

**Testimony of  
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Senate Committee on Armed Services  
Subcommittee on Emerging Threats and Capabilities  
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**COOPERATIVE THREAT REDUCTION PROGRAM**

Mr. Chairman, Senator Reed, thank you for inviting me to discuss the Department of Defense (DoD) Cooperative Threat Reduction (CTR) program. It has been two years since this committee received testimony on the Cooperative Threat Reduction program, when Assistant Secretary J.D. Crouch II appeared before you on March 6, 2002. Today, I would like to review some of the important work accomplished since then.

- In December 2003, the Fissile Material Storage Facility at Mayak, Russia – some 7 years in construction – was completed and certified by Russian regulators. The Mayak project will consolidate and securely store more than 25 metric tons of Russian weapons-origin plutonium.
- In March 2003, construction on the Chemical Weapons Destruction Facility (CWDF) at Shchuch'ye began after 11 years of planning and negotiation. This facility will destroy all of Russia's nerve agent inventory, thus eliminating a significant proliferation concern. On March 18, 2003, Russia formally committed to destroy all of its nerve agent weapons at Shchuch'ye.
- As of December 31, 2003, 6 countries have pledged \$69 million dollars to CWDF infrastructure, helping to ensure that this key project can begin operations on schedule.
- In February 2003, Russia signed the Nuclear Weapons Storage Site Security Protocol, granting CTR unprecedented access to help consolidate and secure decommissioned nuclear warheads.
- DoD completed vulnerability assessments for six of these sites and began designing comprehensive security upgrades for each. The Russian Ministry of Defense (MOD) will shortly designate the next ten sites for security enhancements. In addition, CTR has procured and transferred to the MOD 123 "Quick Fix" fencing and sensors sets for installation at nuclear weapons storage sites, including the twelve noted above. The Quick Fix sets are designed to provide interim security upgrades to individual weapons bunkers. In all, DoD expects to provide comprehensive security upgrades at more than 32 long-term nuclear weapons storage sites, including Quick Fix and more permanent measures.

- In 2003, Azerbaijan and Uzbekistan signed legal agreements with us to provide the foundation for our WMD-Proliferation Prevention Initiative (WMD-PPI). Kazakhstan and Ukraine are ready to sign similar agreements. Georgia and Kazakhstan supplied us with dangerous pathogen samples as our Biological Weapons Proliferation Prevention program moved forward.
- In May 2003, we began destroying rail-mobile ICBM launchers and missiles in Russia.
- In Autumn 2003, we delivered 60 small-arms training sets and 1200 hand-held radios to support nuclear weapons storage security forces at all 60 sites we believe to be active or used for training.
- In December 2003, we completed and commissioned systems to enhance security at the Kizner and Planovy chemical weapons storage sites in Russia.

### **How is Progress Measured?**

Mr. Chairman, the achievements noted above represent a reduction in the threat posed by former Soviet WMD to the United States and its allies. Threat reduction has always been a key measure of how well CTR is doing. Another measure is how well we ensure that the taxpayers are getting value for the money they invest in non-proliferation through the CTR program. The heptyl and Votkinsk situations, which involved significant losses in CTR investments, reminded us that there is a third important measure of success for this program. This is the extent to which our partner countries truly “cooperate” in Cooperative Threat Reduction. CTR has never been traditional foreign assistance, and increasing the stake that recipient countries have in the execution of CTR projects has proven an essential measure of success

In his February 4, 2004 testimony before this committee, Secretary Rumsfeld was asked why the President’s Fiscal Year 2005 CTR budget request for \$409.2 million is lower than the FY2004 request (\$450.8 million). There are a number of reasons for the modest decrease. The question implies that the annual budget request is the single measure of progress and the single indicator of commitment. It is an important metric. But there are three others: actual threat reduction, value for US investments, and increasing recipients’ stake in the success of specific projects. Measured against the aggregate of all four metrics, the CTR program continues to be a vital component of the U.S. government’s national security strategy. The President and his Administration remain firmly committed to his 2002 pledge of \$10 billion over 10 years for nonproliferation and threat reduction programs in the former Soviet Union, including – but not limited to – CTR. Yearly programmatic requirements mean that some annual requests, as for FY2005, will be slightly below the \$1 billion average; others will be slightly above.

It is important to acknowledge that, of the 62 CTR program areas Congress has funded since the program’s inception, 51 of those areas are now complete. This reflects the large amount of former Soviet nuclear weapons inventory and infrastructure that CTR has helped eliminate or secure. Many of CTR’s original array of projects are reaching completion. These include projects that were capital-intense in their early construction phases. CTR’s FY 2005 program plan includes only two “infrastructure-heavy” projects: the Shchuch’ye chemical weapons

destruction project already under way, and infrastructure supporting Nuclear Weapons Site Security enhancement projects. Newer areas of CTR focus – BW non-proliferation and WMD-PPI – do not require capital-intensive construction projects to achieve their threat reduction goals.

The FY2005 budget request for Strategic Offensive Arms Elimination in Russia – which accounts for strategic systems work – is the same as it was for FY2004: \$58 million. No money is requested for this capital-intensive work in Ukraine for FY2005 because our threat reduction goals have been accomplished and we have sufficient funds to eliminate the 163 remaining SS-24 solid rocket motors by detonation or burning, pending Government of Ukraine agreement on the technical approach and process.

The change from FY2004 to FY2005 is caused primarily by the initiation of construction at the Shchuch'ye chemical weapons destruction facility (CWDF). Construction of the CWDF began in 2003, requiring a boost in FY2003 and FY2004 spending. Consistent with similar construction projects, customized, long-lead equipment that will be inside the facility was ordered in 2003 and more will be ordered in 2004. Thus, the construction spending plan for the CWDF, adjusted for delayed commencement, always included high spending at the onset of the project. Decreased spending on Shchuch'ye, reflected in the FY2005 CTR request, tracks with completion of the capital-intensive construction phase, not a decrease in commitment. In fact, the actual schedule to complete Shchuch'ye has been accelerated in accordance with President Bush's direction: we plan to complete construction by February 2007 and transfer custody to Russia by September 2008.

The authority the Congress has granted to the President to waive the conditions on the Shchuch'ye project has been critical to our progress on this essential nonproliferation and threat reduction project. We urge the Congress to make that waiver authority permanent beginning in FY2005, so that we can continue to work with Russia both to resolve the concerns underlying the Congressional conditions on the Shchuch'ye projects and to allow the earliest possible destruction of Russia's nerve agent.

The aggregate FY2005 request belies the number of important new CTR projects that will move forward without large capital infrastructure investments. These include the WMD Proliferation Prevention Initiative and projects designed to address potential biological weapons proliferation. A summary of the FY2005 budget request is attached.

### **Management Challenges**

Mr. Chairman, we have reported in detail to you and other committees on the \$106 million loss suffered by CTR in the so-called "heptyl" situation, in which Russia did not tell us that liquid rocket fuel destined for a CTR-constructed neutralization facility had been diverted to commercial uses. We have also had extended discussions about the Votkinsk situation, in which CTR invested nearly \$100 million in designs and site preparation for a solid rocket fuel elimination facility that was abruptly blocked by local Russian authorities. Although the two situations were very different, they collectively represented a severe blow to the credibility of our Russian partners and caused us to rigorously review how we do business.

- We asked the DoD Inspector General to review CTR from top to bottom. The last of the IG's four reports that responded to this request was issued last month. The IG's work has been instructive and our staffs ultimately developed such close working relationships that the IG accompanied one of the DoD teams that meet semi-annually with Russian counterparts.
- In 2002, we did a baseline risk assessment of all CTR projects for weaknesses similar to the heptyl situation – reliance on good faith Russian promises or assumptions. Today, legal commitments have replaced good faith obligations whenever CTR-provided infrastructure or equipment is used to carry out elimination projects.
- Six of these new agreements already have been signed. Based on our “post-heptyl” approach, we are awaiting signature of two additional agreements by the Russian Ministry of Defense (MOD) before any new work on the associated projects (enhancement of additional nuclear warhead storage sites and nuclear warhead rail transport car replacement) will be initiated. New legal commitments are introduced as needed to respond to new assistance requests.
- Each new project proposal is considered only after methodical analysis of “heptyl-like” risks. This is the potential for the recipient country to use CTR assistance for purposes other than those intended. If the risk can be mitigated by legal and implementation strategies, then the proposal can be reviewed on its merits. If the risk cannot be mitigated the project will not be pursued.
- The Under Secretary of Defense for Acquisition, Technology and Logistics created the office of the Deputy Assistant to the Secretary of Defense (Chemical Demilitarization and Threat Reduction) (CD&TR) with special oversight over CTR implementation. CD&TR and the Defense Threat Reduction Agency (DTRA), implemented several management changes to reduce our risks. These changes follow DoD acquisition management processes to promote a disciplined, business like approach to mitigate risk:
  - First is the adoption of the Milestone Decision Authority (MDA) system, which is modeled after the Defense Acquisition Board process. The MDA is the one person responsible for balancing requirements with risks, and approving and overseeing cost, schedule and performance baselines.
  - Second, we evaluated all projects against cost, schedule and political risk and assigned the appropriate level MDA for each project. Each project will have a baseline approved and monitored by a MDA.
  - Third, we adopted the Integrated Product Team (IPT) system to include all the stakeholders in the implementation process, so tradeoffs between risk and requirements can be made in a cooperative and working atmosphere.
  - Fourth, we adopted a new reporting system to alert higher management of any issues related to cost, schedule and performance.
  - Finally, we are opening up more overseas offices in the former Soviet Union to allow for better on-site management. These include offices in Tblisi, Georgia to support BW Proliferation Prevention, Perm Russia for solid ICBM elimination, and

Shchuch'ye, Russia for Chemical Weapons Destruction. Other offices may be opened up as our work expands.

Mr. Chairman, it could be argued that the array of management changes implemented over the past two years risks a slow down in CTR project execution. With the recent losses in Russia, we had no choice. We are carefully balancing our three goals of threat reduction, value for taxpayers' investment, and increased participation by partner countries. In some cases, simultaneous achievement of all three goals creates extra steps in program execution. Our judgement is that this results in a better program. For example,

- The program of semi-annual "executive reviews" with Russian agencies responsible for CTR projects has been a vehicle to streamline communication, if not actually expedite projects. The executive reviews have transformed the way we do business with Russia by putting a premium on regularized transparency, accountability and open dialogue. Since July 2002, five executive reviews have been held and our teams report that their Russian counterparts have been progressively more responsive and better prepared.
- In 2003, the Russian Aviation and Space Agency (RASA) volunteered to pay for refurbishment of three open-burn stands – potentially a \$65 million expense – to help keep the mobile missile elimination project area on track after the loss at Votkinsk. RASA also readily agreed to new legal commitments we proposed to limit our risks on other aspects of the mobile missile elimination project area. This was the first time Russia independently increased its stake in a threat reduction project's success.
- We are also improving our business practices within the U.S. In the past, the complicated process of releasing appropriated CTR funds for actual obligation took over 180 days. This involved certification or waiver of eligibility for the recipient country and congressional notification. For 2004 funds, a certification or waiver was executed for most CTR countries, including Russia, on November 7, 2003 only 37 days into the fiscal year. The waiver authority has proven an important threat reduction tool with respect to Russia, and as the waiver authority expires at the end of FY 2005, we will urge that Congress make this authority permanent in the next legislative cycle (2006).

Finally, we have significantly improved our responsiveness to Congress. During the past two years, CTR Policy and implementation staff have worked very hard to resolve a backlog of reports and notifications – some 24 reports and notifications have been delivered. For the first time since the inception of the requirement, the CTR annual report was delivered on time in early February of this year. Congressional oversight of the CTR program is important and welcomed. I estimate that the CTR policy and implementation staff spent an average of 5300 hours per year during the past three years responding to reporting requirements and audits. We appreciate the move by Congress to consolidate several of those reporting and notification requirements into a single "CTR Annual Report." This allows us to provide the same amount of information in a more efficient manner.

## The First Project-By-Project Review

Since September 11, 2001, DoD has refined the CTR program to ensure that it effectively addresses new threats associated with the Global War on Terrorism, even as we continue to pursue the program's longstanding goals and project activities. In March 2003 we began a six-month, comprehensive, detailed, project-by-project review of the CTR program, building on the overall Administration review of non-proliferation and threat reduction assistance in 2001.

We evaluated the Strategic Offensive Arms Elimination and Nuclear Weapons Transportation/Security project areas against several criteria: actual contribution to threat reduction, support to national strategy and global war on terrorism, best value for taxpayers' money, and the extent to which our Russian and Ukrainian partners have had an increasing stake in, and responsibility for, a project's success. We chose these project areas because they included a number of activities that had been under way for many years – certainly prior to the changes in U.S. strategy brought on by the September 11 attacks. We did not review the chemical weapons destruction, biological weapons proliferation prevention, or WMD-PPI project areas because they are more recent projects that are clearly in line with our current non-proliferation priorities.

The review resulted in the revalidation of a majority of Strategic Offensive Arms Elimination and Nuclear Weapons Transportation/Security projects in Russia including the rescoping of twenty projects. All current contractual and other commitments in Russia will be fulfilled. The review resulted in the revalidation of our general approach in Ukraine with extensive refinements to certain projects.

We reviewed Ukrainian and Russian projects separately because of a significant difference in key acquisition milestones. The Ukraine review was completed in March 2003, approved by the US interagency in April and briefed to Ukrainian officials in May. The Russia review was completed in August 2003, approved by the interagency in October and briefed to Russian officials in November.

***Russia:*** The rescoping review for Russia revalidated the contribution of all project areas to current threat reduction efforts, with some important adjustments.

- **Liquid-fuel missiles:** The importance of continuing elimination of SLBM and ICBMs as well as the silos and launchers from which they are removed was revalidated. However, CTR will cease to regrade silo sites once current commitments are fulfilled. This function will be turned over to Russia. We concluded that silo regrading, while an important safety matter, did not contribute to CTR's core threat reduction mission and could reasonably be assumed by Russia.
- **Solid-fuel missiles:** Most of the activity in this area is yet to begin, as mobile SS-24 and SS-25 missiles are just beginning to be decommissioned. The importance of eliminating these strategic systems as well as their launchers as rapidly as Russia will turn them over was reaffirmed. However, CTR will refrain from eliminating a number of SS-N-20 missiles that have already been decommissioned until Russia turns over additional

SSBNs for dismantling. As a matter of policy, CTR always insists that launchers (silos, mobile launchers or SSBN launch compartments) be turned over for elimination if we are to eliminate the associated missiles. Eliminating the missiles alone could facilitate modernization of overall Russian force structure.

- **SSBN dismantlement:** CTR will continue defueling SSBNs, sealing the reactors and removing and eliminating the missile launcher compartments. However, the practice of cutting up the bows and sterns will be turned over to Russia. We concluded that the work on bows and sterns did not contribute to threat reduction because it is not essential to the disabling of the submarine as a whole and elimination of the launcher compartment. In addition, this is an area where Russia can reasonably be expected to increase its stake in the success of this project area.
- **Spent Nuclear Fuel.** CTR will continue defueling SSBN reactors and securing the fuel in specially designed casks. However, the project to refurbish a building for long-term storage of the casks at the Mayak nuclear complex will be suspended once designs are complete. There is enough storage space at the shipyards where SSBNs are dismantled to temporarily store these casks pending final disposition by the Russian Federation. CTR is prepared to improve security at the shipyard storage areas if necessary. The Mayak refurbishment project was judged to be an unnecessary infrastructure requirement that did not contribute to threat reduction.
- **Nuclear Weapons Security/Transportation.** We revalidated the value of supporting Russian transportation of warheads to secure, central storage sites with improved inventory controls. However, CTR will turn over to Russia responsibility for the personnel reliability and emergency response support activities under this project area. These activities will be at low cost to Russia, and provide an opportunity to increase Moscow's stake in the success of this project. In addition, CTR will continue transferring responsibility for certain nuclear weapons storage site security projects to the Department of Energy (DoE). The DoD and DoE have worked closely on these complimentary efforts over the past two years. Among other issues, storage sites more closely associated with DoE activities were shifted to DoE for security improvements. These sites were often sites linked to Russian naval facilities.

The rescoping review for Russia will ultimately affect approximately \$185 million. These are funds that will be reallocated to other CTR projects, or that will shift to DoE through the transfer of certain nuclear weapons storage security responsibilities.

**Ukraine:** As a result of our review, we decided to cancel the CTR project that would have built a hydro-mining system to remove solid fuel from previously demilitarized SS-24 missile stages and convert the byproduct to mining explosive that would be turned over to Ukraine for sale. The project was significantly over budget and presented further cost escalation risks. Technical aspects of safely storing the propellant by-product and converting it into mining explosives also were unresolved after significant expense. All warheads and proliferable components have been removed from the 163 rocket motors, which are in safe storage built by CTR. Accordingly, the threat from these missiles has been eliminated. We have offered Ukraine an alternative, less risky

means of disposing of these motors. After understandably tough consultations we recently received an expression of interest from Kiev.

We also cancelled CTR projects in Ukraine that would have neutralized fuel from air-to-surface missiles, and destroyed liquid rocket fuel tank farms and concrete aprons where strategic bombers once sat on alert. We concluded that these projects no longer supported CTR's central threat reduction and nonproliferation mission because this infrastructure, in its current form, could not be used for any threatening activity or proliferated outside Ukraine. The requirements to eliminate this infrastructure are not complex or expensive, and were judged readily assumable by Ukraine. We revalidated projects to destroy strategic bombers still in Ukraine, as well as several old nuclear warhead storage bunkers, the designs for which could be exploited.

Overall, we assessed that over \$100 million in CTR activities previously programmed for Ukraine did not make a direct contribution to threat reduction. Of that total, approximately \$30 million had already been appropriated. These funds will be reallocated to other CTR activities in Ukraine, including the bio-weapons and WMD proliferation prevention project areas.

Mr. Chairman, reviewing, revalidating and rescoping these project goals in Russia and Ukraine will help ensure that CTR remains focused on current threat reduction priorities. Our adjustments to project areas are designed to ensure that CTR is returning real non-proliferation value for the taxpayer's investments. Our insistence on increased Russian participation in certain ongoing projects is directed toward increasing Russia's stake and accountability in the *Cooperative Threat Reduction Program*.

### **Biological Weapons Proliferation Prevention (BWPP)**

Mr. Chairman, we estimate that there are approximately 40 institutes that were part of the Soviet BW program. These institutes often contain extensive collections of dangerous pathogens. They face threats from within – under-employed experts; and from without – poorly secured facilities and weak inventory controls. We address this former Soviet BW threat by balancing carefully the risks of proliferation against Russia's compliance with international commitments. In Uzbekistan, Kazakhstan and Georgia, CTR's BW proliferation prevention activities continue. In addition, an agreement to support CTR BW proliferation prevention work in Ukraine is near completion and we hope to expand this project area to Kyrgyz Republic this year. CTR helps to reduce the BW proliferation threat by:

- Consolidating and enhancing the security of dangerous pathogen collections at biological institutes to help prevent their theft, diversion, or accidental release;
- Eliminating infrastructure, equipment, and facilities previously used to perform BW related research, testing and production;
- Engaging former BW scientists in peaceful pursuits by refocusing research priorities and projects, increasing transparency at biological institutes, promoting higher standards of ethical conduct, preempting a potential "brain drain" of scientists to rogue states and terrorist groups, and providing U.S. access to scientific expertise and pathogens to



improve public health and enhance preparedness against biological threats;

- Implementing a BW Threat Agent Detection and Response (TADR) project in Central Asia and the Caucasus to access medical intelligence, consolidate pathogen collections into central labs, modernize diagnostic capabilities to minimize need for pathogen retention at vulnerable field stations, and develop a network of trained, ethical scientists to prevent, deter, and contain either a naturally occurring outbreak or a bioterrorist attack.

Of course, none of this work can go forward with FY2004 funds until the congressional notification requirements of section 1304 (National Defense Authorization Act for FY2004) are met. I do not anticipate problems meeting this requirement for Kazakhstan, Ukraine, Uzbekistan and Georgia. Outside Russia, cooperation on BWPP activities has been very good. We have had prompt agreement on the legal architecture to cover this CTR project area. In addition, a number of countries readily provided samples of dangerous pathogen strains native to their regions. DoD management and technical teams made nine trips in support of BWPP overall during 2003. Our teams traveled to Kazakhstan and Uzbekistan to discuss anticipated projects and toured three Uzbek and two Kazakh institutes to record observations and photographs to support future work. These teams also reviewed the ongoing threat and vulnerability analyses of these institutes and evaluated recommendations for emergency security upgrades proposed by the CTR contractor on these projects.

Russia poses unique challenges in this area:

- We continue to be concerned with Russia's compliance with the Biological Weapons Convention.
- We are also concerned about the solvency of certain Russian laboratories being assisted by CTR.
- Russia has still not provided a sample of its altered anthrax strain. A research grant was made with the clear understanding that the altered anthrax strain would be provided to the USG. The Russian government has obstructed the release of this strain. This is inconsistent with the spirit of cooperation against the bio-terrorism threat to which Presidents Bush and Putin agreed in November 2001.
- We are also concerned that Russia has not been more forthcoming on developing an efficient legal architecture through which to provide CTR assistance. This assistance is currently provided through the International Science and Technology Center agreement negotiated by the Department of State. While it is possible to carry on CTR activities in this manner, it is inconsistent with CTR's strategy of using project-related implementing agreements.

Sound implementing agreements are one of the ways we manage program risks that are inherent in CTR's work. We also took several important steps in 2002 and 2003 to manage the proliferation risks associated with Russia's collections of pathogens and biological infrastructure.

- In September 2002, the Administration adopted interagency guidelines for U.S. efforts to engage the former Soviet biological weapons community, which take into account our concerns about Russia's failure to fully comply with its Biological Weapons Convention commitments. These guidelines help US agencies support non-proliferation policy choices by providing project evaluation and selection criteria and by establishing a coordination mechanism for agencies involved in bio-related assistance to Russia.
- We refined and added to the internal DoD review mechanism that is designed to mitigate risks associated with Cooperative Biological Research (CBR) projects. A new CBR project proposal is reviewed by a DoD Advisory Board consisting of biodefense, counterproliferation, technology security and intelligence experts. Proposals are studied for dual-use potential, scientific and technical merit, relevance to national strategy, risk of diversion, and feasibility. These projects are also scrutinized using the Milestone Decision Authority review process.
- The Defense Threat Reduction Agency (DTRA) and the Department of the Army concluded a memorandum of understanding in January 2004 that will help ensure a supply of seasoned US personnel to support CTR's cooperative biological research program. These personnel, under the auspices of the U.S. Army Medical Research Institute of Infectious Disease (USAMRIID) will help to bring western standards of research transparency and conduct to the former Soviet bioweapons community. The experience of the USAMRIID personnel also helps limit the risk of CTR assistance being surreptitiously diverted for purposes inconsistent with international law.

Keeping Russia's bioweapons technology, pathogen collections and expertise out of terrorist hands strengthens U.S. national security; however, those national security benefits need to be carefully weighed against the inherent risks of engagement. The risk of misuse can never be reduced to zero, but we are using policy and implementation strategies to minimize this risk and allow us to focus on the goal of biological weapons proliferation prevention.

### **Weapons of Mass Destruction-Proliferation Prevention Initiative (WMD-PPI)**

The WMD Proliferation Prevention Initiative (WMD-PPI) is designed to address the vulnerability of the FSU's porous borders to WMD smuggling. DoD intends to build capabilities of Kazakhstan, Azerbaijan, Uzbekistan and Ukraine to stem the potential proliferation of WMD.

During 2003, the CTR staff began building the necessary legal framework for assistance to the four WMD-PPI recipient governments. Much progress has been made, with agreements signed between DoD and Azerbaijan in January 2004, and between DoD and Uzbekistan in October 2003. Ukraine has notified us that it is ready to sign, and we are in final negotiations with Kazakhstan. Discussion of requirements with these recipients is also at a mature stage, and obligation of funds will begin this year. We will provide equipment, training and other support to help develop self-sustaining capabilities to prevent the trafficking of WMD materials across recipients' borders. WMD-PPI is being implemented in close coordination with other U.S. agencies to ensure it complements ongoing government assistance projects.

Our plans include providing Uzbekistan the ability to detect radiological materials at key border crossings. This project area will be designed to transition into the larger Department of Energy “Second Line of Defense” program once DoE is better positioned to assume responsibility. This activity helps WMD-PPI leverage pre-existing relationships in Uzbekistan during a period of increased DoD activity in the area.

A key element of WMD-PPI will be a Caspian Sea WMD maritime interdiction project. We will provide surveillance radars, boarding and maritime interdiction equipment, to include small vessels, to Azerbaijan and Kazakhstan to build their capabilities to police their own borders against illicit WMD trafficking. An essential aspect of this project will be inclusion of WMD-related training both for operation of the equipment as well as follow-on maintenance requirements. This is a capabilities-based WMD non-proliferation activity: CTR’s goal is to do what is necessary to build the capability, and then eventually turn it over to Azerbaijan and Kazakhstan to execute as their contribution to the global war on terrorism and WMD. Our initial plan calls for a five-year project timeline to create the necessary capabilities.

In Ukraine, WMD-PPI will assume a larger place, along with the BWPP program, now that strategic infrastructure projects have been cancelled or wrapped up more quickly. Notional plans include building Ukrainian capabilities to detect and interdict smuggled radiological materials in the Transnistria region.

### **Expanded Authority**

The Administration appreciates the new authority granted the President to use up to \$50 million annually in existing CTR appropriations outside the FSU. Section 1308 of the National Defense Authorization Act for 2004 provides this important flexibility in the global war on terrorism. Enactment of this provision was a truly significant modernization of CTR’s basic authorities. It allows our important work to go forward while improving readiness for a variety of contingencies in the global war on terrorism where DoD might bring special non-proliferation expertise to bear. On February 11, the President called for the expansion of the G-8 Global Partnership Against the Spread of Weapons and Materials of Mass Destruction, of which CTR is an important part, to address WMD proliferation threats worldwide. He specifically mentioned retraining WMD scientists and technicians in countries like Iraq and Libya, and the need to secure and eliminate WMD and radiological materials worldwide. The ability to use CTR outside the former Soviet Union is an important tool to help realize the President’s proposal; we urge the Congress to maintain the new authority.

### **Conclusion**

Mr. Chairman, Deputy Secretary Wolfowitz wrote his Russian counterparts in mid-2003 to urge their prompt action on a pending CTR legal agreement. He told these senior officials that “we are reviewing all CTR project areas for consistency with US nonproliferation goals as well as good stewardship of US resources. The amendment we have requested is reasonable and will facilitate the important cooperative non-proliferation work DoD has undertaken...through the CTR program.”

Dr. Wolfowitz's message captures what we have done with CTR since the heptyl and Votkinsk situations, and through the course of the rescoping review. CTR has been reducing the threat of Weapons of Mass Destruction since it began over a decade ago. We have revalidated that goal and the contribution of our activities to that goal in an exhaustive review. However, we have also been reminded that even as we protect Americans from the threat of WMD proliferation, we must constantly improve our processes to ensure that Americans receive true value for their investment. One of the recent lessons in this regard is that the original concept of a "cooperative" program pays dividends by increasing our partners' stake in the success of the assistance activities they receive. Re-emphasizing the "C" in CTR is an important way to keep this key US threat reduction program on solid footing in its second decade.

## ATTACHMENT

### **FY 2005 Budget Request**

**Russia: Strategic Offensive Arms Elimination (SOAE).** The FY 2005 budget request includes \$58.5 million for SOAE — unchanged from FY 2004. SOAE assists Russia in eliminating strategic delivery systems and infrastructure. One of the larger project areas under SOAE relates to Solid Propellant ICBM/SLBM and Mobile Launcher Elimination, where \$29.1 million is requested for FY 2005. Other funds eliminate SLBMs and liquid-fueled ICBMs and their launchers. The program supports placement of spent naval reactor fuel into casks for long term storage, destruction of the launcher section and sealing of the reactor compartment.

**Russia: Nuclear Weapons Storage Security (NWSS).** CTR's NWSS program assists Russia with safe and secure storage for nuclear warheads. We requested \$48.6 million in the FY 2005 budget for this program. All of the funds are directed toward the Site Security Enhancements project, which provides urgently needed security enhancements to the MOD nuclear weapons storage sites and select temporary transshipment points for movement of deactivated warheads. DOE provides comprehensive security enhancements to storage sites on all Russian Navy and some Strategic Rocket Forces bases. These activities are closely coordinated with DoE and other US agencies.

**Russia: Nuclear Weapons Transportation Security (NWTS).** We have requested \$26.3 million for the NWTS program, which will provide safe and secure transport of approximately 1500 nuclear warheads from deployed sites to dismantlement or enhanced security storage sites. This is a \$3.1 million increase over the FY 2004 budget. This increase reflects an anticipated increase in railroad shipping tariffs and a need to replace aging warhead cargo railcars.

**Russia: Fissile Material Storage Facility (FMSF) Construction.** In December 2003, CTR completed work on and transferred custody of the FMSF to the Russian Federation. This facility provides a secure, centralized storage facility for weapons grade fissile material. DoD is negotiating a transparency agreement to ensure the quality and quantity of material stored at the FMSF. DoD may require funding to design, construct, test, and certify a system to assess whether the contents of the fissile material containers to be loaded in the FMSF are of the desired quality and quantity.

**Russia: Biological Weapons Proliferation Prevention (BWPP).** Overall funding requested for the BWPP program in FY 2005 rose slightly from \$54.2 million in FY 2004 to \$54.9 million. The BWPP funding request reflects the Administration's firm commitment to combat biological weapons proliferation as part of the war on terrorism. DoD anticipates obligating approximately \$20 million of FY 2005 funds for BWPP activities in Russia.

**Russia: Chemical Weapons Destruction (CWD).** The budget request for the CWD program in Russia is \$158.4 million, a decrease of \$41.9 million. The reduction results primarily from the fact that we have passed the high point of the construction funding curve on the Chemical Weapons Destruction Facility (CWDF) at Shchuch'ye. In addition, we will complete

work on the Chemical Weapons Production Facility Demilitarization project at Volgograd this year.

The CWDF saw a significant increase in FY 2004 spending due to initiation of construction in March of last year. Since the design for the entire facility was over 80% complete, the construction drawing sets for many buildings were approved for construction. DoD has authorized construction of those buildings using the prior-year funding. The FY 2005 funding level (\$155.2 million) continues to meet the President's direction to accelerate the CWDF consistent with the rebaselined schedule that calls for construction completion in February 2007 and transfer of custody to the Russian Federation by September 2008. The Congress, in FY 2002, conditioned all future funding for construction at Shchuch'ye on its certification of six conditions; the Administration continues to press Russia on the two that remain unfulfilled: a full and complete accounting of the size of the Russian chemical weapons stockpile, and the completion of a practical plan for eliminating nerve agents.

### **Non-Russian FSU States: Biological Weapons Proliferation Prevention (BWPP).**

The budget request for BWPP increased slightly from the FY 2004 level of \$54.2 million to \$54.9 million. DoD anticipates obligating \$34.9 million toward non-Russian FSU states in FY 2005, a significant increase from FY 2004. This increase is due primarily to the expansion of the Cooperative Biological Research (CBR) project area and Biosecurity and Biosafety projects in the region, as well as continued implementation of the BW Threat Agent Detection and Response (TADR) project in Uzbekistan, Kazakhstan, and Georgia. Ukraine and the Kyrgyz Republic have expressed interest in BWPP program activities and CTR staff are negotiating the necessary legal framework to support such assistance.

- For CTR's BW Infrastructure Dismantlement and Restructuring program, DoD is requesting \$1.7 million for FY 2005 to continue eliminating remnants of Soviet BW-related infrastructure in Georgia and Kazakhstan.
- For CTR's Cooperative Biological Research project area, DoD is requesting \$7.1 million for FY 2005. This will continue projects in Kazakhstan and Uzbekistan to help prevent the proliferation of BW expertise, enhance transparency, improve standards of conduct of former BW scientists, and leverage their extensive expertise. There is currently one project in Kazakhstan and two in Uzbekistan; CTR plans to develop new projects in both Uzbekistan and Kazakhstan as well as in Georgia. In addition, we hope to be able to move forward with this project area in Ukraine during FY 2005.
- For CTR's Biosecurity and Biosafety project area, DoD is requesting \$12.6 million for FY 2005. We will continue projects in Kazakhstan, Uzbekistan and Georgia. We hope to initiate projects in Ukraine and the Kyrgyz Republic under this project area.
- For CTR's Threat Agent Detection and Response (TADR) project area, DoD is requesting \$13.5 million for FY 2005. Under this project area, CTR promotes biosecurity and biosafety at biological facilities in Kazakhstan, Uzbekistan, and Georgia by strengthening dangerous pathogen detection and response networks, facilitating the

discovery of the diversion or accidental release of biological materials and allowing the removal of dangerous pathogen collections from existing sentinel stations and consolidation of them in central reference laboratories. We hope to initiate projects in Ukraine and Kyrgistan.

**Non-Russian FSU States: WMD-PPI.**

As in 2003 and 2004, we are requesting \$40.0 million in FY 2005 to support WMD-PPI, which is designed to enhance Kazakh, Azeri, Ukrainian and Uzbeki capabilities to prevent, deter, detect, and interdict illicit trafficking in WMD and related materials. While this is *not* a security assistance program, DoD is coordinating with other US agencies to finalize the overarching strategic plan for export control and border security assistance to these states. This initiative builds on the foundation created by the CTR Defense and Military Contacts program.

In implementing the WMD-PPI, DoD has developed projects designed to produce comprehensive operational capabilities based on the interagency approved U.S. strategic plan and country/regional requirements. These projects will provide not only equipment and related training, but also self-sustaining operations and maintenance capabilities.