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SPIEGEL ONLINE
November 17, 2008

Estonian Spy Scandal Shakes NATO and EU

By Holger Stark

For years an Estonian government official has apparently been collecting the most intimate secrets of NATO and the EU -- and passing them on to the Russians. The case is a disaster for Brussels.

Communications between the suspected top spy and his commanding officer seemed like a throwback to the Cold War. Investigators allege that in order to send messages to his Russian contact, Herman Simm, 61, used a converted radio which looked like a relic from yesteryear's world of consumer electronics. But there was nothing old-fashioned about what Simm, a high-ranking official in the Estonian Defense Ministry in Tallinn, reportedly transmitted to Moscow over the years. It was the very latest intelligence information.

Although Simm was arrested with his wife Heete in the Estonian capital Tallinn on Sept. 21, this spy story -- which has been largely kept under wraps until now -- primarily concerns the European Union and NATO based in faraway Brussels. Since Simm was responsible for dealing with classified information in Tallinn, he had access to nearly all documents exchanged within the EU and NATO. Officials who are familiar with the case assume that "virtually everything" that circulates between EU member states was passed on to the Russian Foreign Intelligence Service, the SVR -- including confidential analyses by NATO on the Kosovo crisis, the war in Georgia and even the missile defense program. Investigators believe that Simm was a "big fish."

Meanwhile, a number of investigative teams from the EU and NATO have flown to Tallinn to probe the extent of the intelligence disaster. The investigation is being led by the NATO Office for Security, which is headed by an American official. As investigators pursue their work, they continue to unearth mounting evidence pointing to the enormity of the betrayal. A German government official has called the situation a "catastrophe," and Jaanus Rahumägi, a member of Estonia's national parliament who heads the parliamentary oversight committee for the government security agency, fears "historic damage."

NATO officials in Brussels are comparing Simm's alleged spying to the case of Aldrich Ames, a former CIA agent who for years funneled information to the Russian intelligence service, the KGB. However, the extensive fallout of the Estonian leaks makes this the worst espionage scandal since the end of the Cold War.

The case reveals how vulnerable the alliance has become in the wake of the expansion of NATO and the EU into Eastern Europe. When the decision was made to allow Estonia -- a tiny country with a population of only 1.3 million -- and six other countries into NATO and the EU in 2004, then-German Defense Minister Peter Struck of the left-leaning Social Democrats (SPD) expressed delight with this "great step on the way toward an undivided and free Europe, toward more security" and toward "a stronger NATO."

In Tallinn the downside of this political success story is now rearing its ugly head. Within the alliance, Estonia is not treated much differently than Italy or Germany when it comes to sensitive information. For a large power like Russia, which has always more or less rejected NATO and observed the expansion of the EU with suspicion, taking a slight detour through the Baltic States was the perfect way to reach into the heart of Brussels with a reasonably low level of risk. Thanks to Simm's alleged help, the Russians apparently achieved this with ease.

Investigators now assume that Simm established contact with the Russian intelligence service as early as the late 1980s. At the time, Estonia was striving for independence and it was clear that Moscow would eventually lose the Baltic Republics. Now was the time for Russia to secure its influence. When Estonia's NATO membership was first discussed "in the mid-1990s, Simm was officially recruited by the Russian government," claims Rahumägi. There is evidence indicating that the relationship was fairly loose to begin with. It's possible the KGB successor organization, the SVR, kept Simm as a "sleeper."

Simm rapidly advanced through the ranks, and in 1994 he became the Estonian chief of police. Later, he was transferred as a department head to the Defense Ministry, where he was responsible for the secret coordination with NATO and the EU. After Tallinn joined the EU in 2004, his position became tremendously valuable to Moscow.

It remains to be seen whether money was a motive for Simm's alleged actions. What is clear, however, is that the high-ranking ministerial official from Tallinn owns half a dozen plots of land and properties, including a farm near the Baltic coast and a lavishly renovated, whitewashed residence in the small city of Saue near Tallinn. Investigators began to observe this house when an increasing number of clues about the Simm's alleged contact man started to surface. The contact man is believed to be an SVR agent traveling around Europe on a fake Spanish passport. Meanwhile, officials at the Estonian Public Prosecutor's Office are hoping to press charges against Simm in early 2009.

Right now, NATO is extremely interested in "deciphering the Russians' game plan," sources in Brussels say. Later, though, the case is expected to result in far-reaching changes in the manner in which classified material is handled within the alliance. A comprehensive probe to seek further leaks in Eastern Europe is also expected. "We have to assume," says a Brussels official, "that the Russian intelligence apparatus maintains a number of Simms in the Baltic States."

URL:

<http://www.spiegel.de/international/europe/0,1518,590891,00.html>

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Times of London

November 16, 2008

Russian Spy in NATO Could Have Passed on Missile Defence and Cyber-War Secrets

Roger Boyes in Berlin

A spy at the heart of NATO may have passed secrets on the US missile shield and cyber-defence to Russian Intelligence, it has emerged. Herman Simm, 61, an Estonian defence ministry official who was arrested in September, was responsible for handling all of his country's classified information at Nato, giving him access to every top-secret graded document from other alliance countries. He was recruited by the Russians in the late 1980s and has been charged in Estonia with supplying information to a foreign power.

Several investigation teams from both the EU and Nato, under the supervision of a US officer, have flown to the Estonian capital Tallinn to assess the scope of what is being seen as the most serious case of espionage against Nato since the end of the Cold War. "The longer they work on the case, the more obvious it becomes how big the impact of the suspected treachery really is," according to Der Spiegel magazine. A German official described the Russian penetration of Nato as a "catastrophe".

Comparisons are being drawn with the case of Aldrich Ames, the former head of the CIA counter-intelligence department who was in effect Russia's top agent in the US. "Simm became a proper agent for the Russian government in the mid-1990s," says the Estonian deputy Jaanus Rahumaegi who heads the country's parliamentary control commission for the security services. On the face of it, the Simm case

resembles the old-fashioned Cold War spy story. He used a converted radio transmitter to set up meetings with his contact, apparently someone posing as a Spanish businessman. As in the 1950s and 1960s, it seems that the operation was a husband-and-wife team. His wife Heete – who previously worked as a lawyer at the national police headquarters – has also been detained on charges of being an accessory to treason.

Mr Simm was ensnared because of blunders that have dogged modern espionage ever since the KGB first pitted itself against the West. First, he bought up several pieces of valuable land and houses including a farmhouse on the Baltic Sea and a grand white-painted villa outside Tallinn. Second, his contact officer got careless and tried to recruit a second agent – who reported the incident to the security authorities. That is when the Estonian mole-hunters began to reconstruct the movements of the supposed Spaniard and followed the thread back to the agent inside Nato.

But Mr Simm was not some relic from the days of Kim Philby or other notorious deep-cover agents. He was at the cutting edge of one of Nato's most important new strategic missions: to defend the alliance against cyber-attack.

Mr Simm headed government delegations in bilateral talks on protecting secret data flow. And he was an important player in devising EU and Nato information protection systems.

Estonia – described by NATO Secretary General Jaap de Hoop Scheffer as "Nato's most IT-savvy nation" – conducts much of its government and commercial business online. People vote and pay their taxes online, government meetings involve almost no paperwork. As a result, when it angered Russia in 2007, by removing a Soviet war memorial, it became the target of hostile attacks on the internet. Estonia has been lobbying hard to put cyber-defence on the Nato agenda, and has set up a Cyber Defence centre in Tallinn which is supposed to help the Alliance as a whole. Now that project could be compromised. The other important question in the Simm case is whether he was operating alone. A senior Estonian police officer claimed asylum in Britain in the 1990s reportedly telling the authorities that he was trying to escape pressure from the Russian secret service to sell secrets.

The Russians, it seems, were keen to buy as many place-men as they could: the prospect of Nato forces hard up against the northern Russian border was too alarming for the Kremlin. Moreover, Mr Simm was for many years in charge of issuing security clearance: he could have nodded through other Russian agents. Mr Simm is likely to be formally arraigned at the beginning of next year after the damage control teams from Nato have completed their work. If found guilty he could face between three and fifteen years in prison. Neither the Simms, nor their defence lawyer, have commented on the charges. Nato too has refused to say anything. But there is no doubting that the case is a serious embarrassment. And though Russia may have lost an agent – "a gold card operative" according to one Estonian newspaper – it has achieved a tactical victory by sewing suspicion between western Nato members and the new east and central European entrants.

<http://www.timesonline.co.uk/tol/news/world/europe/article5166227.ece>

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ISN Security Watch
November 14, 2008

Role Reversal

By Jeremy Druker in Prague for ISN Security Watch

Not so long ago, the Bush administration appeared to be leaning hard on its reluctant allies in Central Europe to agree to the stationing of parts of a US antiballistic missile defense shield in their backyards. With time running out before the November presidential elections, George W Bush was intent on getting signed deals with the

governments of the Czech Republic and Poland that would, in theory, guarantee that the backbone of a shield could be part of the Bush legacy.

After much to-and-fro, and a multitude of sweeteners, the two governments caved in, first the Czechs, and then, soon after the Russia-Georgia war, the Poles. Political leaders in both countries have invested an enormous amount of domestic political capital in the process and taken a major risk, because the majority of their respective populations have opposed the plans.

One of the main arguments from the anti-radar camp is that Russia isn't worth provoking. The Kremlin has been infuriated by the plans to place a radar station in a town southwest of Prague and the related stationing of 10 missile interceptors across the border in Poland. Questioning US claims that the missile defense shield would simply protect North America and Europe against "rogue states" (such as Iran), Moscow says the system is aimed at containing Russia and runs counter to the country's strategic interests.

The strenuous efforts to rally support in the Czech Republic and Poland helps explain the dramatic role reversal taking place these days, as the new Democratic leadership seems at best lukewarm to the "Star Wars" plans, as they have been called. The Czechs and Poles, on the other hand, appear to be increasingly antsy that all the time and energy invested in negotiating the agreements with the United States could come to nothing.

The day after Barack Obama's election victory, the prime ministers of both countries issued statements denying that they had received any indication that Obama would scrap the missile plans. But a bit of wishful thinking was also evident. Czech Prime Minister Mirek Topolánek, for example, said, "Already during the election campaign, Barack Obama said his attitude toward the missile shield did not differ from that of the Bush administration."

In fact, while White House officials have never wavered in their belief that the shield's technology would eventually work, Obama and leading Democrats have expressed their doubts. After the US elections, Polish Foreign Minister Radek Sikorski admitted in a radio interview that Obama had questioned, in a conversation two months earlier, whether the system would be functional and whether it wasn't actually targeted against Russia. "If he is assured that it is not directed against Russia then he would lean toward doing the usual thing, which is to honor the agreements of his predecessors," Sikorski said, as reported by Reuters.

The rush to decipher some positive sign in Obama's outlook on missile defense took on absurd proportions the first weekend after the US elections. Polish President Lech Kaczyński took a call from the president-elect, asked him about missile defense, and concluded, somehow, that Obama had definitively said the project "would continue."

That would have been big news, except that Kaczyński had apparently misrepresented Obama's reaction. Almost immediately, Denis McDonough, a foreign policy adviser for the president-elect, countered Kaczyński's claim, saying Obama had "made no commitment." "His position is as it was throughout the campaign, that he supports deploying a missile defense system when the technology is proved to be workable."

The Polish president's office later acknowledged that Obama had not said the "c" (continue) word. Kaczyński's website also reported that US Vice President-elect Joe Biden had subsequently called to reaffirm that everything would "depend on the assessment of a national security team, which at this time is being drawn up, as well as the effectiveness and the value of the project," AP reported.

In any case, the exchange allowed conservatives in the US to take Obama to task over correcting a foreign leader - even before he took office. In a 13 November opinion piece in the Wall Street Journal, former US ambassador to the United Nations John Bolton, now a senior fellow at the American Enterprise Institute, gave Obama a taste of what he can expect in the coming months:

"... [Obama's] conversation with Mr. Kaczyński points toward a weakening of the US defense posture, indifference to allies under duress, and the need to satisfy his natural constituency within the Democratic Party. Let us now await the next pieces of evidence."

Obama will have much more than anxious Czech and Polish politicians to consider when he reassesses the missile shield. Raining on Obama's parade - hours after his victory - Russian President Dmitry Medvedev used his first state of the union address to announce the deployment of missiles in Kaliningrad in response to the US plans. That would

place them literally on the doorstep of Poland (and Lithuania, another NATO ally). However, on 13 November, Medvedev told the French paper Le Figaro that he would re-consider that move if the new president ditched his predecessor's pet project.

"But we are ready to abandon this decision to deploy the missiles in Kaliningrad if the new American administration, after analyzing the real usefulness of a system to respond to 'rogue states,' decides to abandon its anti-missile system," Medvedev said, as reported by Reuters.

With the mood on Capital Hill souring by the day on the missile plans - and the financial crisis showing no signs of ending - Obama might very well be tempted to shelve the project, saving some money and, at the same time, starting off Russian relations with a clean slate. The leaderships of the Polish and Czech governments will then only be left wondering why they listened to Bush and rushed to make a deal before his departure from office.

Jeremy Druker is executive director, editor-in-chief and one of the founders of Transitions Online.

<http://www.isn.ethz.ch/isn/Current-Affairs/Security-Watch/Detail/?lng=en&id=93790>

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International Herald Tribune

Czech, Polish Governments want US Missile Shield

The Associated Press

Friday, November 14, 2008

PRAGUE, Czech Republic: The governments of Poland and the Czech Republic said Friday they hoped the U.S. President-elect Barack Obama's administration will go ahead with plans to place a missile defense system in Eastern Europe. "We hope that the project will continue," Polish Foreign Minister Radek Sikorski said after meeting his Czech counterpart Karel Schwarzenberg. Sikorski said the two ministers understand Obama "will take a new look" at the plans for putting 10 interceptor missiles in Poland and a radar base in the Czech Republic. But he said they do not expect "any revolution" in thinking on the project.

The Obama administration has yet to assess the deals brokered under U.S. President George W. Bush. Washington says the system will protect Europe against threats from Iran. Russia is fiercely opposed to the plans. Russia recently threatened to install short-range missiles close to EU borders in response to the U.S. missile defense plans. Russian President Dmitry Medvedev later suggested that if Washington halts its plans, Moscow would do the same. But Polish Prime Minister Donald Tusk told reporters Thursday in Paris Russia was not part of the plan. "The anti-missile shield is the subject of contracts between Poland and the United States, and other countries are not — and will not — be participants in these negotiations."

<http://www.iht.com/articles/ap/2008/11/14/europe/EU-Czech-Poland-Missile-Defense.php>

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The Hindu

November 17, 2008

Obama and Afghanistan

President-elect Barack Obama does seem to understand that greater attention needs to be paid to the non-military dimensions of the policy that the United States has pursued in Afghanistan. He has indicated that he is not averse to the nascent attempts to establish contacts with moderate elements of the Taliban and is said to be inclined to include Iran in the ambit of the peace-making efforts in the region. His focus is likely to incorporate an emphasis on boosting socio-economic development efforts in the war-torn country. Few would dispute that all these steps are not just necessary but long overdue. Even the Bush administration, which has for too long been overly dependent on strong-arm methods, appears to be waking up to reality since it has ordered an intensive inter-departmental reappraisal of available intelligence in order to generate a range of options for its successor. But while all this is to the good, there is a risk that the "Obama effect" on international affairs could derail the process of evolving a more nuanced approach. Over the past year and more, U.S. military commanders in charge of this theatre have tried to

persuade NATO allies to contribute more troops to the Afghan operations. These efforts have not met with much success because the allies were fearful of being roped into supporting roles for the Bush administration's belligerence. However, with Mr. Obama soon to take office, there are indications that the allies might relent.

If there is a substantial increase in the number of U.S. and NATO troops on the ground, tactical options such as raids on Taliban and Al Qaeda hide-outs across the Durand Line, would become more feasible. The question is whether at that point in time Mr. Obama will be able to resist resorting to the "bad cop" part of the Afghan strategy he outlined during the course of the election campaign. NATO-member states and other allies are highly unlikely to contribute more troops unless there is clear agreement on the rules of engagement. It is inconceivable that any of them, including the United Kingdom, would allow its troops to be used for military operations inside Pakistan's territory. The allies would prefer to be involved only in programmes to train Kabul's security forces although some might agree to participate in counter-insurgency operations. However, their presence would provide scope for the U.S. military to consider more adventurist options. The international community has a responsibility to clearly define the limits of intervention in this context so that Mr. Obama is warned against succumbing to pressure for an adventurist strategy well before he finalizes his Afghan policy.

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<http://www.thehindu.com/2008/11/17/stories/2008111755160800.htm>

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Radio Free Europe/Radio Liberty
November 16, 2008

Tracking the Terrorist Money Trail

International efforts to combat terrorist financing have lost momentum since successes that followed the September 11, 2001, terrorist attacks in the United States. Meanwhile, Al-Qaeda has changed the way it raises and delivers money for terrorist activities -- relying more on private donations or criminal activities like the drug trade and using informal transfer methods outside of the global financial system.

Those are the findings of a new study -- "The Money Trail: Finding, Following, and Freezing Terrorist Finances" -- by experts at the Washington Institute for Near East Policy, in Washington, D.C. RFE/RL correspondent Ron Synovitz spoke about the report with one of its co-authors, Michael Jacobson, who has served as a senior adviser to the U.S. Treasury Department's Office of Terrorism and Financial Intelligence and as counsel on the 9/11 Commission.

RFE/RL: You have spent the last year at the Washington Institute for Near East Policy focusing on the strengths and weaknesses of financial measures to combat international terrorism. What do you see as the most significant findings of your policy paper, "The Money Trail: Finding, Following, and Freezing Terrorist Finances"?

Michael Jacobson: The most important thing to note is that in the period after 9/11, there were a lot of improvements made throughout the world on the efforts to combat terrorist financing by the United States, by the Europeans, in the [Persian] Gulf, and by the private sector. But over the past few years, a lot of these accomplishments have been slipping. For example, the United Nations played a very important role in the few years after 9/11 in improving the international environment.

They were able to pass a few resolutions that were very relevant to combating terrorist financing. And in that period after 9/11, when there was greater international willingness and cooperation on counterterrorism, a lot of countries took steps to improve their own capabilities. As you've gotten further away from 9/11 -- as the threat seems less clear, and along with some specific feelings in foreign governments and in the private sector wondering about the importance of combating terrorist financing -- I think you've seen the international effort slipping.

RFE/RL: Your study mentions increased contributions to Al-Qaeda from "private sources" in countries like Saudi Arabia. Is there any evidence that at least some private donations to Al-Qaeda are linked to the glut of petrodollars in the Mideast from oil prices that topped \$150 per barrel earlier this year?

Jacobson: I've never seen any convincing study or assessment done that ties directly the oil funds and oil profits to terrorist financing. Of course, that would be a study that would be difficult to conduct. I worked on the 9/11 Commission and one of the things we were trying to figure out was "Where did Al-Qaeda get the funds for the 9/11 attacks?" We were able to figure out how much the attacks cost -- [about \$500,000]. We were able to figure out who in Al-Qaeda provided the funds. But tracking it back further than that was very difficult. And that's after the fact with a lot of relevant information and intelligence in our possession. So it's a difficult area to always track the funds back to the original source.

No Paper Trails

RFE/RL: Why has it become so difficult? Is it because these informal financial transfer mechanisms are being used more -- mechanisms that do not leave paper trails?

Jacobson: That's one of the ironies of the success since 9/11. You've seen as the United States and the Europeans and other governments have cracked down on the use of the formal financial system of banks, you've seen a shift away from banks to terrorists using cash, to terrorists using cash couriers, to terrorists using Hawala and other informal financial-transfer mechanisms. And even on the technologically more sophisticated side, [they are] using things like cell phones to transfer funds. While that is a credit to the international effort, it has also makes it more difficult to track the money. It can become more difficult for the governments to figure out where the money is actually going.

RFE/RL: What kind of policy recommendations does this lead you to make -- not just for the incoming administration of U.S. President-elect Barack Obama, but also for the European Union, the United Nations, or international organizations?

Jacobson: We have a number of policy recommendations in this study, including that countries need to understand why this is an area that should be an important part of the broader counterterrorism effort. There is a need for more of an understanding about what terrorism financing is and why money is so important to terrorist organizations. The United States and its allies have to do a better job explaining, not only to governments but to the private sector, what the threat actually is. There has been a lot of focus in the past since 9/11 on putting rules in place. So a lot of countries have pretty good laws at this point to combat terrorism financing, but they're not actually sure even what they are looking for.

They can tell you all about the great laws that they have in place and the penalties that are available to them now. But the reality is that if you don't know what you are looking for -- if you don't understand terrorist financing -- then you are not going to stop it. One of the things we recommend, now that they have this good rules-based structures in place, is that they have got to shift to more of a risk-based structure. You've got to figure out whether countries are actually stopping it. That would be an important shift.

RFE/RL: Your report mentions Syria and Iran as two countries that are state sponsors of terrorism. But you also describe Iran as a "passive" supporter of Al-Qaeda -- turning a blind eye to terrorist financing or other activity through its territory.

Jacobson: Iran is not a passive supporter. It is a very active supporter of terrorism when it comes to groups like Hizballah and Hamas and Palestinian Islamic Jihad. The passive part comes when it goes to Al-Qaeda. Iran has a very tenuous relationship with Al-Qaeda. It is a balancing act for them. They do not trust each other. They do not really like each other. But I think, at times, enemies of the United States can find things to agree on. And so I think even before 9/11 you've actually seen Iran let Al-Qaeda members go through Iran on the way to Afghanistan and Pakistan and not stamp their passports so they wouldn't have a record of going into Afghanistan and Pakistan. That's more of the passive kind of support that they have provided to Al-Qaeda in the past.

RFE/RL: Let's talk more about Afghanistan and Pakistan. What have you learned about terrorism financing there -- not just from your work on this study, but from all of your experience in counter terrorism financial intelligence in the U.S. Treasury Department and on the 9/11 Commission?

Jacobson: It's shifted since 9/11. As of 9/11, you had Al-Qaeda central -- based in Afghanistan at the time under the Taliban rule. It was really playing a very, very large role in directing plots, and a very large operational role and in

funding plots. A lot of the big plots in the 1990s and the 9/11 attacks were directly funded by Al-Qaeda. The operatives would be given large sums of money to carry out the operation. Since 9/11, as Al-Qaeda has been more on the run -- even though they do have a safe haven now -- the funding for operations have not been coming as much from Al-Qaeda core. But a lot of the cells, for example in the United Kingdom and elsewhere, have been raising the funds themselves at this point. So you really have seen a shift from central control of the funding for terrorist cells and terrorist plots.

Criminal Activity

RFE/RL: You also mention that there has been a shift to criminal activity by local terrorist cells to fund their own activities. Why has that been happening?

Jacobson: The shift to criminal activity has also been a real trend that we have seen since 9/11. For example, on the 9/11 attacks, Al-Qaeda decided they wanted to do everything to keep the operatives off the law enforcement radar. The last thing they wanted was to have them involved in petty criminal activity which could expose them to law enforcement or intelligence attention. As cells are raising the funds themselves instead of receiving the money from Al-Qaeda, a lot of the cells now are focused on how to raise those funds. And the answer has often come to criminal activity. The 2004 Madrid cell that carried out the train attack there raised most of the money for the attack thru the sale of hashish. A cell in the U.K. involved in the 7/7 attack raised money, in part, by defaulting on a bank loan. So there are all sorts of ways that individual cells are now raising money through criminal activity.

RFE/RL: What about reports by the United Nations that the Taliban is increasingly funded by profits from illegal opium-poppy farming in Afghanistan?

Jacobson: The drug trade is one of the major ways that terrorist organizations are making money at this point. One of the reasons for that is the volume of drug trade in the world and the potential profit. That dwarfs the scale of profits available in other types of criminal activity. The Taliban, of course, has been at the forefront of this. They can make money from a lot of different aspects of the drug trade -- guarding safe houses, taxing people as they go through on the [smuggling] routes, or a lot of other aspects of the drug trade.

RFE/RL: Another issue covered in your report is the use of some Islamic charities as a conduit for funds that eventually are used for terrorist activities. What is happening in this area?

Jacobson: Charities have been a problematic area in terms of terrorist financing. Many countries are not eager to take this on because, of course, one of the pillars of Islam is charity. And there is real concern among a lot of governments that if they take action against charities it will look like they are taking action against Islam in general. The United States has been much more aggressive on this front than anyone else. And the U.S. has designated about 45 charities overall [as being linked to terrorist financing.] Other countries, I think aside from the Israelis, have targeted very, very few.

RFE/RL: Your report concludes that the freezing of terrorist financing in the global financial system can not bring an end to terrorism on its own, but rather, can only slow down terrorist activity. Can you explain those findings?

Jacobson: The issue of freezing terrorist financing is what the public sees. This is one of the misunderstood areas of terrorist financing, where the public and the media tend to view the public designations, the public blacklisting and the freezing as the sum total of what is being done in the terrorist financing area. To use that as the metric, I think, is misleading. It has to be coupled with a really aggressive and effective intelligence -- a "following the money approach." Without knowing what is going on, on both sides, I think, makes it hard for the public to judge what is going on. But I think, too often, it is viewed as the sum total of the governmental efforts.

RFE/RL: What about the use of financial centers in the Middle East by terrorist organizations, or by Al-Qaeda sympathizers, to transfer funds around the world for terrorist activities?

Jacobson: One of the difficulties the U.S. has encountered in this area has been in terms of the Gulf countries where they have made a lot of improvements since 9/11 but where a lot of improvements still could be made. There are a few problems in this area. One of them is that a few of the Gulf countries -- like the United Arab Emirates and Qatar and Bahrain -- are very focused on trying to make themselves international financial centers. Obviously, in that

respect, it is very important to draw in capital from around the world and be an attractive place for money to come. But at the same time, you've got to make sure that the money coming in is clean and that you've put adequate controls in place to regulate. So I think that has been a hard balance to strike in the Gulf. I don't think they've always gotten it right in that respect.

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New York Times
November 18, 2008

France Arrests Suspected ETA Leader

By VICTORIA BURNETT

MADRID — French police have arrested one of the highest-ranking operational leaders of the Basque militant group ETA, French and Spanish authorities said Monday. Garikoitz Aspiazu Rubina, also known as Txeroki, or Cherokee, was detained in Cauterets, a town in the French Pyrenees near the Spanish border, a Spanish Interior Ministry spokeswoman said. A woman, also believed to be a member of ETA, was detained with Mr. Aspiazu, said the spokeswoman, who spoke on condition of anonymity under government rules. She said Mr. Aspiazu was suspected of having shot two Spanish policemen in the French coastal town of Capbreton last December. He is also believed to have ordered the December, 2006, bombing of a parking lot at Madrid's Barajas International Airport that killed two people and ended peace talks between the Spanish government and ETA, the spokeswoman said.

Mr. Aspiazu was born in 1973, according to Spanish press reports, and came up through the ranks of ETA from the militant Basque youth movement that is behind street violence and vandalism that plague many Basque towns. His age and apparent standing in ETA would be consistent with what Spanish security officials describe as a military command structure that is increasingly composed of young militants. The Spanish newspaper El País said it on its Web site that guns, documents and computers had been seized from the house where Mr. Aspiazu was arrested, although the spokeswoman could not confirm this. Officials said the arrest was the result of a joint operation between French and Spanish police. The French Interior Ministry said in a statement that the latest arrests brought the number of ETA suspects detained on French soil this year to 31.

<http://www.nytimes.com/2008/11/18/world/europe/18spain.html?hp>

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Times of London
November 15, 2008

Barack Obama is Warned to Beware of a 'Huge Threat' from Al-Qaeda

Security officials fear a 'spectacular' during the transition period

TOM BALDWIN IN WASHINGTON AND MICHAEL EVANS, DEFENCE EDITOR

Barack Obama is being given ominous advice from leaders on both sides of the Atlantic to brace himself for an early assault from terrorists.

General Michael Hayden, director of the CIA, this week acknowledged that there were dangers during a presidential transition when new officials were coming in and getting accustomed to the challenges. But he added that no "real or artificial spike" in intercepted transmissions from terror suspects had been detected.

President Bush has repeatedly described the acute vulnerability of the US during a transition. The Bush Administration has been defined largely by the 9/11 attacks, which came within a year of his taking office.

His aides have pointed to al-Qaeda's first assault on the World Trade Centre, which occurred little more than a month after Bill Clinton became President in 1993. There was an alleged attempt to bomb Glasgow airport in Gordon Brown's first days in Downing Street and a London nightclub attack was narrowly thwarted.

Lord West of Spithead, the Home Office Security Minister, spoke recently of a "huge threat", saying: "There is another great plot building up again and we are monitoring this."

Intelligence chiefs on both sides of the Atlantic have indicated that such warnings refer more to a general sense of foreboding than fear of an imminent or specific plan.

Referring to the attacks in 1993 and 2001, General Hayden told a Washington think-tank on Thursday night: "For some people two data points create a trend line. For others, there may be more hesitation to call it that." He said that the chief danger comes from remote areas in Pakistan that border Afghanistan. "Today virtually every major terrorist threat that my agency is aware of has threads back to the tribal areas. Whether it's command and control, training, direction, money, capabilities, there is a connection to the Fata [Pakistan's Federally Administered Tribal Areas]."

General Hayden said that al-Qaeda remained a "determined, adaptive enemy" operating "from its safe haven in Pakistan". He added: "If there is a major attack on this country it will bear the fingerprints of al-Qaeda."

He said that the border region remained the base of al-Qaeda's leadership, which had developed a more durable structure and a deep reserve of skilled operatives. "Al-Qaeda, operating from its safe haven in Pakistan's tribal areas, remains the most clear and present danger to the safety of the United States," General Hayden said.

The hunt for al-Qaeda leader Osama bin Laden "is very much at the top of CIA's priority list," he added. "Because of his iconic stature, his death or capture clearly would have a significant impact on the confidence of his followers."

The CIA chief also suggested that the terror group was seeking to recruit Western-looking operatives who would not cause attention if they were standing in airport screening queues.

Hours after he spoke, a suspected US missile attack killed 12 people in Pakistan, including five foreigners. Such strikes are hugely controversial, with Islamabad claiming that they fuel anti-American extremist groups. But Mr Obama has been clear that he wants to pursue al-Qaeda aggressively across the Afghan border.

In Britain, security officials say that there is genuine concern that al-Qaeda will attempt a "spectacular" in the transition period, but suggest that it may be aimed more at Mr Bush than Mr Obama.

"As far as we know there is nothing from the intelligence world to indicate that anything has changed dramatically in recent months to put us on alert for an attack at the moment," a source said. The present threat level is "severe", which is the second-highest alert status. But a senior counterterrorism official suggested last month that this should be regarded as "the severe end of severe". This would point to Britain facing a terrorist threat nearly as high as the period in the summer of 2005 when terrorists killed 52 people on London's transport network on July 7 and attempted a similar attack on July 21.

Britain and the US are sharing all intelligence on suspected terrorist activity because of the high risk of a plot involving transatlantic flights. Al-Qaeda is understood still to be obsessed with mounting an attack using passenger airliners. There have also been warnings of al-Qaeda interest in developing a chemical, biological, radiological or nuclear (CBRN) device. The US has anti-CBRN units on constant patrol in main cities.

Al-Qaeda is known to be experimenting with biological agents, particularly anthrax, which they acquire from dead animals and then create cultures. The key man involved in these experiments is Abou Kabbah al-Masri, who was engaged in the biological trials including tests on rabbits that were uncovered in Afghanistan when the Taliban were overrun after the US invasion in 2001.

James Lewis, a security expert with the Centre of Strategic and International Studies in Washington, said that al-Qaeda may wish to provoke a reaction from the next US Administration designed to show the rest of the world that "America is still the evil crusader".

Last month Joe Biden, the Vice-President-elect, told campaign donors: "Watch, we're going to have an international crisis, a generated crisis, to test the mettle [of Mr Obama]."

Mr Lewis said that many Muslims were intrigued by Mr Obama's arrival in the White House and "there may be political downsides" in attacking America too early. "It is hard to fathom the level of sophistication of their operatives and whether the chatter we intercept is dissent or intent. If they are going to do something, they may wait until after the inauguration.

"At present there are policemen standing on policemen at possible targets. That won't be the case three months into the new administration."

The arms race

1945 US drops atomic bomb on Hiroshima and Nagasaki

1953 Russia tests its first atomic bomb

1962 US discovers Soviet Union building a nuclear missile base in Cuba. After seven days of intense talks a naval quarantine is placed around Cuba and is only removed once President Khrushchev agrees to dismantle the base

1983 President Reagan launches the Strategic Defensive Initiative – Star Wars. This would allow the US to detect a nuclear weapon being launched and, by using laser technology, give it time to launch its own weapon to destroy the enemy missile

1986 President Gorbachev proposes a 50 per cent reduction in the nuclear arsenals of both sides. The discussions finally dissolve with no agreement reached

2008 US strikes deal with Poland and Czech Republic on Missile Defence Shield. Russia retaliates on day that Barack Obama is elected US President by threatening to station missiles in Kaliningrad, near its border with Poland

Source: Times archive

http://www.timesonline.co.uk/tol/news/world/us_and_americas/article5158569.ece

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U.S. News & World Report

How the Al Qaeda Terrorism Threat is Mutating

Iraq may be turning a corner, but Osama bin Laden is still out there—and dangerous

By Alex Kingsbury

Posted November 14, 2008

Terrorist chieftain Osama bin Laden is thought to be hiding in one of the world's most remote areas—the tribal territories between Pakistan and Afghanistan—but tracking him down remains a priority for the CIA, seven years after the 9/11 attacks. At the moment, bin Laden "appears to be largely isolated from the day-to-day operations of the organization he leads," CIA Director Michael Hayden told a group in Washington.

The tribal border region is at the center of international terrorism against the West. "All the threats we have to the West have a thread that takes it back to the [Afghanistan-Pakistan] border," Hayden said. "If there is a major strike on this country, it will bear the fingerprints of al Qaeda."

In a notable shift, Hayden portrayed the tribal areas as the focus of the counterterrorism efforts. In doing so, he appeared to break with President Bush, who as recently as last month was still calling Iraq the central front in the war against terrorism. Hayden said that the terrorist group Al Qaeda in Iraq "is on the verge of strategic defeat."

Indeed, the Iraq terrorist threat has mutated. "Today, the flow of money, weapons, and foreign fighters into Iraq is greatly diminished, and al Qaeda senior leaders no longer point to it as the central battlefield," he said. "In fact, bleed-out from Iraq—export or diversion of terrorists and their deadly capabilities—is as much a concern now as the ongoing threat of Al Qaeda in Iraq attacks inside the country itself."

Finding bin Laden, therefore, despite his distance from the daily workings of al Qaeda, would be a major success. "His death or capture clearly would have a significant impact on the confidence of his followers—both core al Qaeda and unaffiliated extremists throughout the world," Hayden said. "The truth is, we simply don't know what would happen if bin Laden is killed or captured. But I'm willing to bet that whatever happens, it would work in our favor."

Meanwhile, the terrorist group "constantly looks for ways to make up for losses, extend its reach, and take advantage of opportunities. We are seeing this clearly today in places like North Africa, Somalia, and Yemen," the spy chief told the Atlantic Council on Thursday in his first substantive remarks on the status of the fight against al Qaeda since the U.S. presidential elections.

The al Qaeda push into North Africa and other areas, combined with a series of recent attacks, is a troubling sign, Hayden said. Recent attacks and threats from the Algerian-based affiliate, Al Qaeda in the Lands of the Islamic Maghreb, are "greater in scope and severity than any since the group merged with al Qaeda about two years ago."

Hayden pointed to successes by authorities against terrorist groups in Indonesia and the Philippines, as well as in Iraq.

Hayden, appointed by President Bush in the summer of 2006, said that he was working to give President-elect Obama and his incoming administration "as clear a picture as possible of the state of the conflict and the shape of the enemy."

There has not been any uptick in terrorist "chatter" indicating an attack in connection with the presidential transition, he said.

<http://www.usnews.com/articles/news/iraq/2008/11/14/how-the-al-qaeda-terrorism-threat-is-mutating.html>

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Melbourne Herald Sun

CIA Director Michael Hayden says Osama bin Laden 'Isolated'

Dan De Luce

November 15, 2008 12:00am

OSAMA bin Laden, isolated and probably hiding in the rugged Afghanistan-Pakistan border region, has to devote much of his energy to his security but his al-Qaida network remains resilient, the CIA says.

The US spy agency's director Michael Hayden said yesterday bin Laden was "putting a lot of energy into his own survival". "In fact, he appears to be largely isolated from the day-to-day operations of the organization he nominally heads," General Hayden said in a speech to the Atlantic Council think-tank examining the al-Qaida threat. He said the "sheer challenge of surveying every square mile of that inhospitable and dangerous" Afghanistan-Pakistan border helped explain bin Laden's survival. "Although there has been press speculation to the contrary, I can assure you that the hunt for bin Laden is very much at the top of CIA's priority list," the director said. He said killing or capturing the Saudi-born bin Laden would be a severe blow to the terror group. "Because of his iconic stature, his death or capture clearly would have a significant impact on the confidence of his followers, both core al-Qaida and these unaffiliated extremists . . . throughout the world," he said. The CIA director said al-Qaida had "suffered serious setbacks, but it remains a determined, adaptive enemy, unlike any our nation has ever faced". Appointed in May 2006 by President George Bush, some believe General Hayden will be replaced by Barack Obama when he is inaugurated on January 20. In his speech, General Hayden said Pakistan's tribal areas were an al-Qaida "safe haven" linked to most major terrorist threats to the US.

"Today, virtually every major terrorist threat that my agency is aware of has threads back to the tribal areas. Whether it's command and control, training, direction, money, capabilities, there is a connection." He said al-Qaida was on the retreat in Saudi Arabia, Indonesia, the Philippines and Iraq, but strengthening in Pakistan, northern Africa, Somalia and Yemen. He said al-Qaida used Pakistan as a headquarters and was a threat to its government, with bin Laden calling for open war against Pakistan after a military raid on the al-Qaida-linked Red Mosque. General Hayden said al-Qaida had taken advantage of a peace deal by General Pervez Musharraf's former government with tribal militants. He praised Pakistan's new government for launching major military assaults on insurgents in the region, saying it was "tough fighting against hardened militants"

- *AFP*

<http://www.news.com.au/heraldsun/story/0,21985,24652710-663,00.html>

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The Sydney Morning Herald

Al-Qaeda Strength Growing in Africa

Ewen MacAskill in Washington

November 15, 2008

THE Indonesian Government's execution of the Bali bombers was a "dramatic step that underscores Jakarta's commitment" to the fight against terrorism, the head of the CIA has told journalists in a rare meeting.

Speaking at the Atlantic Council, a Washington think tank, General Michael Hayden said the terrorist actions of Jemaah Islamiah had been disrupted. "The group's capabilities and confidence are simply not what they were three years ago," he said.

However, General Hayden warned that al-Qaeda was growing in strength in many regions - generally the north and east of Africa, and particularly in Somalia and Yemen - and that increasing numbers of Westerners were travelling to the tribal areas of north-west Pakistan to receive terrorist training.

"All the threats we have to the West have a thread that takes it back to the [Afghanistan-Pakistan] border," General Hayden said. Westerners were prized by al-Qaeda because they could blend in and were the kind of people who would not attract attention in airport queues.

General Hayden described Osama bin Laden's network as a "determined and adaptive enemy" in a "war that is far from over" and warned: "If there is a major strike on [the US], it will bear the fingerprints of al-Qaeda."

He said bin Laden was hiding in the lawless tribal areas of the Pakistan-Afghanistan border but was spending most of his time on his own security, making him ineffective - "in fact, he appears to be largely isolated from the day-to-day operations of the organization he nominally heads".

The jobs of General Hayden and his boss, Mike McConnell, the director of national intelligence, who oversees all US intelligence agencies, are in the balance as Barack Obama's transition team considers whether to replace them.

The president-elect may decide General Hayden and Mr McConnell have been tainted by the CIA's use of torture against al-Qaeda suspects, the transfer of prisoners aboard illegal flights and holding them in secret detention centres in other countries.

General Hayden told his Atlantic Council audience that on balance the battle against al-Qaeda had been successful because it was a diminished force in Iraq, Saudi Arabia, the Philippines and Indonesia.

Guardian News & Media

<http://www.smh.com.au/news/world/alqaeda-strength-growing-in-africa/2008/11/14/1226318928399.html>

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New York Times
November 14, 2008

C.I.A. Chief says Qaeda is Extending its Reach

By MARK MAZZETTI

WASHINGTON — Even as Al Qaeda strengthens its hub in the Pakistani mountains, its leaders are building closer ties to regional militant groups in order to launch attacks in Africa and Europe and on the Arabian Peninsula, the director of the Central Intelligence Agency said Thursday.

The director, Michael V. Hayden, identified North Africa and Somalia as places where Qaeda leaders were using partnerships to establish new bases. Elsewhere, Mr. Hayden said, Al Qaeda was “strengthening” in Yemen, and he added that veterans of the fighting in Iraq and Afghanistan had moved there, possibly to stage attacks against the government of Saudi Arabia.

He said the “bleed out” from the wars in Iraq and Afghanistan also extended to North Africa, raising concern that the countries there could be used to stage attacks into Europe. Mr. Hayden delivered his report in a speech to the Atlantic Council of the United States in Washington, and it offered a mixed assessment of Al Qaeda’s ability to wage a global jihad.

He drew a contrast between what he described as growing Islamic radicalism in places like Somalia and what he said had been the “strategic defeat” of Al Qaeda in Mesopotamia — the network’s affiliate group in Iraq.

Still, Mr. Hayden said that Pakistan’s tribal areas remained Al Qaeda’s most significant operations base because the group’s close ties to Pashtun tribes in the region gave Qaeda militants a sanctuary to plan attacks on Western targets.

“Today, virtually every major terrorist threat my agency is aware of has threads back to the tribal areas,” he said.

His remarks were the first public appraisal of Al Qaeda’s Pakistan sanctuary since the C.I.A. escalated what had been a secret campaign of airstrikes in the tribal areas over the summer.

President Bush signed orders in July allowing the C.I.A. to broaden the campaign.

The C.I.A. used to focus remotely piloted Predator aircraft attacks on a relatively small number of Arab fighters in the tribal areas, but it has begun striking Pakistani militant leaders as well as convoys bound for Afghanistan to resupply militant fighters there.

Mr. Hayden pointedly refused to give details about the strikes by remotely piloted aircraft, or even to acknowledge that they occurred. He did say that the recent killing of senior Qaeda operatives had disrupted the group’s planning and isolated its leadership.

In mid-October, a missile fired from an American drone killed Khalid Habib, the latest senior Qaeda planner to be killed this year in Pakistan.

“To the extent that the United States and its allies deepen that isolation, disturb the safe haven, and target terrorist leaders gathered there, we keep Al Qaeda off balance,” Mr. Hayden said.

The radicalization of Pashtun tribes, and their strengthening ties to Qaeda operatives, date in part to the decision by the Pakistani president at the time, Gen. Pervez Musharraf, to raid the radical Red Mosque in Islamabad in July 2007, the C.I.A. director said. That raid, at the end of an eight-day siege of the mosque by government troops, killed scores of Pakistani militants.

At the end of his remarks, Mr. Hayden deflected questions about whether he would consider remaining at the C.I.A. during the Obama administration and declined to say whether President-elect Barack Obama had asked him to extend his tenure.

“This is the business of the transition team,” Mr. Hayden said. “This is the business of the president-elect.”

<http://www.nytimes.com/2008/11/14/washington/14intel.html?hp>

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Times of London
November 14, 2008

CIA says Osama bin Laden Cut Off from al-Qaeda

NICO HINES

The head of the CIA has claimed that almost all terrorist threats facing the US now originate in lawless Pakistani tribal areas, adding that Osama bin Laden is becoming increasingly isolated from the day-to-day running of al-Qaeda. As 12 people were killed by another suspected cross-border American raid targeting Pakistan-based militants, Michael Hayden, the CIA director, told a Washington think tank last night that terror threats against America could invariably be traced back to the Pakistani tribal regions bordering Afghanistan. Hours after he spoke, another suspected US missile attack killed 12 people in Pakistan, including five foreigners. US missile strikes are hugely controversial in Pakistan, with Islamabad claiming they fuel anti-American extremist groups.

“Let me be very clear,” he said. “Today, virtually every major terrorist threat that my agency is aware of has threads back to the tribal areas. Whether it’s command and control, training, direction, money, capabilities, there is a connection to the FATA [Pakistan’s Federally Administered Tribal Areas].” The intelligence head did not refer openly to American missile strikes, or a commando raid in South Waziristan on September 3, which marked the first time the question of US ground forces on Pakistani territory has been raised, but he confirmed that US resources were still concentrated on the area.

Today’s missile attack was concentrated in an area known as a stronghold of Pakistani Taleban commander Baitullah Mehsud according to paramilitary officials. It was unclear if the dead foreigners included Arabs, who often signify an al-Qaeda presence. Officials said that the attack targeted a house in a remote village on the border between North and South Waziristan, where Mehsud, an al-Qaeda ally, has been cornered by Pakistani forces since early this year.

According to security sources, US forces have intensified missile attacks by pilotless drones since early September, as they grow frustrated by fighters from Pakistan fuelling the Taleban insurgency in Afghanistan and there are fears of al-Qaeda regrouping. Pakistan has condemned the violations of its territory with Islamabad arguing that the attacks fuel anger towards the United States and impede the government’s own efforts to garner people’s support for the campaign against militancy. President Asif Ali Zardari told *CBS News* in an interview aired overnight: “It’s undermining my sovereignty and it’s not helping win the ... hearts and minds of people.” Mr Zardari, whose eight-month-old civilian government is desperate for financial support to avert an economic meltdown, denied media speculation Pakistan had secretly agreed a deal with the United States to allow missile strikes, and said more cooperation was needed.

“He is putting a lot of energy into his own survival, a lot of energy into his own security. In fact, he appears to be largely isolated from the day-to-day operations of the organisation he nominally heads,” said Hayden, referring to the al-Qaeda network, he said. He suggested that bin Laden was hiding somewhere in the remote Afghanistan-Pakistan border region, where he said al-Qaeda has regrouped and bolstered its organisation. Mr Hayden described “the sheer challenge of surveying every square mile of that inhospitable and dangerous region”. “I can assure you, although there has been press speculation to the contrary, I can assure you that the hunt for bin Laden is very much at the top of CIA’s priority list,” he said claiming that killing or capturing bin Laden would deal a severe blow to the terror network blamed for the attacks of September 11, 2001. “Because of his iconic stature, his death or capture clearly would have a significant impact on the confidence of his followers, both core al-Qaeda and these unaffiliated extremists ... throughout the world.”

He also claimed that US pressure in Pakistan’s borderlands was succeeding in knocking al-Qaeda “off balance”.

Mr Hayden said several al-Qaeda veterans had been eliminated “by violence or natural causes” in the past year but he said that the hunt for Osama bin Laden was still “at the top of CIA’s priority list”. He said

that while al-Qaeda was on the retreat in Saudi Arabia, Indonesia, the Philippines and Iraq, it had strengthened in Pakistan and expanded its activity into North Africa, Somalia and Yemen, he said. The group was cultivating Somali extremists, gaining strength in Yemen where attacks were on the rise, and striking Western targets in Algeria - including French tourists and workers. "North Africa, East Africa, Yemen serve as kind of a counterweight to the good news out of Iraq, Saudi Arabia and elsewhere," he said, adding that the problems in North and East Africa were not as serious as previous threats elsewhere.

After his speech, Mr Hayden said al-Qaeda had exploited a peace deal orchestrated by General Pervez Musharraf's former government with militants in the tribal regions. Mr Musharraf's approach, focusing on long-term development of the remote area, would have been "wise and far-seeing" except for the immediate threat posed by al-Qaeda in Pakistan, he said. "But our enemies took advantage of that respite, took advantage of that breathing space to build up the kind of safe haven that I described in my remarks." <http://www.timesonline.co.uk/tol/news/world/asia/article5153713.ece>

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Time

Sunday, Nov. 16, 2008

Why Obama will Continue Star Wars

By Mark Thompson / Washington

Missile-defense skeptics yearning for a fresh look at the wisdom of pumping \$10 billion annually into missile defense aren't going to get it from Barack Obama when he moves into the Oval Office. The Russians — along with the two men most likely to end up running the Pentagon for the President-elect — have already made sure of that. It's a bracing reminder of just how difficult it is to counter momentum once a big-league defense program achieves what aerodynamicists call "escape velocity" — that synergy of speed and gravity that lets a vehicle soar smoothly into the skies.

President George W. Bush promised to build a "Star Wars" missile shield, and he has kept that promise — even if there is no guarantee if the shield works or that it increases security. There has indeed been much Democratic derision focused on what has mostly been seen as a Republican program, one that has been lavished with \$100 billion since Ronald Reagan called for such a shield at the height of the Cold War in 1983. But even in a Democratic-run Pentagon the push for missile defense is going to continue. If Obama keeps Defense Secretary Robert Gates on, as some advisers are arguing he should, that would come as no surprise. "Russia has nothing to fear from a defensive missile shield," Gates said Thursday as he argued for extending the system to Europe. The current plan is to place 10 missile interceptors in Poland and a missile-tracking radar in the Czech Republic by 2014. It's strongly opposed by Russia, which views it as an unwelcome military threat in a region where it has always been pre-eminent. The other leading contender for the Pentagon post is Richard Danzig, a Clinton Navy secretary, who recently told reporters that the Obama team has "a strong view that national missile defense is a rewarding area and should be invested in."

In fact, during the campaign, Obama said "I actually believe that we need missile defense because of Iran and North Korea and the potential for them to obtain or to launch nuclear weapons." While expressing concern that such a program might not work, he also has said that it makes sense to "explore the possibility of deploying missile defense systems in Europe," in light of Tehran's efforts, his aides have recently suggested he won't move ahead with the European deployment if the system's not "workable." (On Friday, French President Nicolas Sarkozy warned Washington against deploying the shield in Europe. "Deployment of a missile defense system would bring nothing to security," he said at a press conference with Russian President Dmitry Medvedev. "It would complicate things, and would make them move backward.")

The outgoing general who heads the Pentagon's missile defense efforts declared Wednesday that the system is "absolutely" workable. Lieutenant General Henry Obering, who is leaving his post after four years of running the program, said U.S. interests would be "severely hurt" if Obama abandons the Bush Administration's plans to expand the missile shield to Europe. "What we have discovered is that a lot of the folks that have not been in [the Bush] Administration seem to be dated, in terms of the program," Obering said. "They are kind of calibrated back in the 2000 time frame and we have come a hell of a long way since 2000."

Beyond the endorsements of the military and possible defense secretaries, recent post-election statements from Moscow criticizing the European expansion of the missile shield make it highly likely it will happen, U.S. officials say. Obama can't be seen, early in his tenure, as bending to Russia's wishes, they say. While all that suggests the system will move full speed ahead, there was a recent ground-breaking that makes it pretty much official. Three weeks ago, the Pentagon began work on a new missile defense "Headquarters Command Center" at Fort Belvoir, Virginia, about 10 miles south of the Pentagon. The \$38.5 million building will be home to 300 Missile Defense Agency workers. Its planned brick veneer will match the fort's Georgian Colonial Revival style. Once finished in late 2010, the brand new missile-defense headquarters will blend in with Fort Belvoir's pre-World War II buildings. It will seem like it has always been there.

<http://www.time.com/time/nation/article/0,8599,1859393,00.html>

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RIA Novosti
15 November 2008

Russia 'Confident' Obama will Study Missile Shield Plan - Lavrov - 2

MOSCOW, November 15 (RIA Novosti) - Russian Foreign Minister Sergei Lavrov has said that Moscow is "confident" the U.S. president-elect will look into the effectiveness of the Bush administration's plans for a Central European missile shield. Lavrov said in an interview aired on the Moscow-based Ekho Moskvyy radio station on Saturday that Barack Obama would "analyze the situation concerning the deployment" of elements of a U.S. missile shield in the Czech Republic and Poland "from the point of view of their cost and effectiveness." "We are confident that the new U.S. president already has plans for this," he said. However, Lavrov also reiterated that Russia would be forced to adopt measures to neutralize the threat "that would certainly be caused" if the U.S. were to go ahead with the plans for a missile shield.

Russian President Dmitry Medvedev announced last week the possible deployment of Iskander-M short-range missile systems in the country's Kaliningrad exclave, sandwiched between Poland and Lithuania on the Baltic Sea. However, the Russian leader said in an interview with France's Figaro newspaper published on Thursday that, "We could reconsider this response if the new U.S. administration is ready to once again review and analyze all the consequences of its decisions to deploy the missiles and radar facilities." Washington recently said it had provided new proposals to ease Russia's concerns over the planned deployment of 10 U.S. interceptor missiles in Poland and a tracking radar in the Czech Republic, which the Bush administration has said are needed to counter possible attacks from "rogue" states such as Iran.

Russia, which says the missile defense system is a threat to its national security, has indicated it will not address the U.S. proposals until after Obama is inaugurated as U.S. president in January. After Obama's presidential election victory, one of his senior foreign policy advisers, Denis McDonough, said the president-elect was not committed to the missile shield, and would only continue with the project if its effectiveness was proven. Lavrov also called for a pause in unilateral moves in the sphere of European security. "It is necessary to take a pause with regard to unilateral actions in the sphere of European security, whether it be the missile shield or NATO expansion," he said. The Russian foreign minister also urged the EU to take a more active role in matters of European security. He also revealed that a pan-European security treaty earlier proposed by Medvedev contained a section dedicated to the resolving of armed conflicts. "In our initiative on a treaty on European security there is a section specially dedicated

to the issue of resolving conflicts," he said, adding that one of the principles behind this was "respect for current agreements and respect for existing negotiations and peacekeeping formats."

<http://en.rian.ru/world/20081115/118329370.html>

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Times of London
15 November 2008

Nicolas Sarkozy Calls for Rethink over US Missile Defence System in Europe

David Charter in Nice

Barack Obama was handed an early foreign policy hot potato yesterday when President Sarkozy proposed a truce in the row over US plans for a missile defence system in Europe. Taking it upon himself to make the EU's first intervention in the debate – and getting the backing of Russia, which has threatened to position missiles in Kaliningrad – Mr Sarkozy proposed a summit next year on a new pan-European security system, after a suspension of activity from both Moscow and Washington. The French President's latest piece of off-the-cuff diplomacy caught most of the main players by surprise and raised eyebrows for seemingly trying to bounce the next US President into a policy change as well as talks about a security organisation to rival Nato. Mr Obama has said only that he will review America's national security priorities, including the Bush Administration's plans to site ten interceptor missiles in Poland and a radar base in the Czech Republic.

These two countries remain confident that the plan will not be scrapped and were dumbstruck at Mr Sarkozy's proposals yesterday, which seemed to reward the threats made by President Medvedev of Russia last week. Speaking after hosting the one-day EU-Russia summit in Nice, Mr Sarkozy proposed that a summit be held next June or July at which Russia, the US and Europe could discuss a long-term security framework. Although the US has insisted that the missile shield would act as a defence against Iran, Mr Medvedev chose the day of Mr Obama's election to threaten the deployment in Kaliningrad, the Russian enclave next door to Poland, in a Cold War-style escalation of the row.

Mr Sarkozy, speaking at a joint press conference with Mr Medvedev, said: "I have suggested that in mid-2009 we could meet within a framework to lay the foundations of what could possibly be a future pan-European security system. This would bring together the Russians, the Americans and the Europeans." Mr Sarkozy said that this could be discussed at a summit of the Organisation of Security and Cooperation in Europe, adding: "Between now and then, please, no more talk of missile deployment or antimissile deployment." He added that the proposed missile shield would do nothing to help European security. The suggestions represent the latest in a string of eye-catching proposals from the hyperactive French President while his country holds the six-month EU presidency.

Many fizzle out as fast as they are made after painful battles with fellow EU leaders, such as his call for political intervention in the running of the European Central Bank, his desire to become the "economic president" of the EU by chairing regular meetings of eurogroup countries and his suggestion of European sovereign wealth funds to take stakes in ailing industries. Responding to his latest proposal, Mr Medvedev called for all sides in the dispute to avoid "unilateral measures" before a new security framework was agreed. He also defended the Russian threat to move missiles to Kaliningrad as a counter-measure, calling it "a response to various nations in Europe who, without consulting anyone, agreed to deploy new weapons on their soil". Speaking on a visit to Prague, the Polish Foreign Minister said that he and his Czech counterpart hoped that Mr Obama's Administration would go ahead with the missile defence scheme. Radek Sikorski said that he and Karel Schwarzenberg understood that Mr

Obama "will take a new look" at the plans but he said that they did not expect "any revolution" in thinking on the project.

Showing that Russia and the EU remained divided over Moscow's behaviour in Georgia, Mr Sarkozy repeated in front of Mr Medvedev that Moscow had not yet met all the conditions set in the peace agreement that he negotiated. Mr Medvedev insisted just a few minutes later that Russia had indeed done all that was asked of it. The two sides nevertheless agreed to resume talks on a wideranging economic and political agreement covering their relationship after they were frozen in August by the EU in protest at Russia's "disproportionate reaction" in Georgia.

<http://www.timesonline.co.uk/tol/news/world/europe/article5158567.ece>

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International Herald Tribune

Medvedev, with Help from Sarkozy, Backs Down from Missile Threat

By Stephen Castle

Friday, November 14, 2008

NICE: President Dmitri Medvedev of Russia on Friday backed away from his threat last week to deploy missiles on Europe's borders, but only on the condition that President-elect Barack Obama take up a call Medvedev issued with France to hold a summit on European security by next summer. The Russian leader, who issued bellicose threats against the United States just hours after Obama won the U.S. election last week, argued at a summit in Nice on Friday that all countries "should refrain from unilateral steps" before such discussions on European security take place.

President Nicholas Sarkozy of France, who hosted the meeting between Russia and the 27 European Union nations in his capacity as EU president, helped Medvedev's climbdown. The French leader supported the idea of talks on a new security architecture for Europe, and suggested they could be held by the Organization for Security and Cooperation in Europe next June or July. Both Russia and the United States belong to the OSCE, whose membership spans much of the northern hemisphere, from Vancouver to Vladivostok. The French president made clear that he wants the United States to think again about the missile defense systems it plans to build in Poland and the Czech Republic.

Medvedev last week threatened to respond by stationing missiles in Kaliningrad, a Russian enclave bordering Poland and Lithuania, both of members of NATO and the European Union. "Between now and then," said Sarkozy, referring to the summer summit, "please no more talk of anti-missile protection systems." The French president added that deployment of a missile defense system "would bring nothing to security in Europe." Although he holds the rotating presidency of the EU, Sarkozy appeared to be speaking beyond his mandate because the bloc has little power over defense decisions. His intervention provoked immediate criticism from the Czech Republic.

Alexandr Vondra, the leading Czech official for European affairs, said he was "surprised" by Sarkozy's comments, which, he said, contradict French statements on missile defense at the last summit held by NATO in Bucharest. He also said the comments exceeded Sarkozy's competence as EU president to speak for the bloc's 27 nations. "It is my understanding that Mr. Sarkozy met Mr. Medvedev on behalf of the French presidency of the EU," Vondra said, speaking by phone. "There was nothing in the EU mandate to talk about missile defense." Diplomats saw the intervention by Sarkozy as another example of his hyperactive brand of diplomacy, which has given him a global profile but proved controversial within the EU.

Nevertheless, the move to defuse the dispute over missiles helped smooth European relations with Moscow ahead of the Washington summit, where the Russians and Europeans, together with the Americans, China, India and other nations, will attempt to reform the institutions that have governed global finance for 60 years. After the one-day meeting in Nice, both Medvedev and Sarkozy left for the summit in Washington.

<http://www.iht.com/articles/2008/11/14/europe/15UNION-fw.php>

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Deutsche Welle
16 November 2008

Medvedev Says Russia Ready to Discuss Missile Defense

Russian President Dmitry Medvedev said the United States and Russia share "no trust" in relations but suggested the two countries can begin to heal ties and reach an agreement over a missile defense system.

Speaking Saturday, Nov. 15, after the gathering of 20 world economic powers in Washington to address the financial crisis, Medvedev said there is "no trust in Russian-US relations -- the trust we need" to tackle international challenges and strengthen ties. However, he also signaled a readiness to enter into talks with the US over its plan to build a missile shield in eastern Europe. "We will not do anything until America does the first step," Medvedev said. "I think we have a chance to solve the problem through either agreeing on a global (anti-missile) system or to find a solution on the existing programs which would suit the Russian Federation."

For the first time, Medvedev indicated that Moscow could settle for something less than the complete cancelation of the missile shield plans. On Nov. 5, one day after the presidential election in the US, the Russian president had announced that Moscow would place missiles in its eastern European enclave of Kaliningrad if Washington went ahead with the missile defense plan.

Optimistic about Obama

Medvedev seemed optimistic that the transition in the White House would provide a fresh opportunity for a new friendship between the two countries. President-elect Barack Obama, who takes office on Jan. 20, has been critical of US President George W. Bush's plans to build a missile defense system in eastern Europe, but hasn't yet taken a clear stance on the issue. "The first signal we received (from President-elect Obama) shows that our partners think about this program rather than plan to simply rubber-stamp it," Medvedev said. The Bush administration insists the system, to be built in Poland and the Czech Republic, is required to counter Iran's growing ballistic missile capability. However, the Kremlin considers the deployment a threat that would weaken its strategic nuclear deterrent.

France told to mind its own business

French President Nicolas Sarkozy, whose country currently holds the rotating European Union presidency, told reporters on the sidelines of the Washington finance summit that "each country has the right to decide whether or not to install an anti-missile shield." Sarkozy cited Poland and the Czech Republic, whose leaders responded frostily to the comments. "The question of the anti-missile shield is governed by an agreement between Poland and the United States," said Polish Prime Minister Donald Tusk. "I don't think that third countries, even such good friends as France, have a particular right to express themselves on this issue."

In August, the US signed an agreement with Poland to help modernize its military in exchange for the right to position the interceptor missiles on its territory. At an EU-Russia summit on Friday in Nice, France, Sarkozy had called on the US to halt its plans for the missile shield and appealed to Russia not to set up missiles in Kaliningrad.

<http://www.dw-world.de/dw/article/0,2144,3797293,00.html>

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The Moscow Times

Sarkozy Calls for U.S., Russian Missile Freeze

17 November 2008

NICE, France — French President Nicolas Sarkozy said he won Russian backing on Friday for talks on security in Europe next year and urged a freeze in missile deployments by Moscow and the United States until then. His call was immediately questioned by the Czech Republic and Poland, which are due to host elements of a U.S. missile shield in Central Europe that has angered Moscow. They said he had no mandate to make such remarks. Speaking after an EU-Russia summit, Sarkozy said he voiced concerns about President Dmitry Medvedev's threat to deploy missiles in Kaliningrad near Poland in response to U.S. plans for the missile-defense shield in Central Europe.

"I indicated to President Medvedev how concerned we were about this declaration and how there should be no deployment in any enclave until we have discussed new geopolitical conditions for pan-European security," Sarkozy said at a news conference. "As president of the European Union, I proposed that in mid-2009 we meet ... to lay down the foundation for what could be the future of European security," he said. France holds the rotating EU presidency until the end of this year. Sarkozy said such a summit, possibly under the auspices of the Organization for Security and Cooperation in Europe, which includes the United States and Russia, would not be conclusive but could lay the foundations for a future European security pact.

"Between now and then, don't talk about deployment of a missile shield, which does nothing to bring security and complicates things," he said, referring to the U.S. plans. In the latest display of the difficulties the EU has in speaking with one voice to Russia, Prague promptly distanced itself from the remarks. "France had not consulted such a standpoint with us in advance," Czech Deputy Prime Minister Alexandr Vondra said in a statement.

"As far as the French presidency's mandate for the EU-Russia summit is concerned, it contains no mention of the anti-missile shield," he added. Czech Republic is due to take over the rotating presidency of the 27-member bloc from France in January for six months. Polish Prime Minister Donald Tusk said Saturday that it was not Sarkozy's place to take a stand on missile defense. "The president of France Nicolas Sarkozy expressed his view, but it will have no influence on what will happen with the project," he told reporters in Warsaw, the Polish news agency PAP reported.

"On the issue of the shield, I don't expect either commentary or actions from third parties," Tusk said. Later Saturday, Sarkozy backed down from his comments critical of the U.S. plans. "Ultimately, it could be a complement against a missile threat coming from elsewhere, for example, Iran," Sarkozy said after a global financial summit of world leaders in Washington. Medvedev said Friday that his remarks on deploying missiles in Kaliningrad were a reaction to the U.S. plans, which Moscow sees as a threat despite Washington's assurances that they are intended to protect the United States and its European allies from "rogue" states such as Iran. "We should all refrain from unilateral steps which influence security until the new pact is signed," he told the news conference. "Russia has never made such steps unilaterally."

Medvedev said Russia envisaged a pan-European security treaty that could be joined by all nations and groupings, including NATO, and "a list of rules for the future." Last month, Medvedev called on the EU to work with Russia on a new security pact, arguing that Washington had forfeited its place at the heart of the world order. Sarkozy said then that he was prepared to discuss the proposals and suggested a summit on the issue at the end of 2009.

The Nice summit came after EU states agreed last Monday to restart talks on a broad partnership pact frozen after Russia's August invasion of Georgia. The two sides agreed to restart the talks on Dec. 2, an EU official said Friday. Sarkozy said Russia had to a large extent complied with a French-brokered cease-fire in Georgia but still needed to withdraw its troops from the separatist regions of South Ossetia and Abkhazia. Medvedev insisted that a cease-fire deal had been "fully fulfilled."

(Reuters, AP)

<http://www.moscowtimes.ru/article/600/42/372390.htm>

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Wall Street Journal
November 14, 2008
Pg. 9

Belarus President Seeks to Deploy Russia Missiles

By Alan Cullison

MINSK, Belarus -- President Alexander Lukashenko is in talks with Moscow about placing in Belarus advanced Iskander missiles that could hit targets deep inside Europe. The talks raise the ante in the debate over a U.S. plan to deploy missile defense in Europe. They also complicate Western hopes for warmer ties with Belarus, which some in the U.S. and Europe hope could help to counterbalance an increasingly hostile Kremlin.

In an interview with The Wall Street Journal, Mr. Lukashenko said that he would like to see closer relations with the West but that he sympathizes with Russia on two flashpoints that have rocked relations -- the conflict in Georgia and U.S. plans to place antimissile systems in Europe to counter a potential threat from Iran. Mr. Lukashenko said he "absolutely supports" Russia's plans to place Iskander missiles in Kaliningrad that would target the U.S. missile system. Kaliningrad is a Russian enclave in Europe that borders NATO members Poland and Lithuania, and missiles there could reach the proposed U.S. missile sites in Poland. Mr. Lukashenko said Russia also had proposed putting Iskander missiles in Belarus, which is situated between Russia and Poland. And if a deal on the issue isn't reached, Belarus itself would like to deploy the missiles, he said.

"Even if Russia does not offer these promising missiles, we will purchase them ourselves," said Mr. Lukashenko, who said the technology for the Iskander optics and fire-control systems comes from Belarus. "Right now we do not have the funds, but it is part of our plans -- I am giving away a secret here -- to have such weapons." Analysts said it is far from clear that Russia would really need to place missiles inside Belarus. The Kremlin has offered to give up its Kaliningrad plans if Washington drops its missile-defense system. Mr. Lukashenko's missile ambitions also could be a bargaining chip in his maneuvering between Russia and the West.

Though closely allied with and heavily dependent on Moscow, Mr. Lukashenko, a former collective-farm boss who has kept a tight grip on Belarus since he was elected president 14 years ago, has resisted the Kremlin's embrace. But financial necessity may be tugging harder at Minsk than before. On Wednesday, Russia announced that it agreed to grant Belarus a \$2 billion stabilization loan to shore up the government's finances, which have been strained by the credit crisis. Under loan terms, Belarus agreed to pay for future oil and gas debts in rubles, a major priority of the Kremlin, which has sought to expand the use of the Russian currency beyond its borders.

Advisers to Mr. Lukashenko said he has lately put out feelers to improve relations with the U.S. and Europe, which slapped his government with sanctions in 2006 after he was accused of rigging his re-election. Sanctions were eased this year, after Mr. Lukashenko ordered the release of some political prisoners. Like other leaders of former Soviet states, he has resisted Moscow pressure to side with the Kremlin in its conflict with Georgia by recognizing the breakaway regions of South Ossetia and Abkhazia. So far the only countries to confer recognition are Russia and Nicaragua. But he signaled he may tip toward Moscow on the issue and echoed Russia's argument that the West paved the way for the independence of Georgia's breakaway regions by recognizing Kosovo.

http://online.wsj.com/article/SB122662176384426603.html?mod=googlenews_wsj

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Arizona Daily Star (Tucson)
November 16, 2008

Sarkozy Tones Down Missile Shield Critique

By Associated Press

WASHINGTON — French President Nicolas Sarkozy is backing down from comments critical of a planned U.S. missile defense system in Europe. At a summit with Russian President Dmitry Medvedev on Friday, Sarkozy said the missile shield plans are misguided and will not make Europe safer. Those comments had been the strongest to date by an American ally against the missile-defense plans — and undercut the rationale behind President George W. Bush's European security strategy. But after Saturday's global financial summit with other world leaders,

Sarkozy said: "Ultimately, it could be a complement against a missile threat coming from elsewhere, for example, Iran."

The plans for using sites in Poland and the Czech Republic have infuriated Russia despite the Bush administration's insistence that they are aimed at protecting Europe from Iran. President-elect Barack Obama has not been explicit about his intentions on European missile defense, saying it would be prudent to "explore the possibility" but expressing some skepticism about the technical capability of U.S. missile defenses. Moscow sees the defense plans as a Cold War-style project that could eliminate Russia's nuclear deterrent or spy on its military installations.

<http://www.azstarnet.com/allheadlines/267458>

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