices to be extended to the end of this month in order to avoid an immediate or short-term disruption," said a British official. "But henceforth we will insist on prices being submitted every 15 days."



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MSNBC.com
August 13, 2001

Sanctions Fail To Check Iraqi Military

'Dual-use' products slip through embargo, officials say

By Robert Windrem and Linda Fasulo, NBC News

NEW YORK — Officials monitoring the United Nations' $27 billion oil-for-food program say they are concerned that dual-use items ideal for Iraq's military machine are slipping through the sanctions net into Iraq — both through the oil-for-food program itself and over the Jordanian border.

Among the items U.S. and U.N. officials believe have gotten through are chemicals needed to make chemical weapons, as well as solid rocket fuel and missile technology and equipment needed to resurrect Iraq's military industrial complex.

"This is our main concern," said a U.N. official. "It is a problem not well reported on. There are an enormous amount of contracts lacking information."

A senior U.S. intelligence official added: "A lot of stuff is getting through, and it's big-buck stuff. It is hard to see that there are any sanctions."

The oil-for-food program permits not only the purchase of food but also the purchase of "humanitarian" goods, which is a broad definition for a lot of materials Iraq can buy with oil revenue. Besides medicine, it includes supplies for other sectors, including education, agriculture, electricity, water and sanitation and housing. In addition, the United Nations permits Iraq to buy spare parts and other equipment for its oil industry.

"His threat to the rest of the world is now approaching the level it was when the Gulf War began," said Gary Milhollin, whose Wisconsin Project on Nuclear Arms control sponsors the IraqWatch.org Website.

Food and Supplies

Over the course of the 4½-year-old program, the United Nations has approved $26.8 billion in sales, most of it for food. During that period, $13.7 billion worth of supplies has actually been delivered, including $7 billion in food and $800 million more in oil field equipment, which some officials say has also been exploited. Another $11.1 billion worth of supplies are in the production and delivery pipeline.

The United States and other nations on the U.N. Security Council regularly review Iraqi requests for items under the "humanitarian" designation. A U.N. official said that while there were "red flag" items, a lot of what Iraq asked for was dual-use, valuable for either civilian or military programs.

The U.N. and U.S. officials, who spoke to NBC News on condition of anonymity, say the biggest suppliers of suspect dual-use items are Eastern European and Indian companies. A senior U.S. intelligence official agreed, adding that while companies were not directly involved in such sales, some overseas companies with U.S. ties were involved. He would not identify any of the companies.

The United Nations, which has the right to check on the end-use of the items, has 150 international monitors in the country. Still, officials say the number is too small to monitor the large amount of materials entering the country.

"Monitors do not patrol borders. They do not control borders," said a U.N. official. "The monitors are not capable of monitoring all the flow of humanitarian goods coming into a country as large as California."

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"There is no way to certify where they go once imported. Sanctions are pretty much cracked," the U.N. official said.

'Really Nasty Stuff'

The U.S. intelligence official said a continuing review of the oil-for-food program showed that Baghdad was not getting "stuff that could be used for a renewed nuclear program. We have seen a lot of chemicals — really nasty stuff — as well as material that could be help military industrialization projects.

Common chemicals such as chlorine are ideal for water purification but also can be used in the development of chemical weapons. Since Iraq has many petrochemical facilities, the imports of organo-phosphates could be very useful for both civilian and military programs, officials say.

Other than the "nasty chemicals" that can be used to make chemical weapons and solid rocket fuel, U.S. intelligence sources say they are suspicious about the imports of high-precision machine tools, which are ideal for weapons manufacturing, and heavy construction equipment and other vehicles ideally suited for rebuilding and mobilizing the Iraqi military machine.

The United States does have a veto over what is imported as a permanent member of the U.N. Security Council, but there is a lot of horse-trading among Security Council members on what goes and what doesn't, say officials.

Slipping Through Sanctions

The United States and Britain have put a hold on a number of dual-use products, but some innocuous items are getting in, a U.S. intelligence source said. The most frequent problem is that the companies Iraq has contracted with often do not fully fill out the U.N. forms so the U.N. sanctions committee cannot determine accurately what is getting through. Currently, more than $2 billion of Iraqi contracts are on hold because of poor documentation. U.N. officials suspect that the failure to fill out the forms is not a bureaucratic mistake but is a deliberate attempt by companies to sell Iraq critical equipment for high prices.

U.N. officials say that about $2.9 billion in contracts of humanitarian goods are on hold, $200 million of which are for dual-use items to which Washington and London have objected.

Moreover, both U.S. and U.N. officials say Iraq is expert at importing critical components and materials for its weapons systems. During its buildup in the 1980s, when there was a weapons import ban on both Iraq and Iran, Iraq had a program under which various state entities — such as university labs and medical centers — were used as covers for importing dual-use items. To suggest that they are not still doing that, say U.S. and U.N. officials, is naive.

NBC's Robert Windrem is an investigative producer. Linda Fasulo covers the United Nations for NBC News.

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Moscow Times
October 1, 2001
Pg. 9

Iraq: Russia Gets $40Bln In Contracts

By Reuters

BAGHDAD, Iraq -- Iraq said Sunday that Russian companies had won deals worth $40 billion to execute scores of future oil and infrastructure projects.

It was not immediately clear if any of the projects could go ahead before the United Nations lifts tough trade sanctions imposed on Iraq for its 1990 invasion of Kuwait.

Iraqi Trade Minister Mohammed Saleh, quoted by the official Iraqi news agency INA, said Russian companies would carry out 72 projects, mostly in the oil sector, under a long-term protocol.

"Iraq and Russia have agreed on a long-term economic cooperation program under which Russian companies will implement projects worth $40 billion in Iraq," Saleh was quoted as telling a visiting Russian delegation.

He said 17 of the projects were in oil and gas, 15 in industry, 14 in transport and communications, 11 in agriculture and irrigation, six in petrochemicals, six in electricity and three in health. He did not say when work would start.

UN sanctions bar foreign companies from investing in Iraq's oil sector and from selling it equipment outside the framework of an oil-for-food deal with the United Nations. The deal allows Iraq to sell oil to buy food, medicine and humanitarian goods under strict United Nations monitoring.

Iraq has given Russian firms priority in winning business under the oil-for-food deal as a reward for Moscow's rejection of a U.S.-British proposal to revamp the 11-year-old sanctions.

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BEFORE THE

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ONE HUNDRED SEVENTH CONGRESS

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