

**HEARING TO RECEIVE TESTIMONY ON THE  
COOPERATIVE THREAT REDUCTION PRO-  
GRAM AND THE PROLIFERATION SECURITY  
INITIATIVE AT THE DEPARTMENT OF DE-  
FENSE, AND NUCLEAR PROLIFERATION  
PROGRAMS AT THE NATIONAL NUCLEAR  
SECURITY ADMINISTRATION, IN REVIEW OF  
THE DEFENSE ACQUISITION REQUEST FOR  
FISCAL YEAR 2009 AND THE FUTURE YEARS  
DEFENSE PROGRAM**

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**Wednesday, April 2, 2008**

U.S. SENATE  
SUBCOMMITTEE ON EMERGING THREATS AND  
CAPABILITIES  
COMMITTEE ON ARMED SERVICES  
*Washington, D.C.*

The subcommittee met, pursuant to notice, at 10:02 a.m., in room SR-232A, Russell Senate Office Building, Hon. Jack Reed, chairman of the subcommittee, presiding.

Committee Members Present: Senators Reed [presiding] and Dole.

Committee staff members present: None.

Majority staff members present: Madelyn R. Creedon, Counsel.

Minority staff members present: Lynn F. Rusten, Professional Staff Member.

Staff assistants present: Kevin A. Cronin and Jessica L. Kingston.

Committee members' assistants present: Elizabeth King, assistant to Senator Reed, Christopher Caple, assistant to Senator Bill Nelson, Jon Davey, assistant to Senator Bayh, Jennifer Cave, assistant to Senator Warner, and Lindsey Neas, assistant to Senator Dole.

**OPENING STATEMENT OF HON. JACK REED, U.S. SENATOR  
FROM RHODE ISLAND**

Senator REED. Good morning and welcome to our witnesses. I want to thank my ranking member, Chairman Dole, Senator Dole, for being with us this morning.

This morning we have Mr. Will Tobey, the Deputy Administrator of the National Nuclear Security Administration, and Mr. Joseph

Benkert, Deputy assistant Secretary of the Department of Defense Policy Office. We welcome both of you back to the subcommittee.

Mr. Benkert, congratulations on your recent nomination to be the assistant Secretary of Defense for Global Security Affairs, the office which has policy responsibilities for the DOD cooperative threat reduction and other nonproliferation programs. Good luck.

Mr. Benkert: Thank you.

Senator REED. Both the National Nuclear Security Administration nonproliferation program and the Cooperative Threat Reduction, CTR, Program received funding for fiscal year 2008 over and above the amount requested in the President's budget. In addition, the CTR program received new authorities to expand activities beyond the former Soviet Union.

We look forward to hearing from each of you how the additional funds are being applied and the plans for using the new CTR authority. At the same time, we are interested in understanding how the nonproliferation partnership with Russia has changed and how it should continue to change in the future. With a rapidly growing economy, Russia is now able to become an equal partner with the U.S. in ensuring nuclear weapons and nuclear, radiological, chemical, and biological weapons usable materials and technologies are not stolen or fall into the wrong hands. I will be interested in your thoughts on how to maintain a close working relationship with Russia in light of the significant improvement in the Russian economic circumstances and the value of the ruble.

Also on the agenda today are the issues of plutonium disposition, the second line of defense, megaports and Global Initiative for Proliferation Prevention, GIPP for these programs at NNSA, and also the Russian chemical demilitarization program, Proliferation Security Initiative at DOD.

We have a lot to cover today. So I will now turn to Senator Dole for an opening statement. Senator Dole?

**STATEMENT OF HON. ELIZABETH DOLE, U.S. SENATOR FROM NORTH CAROLINA**

Senator DOLE. Thank you very much, Mr. Chairman. I certainly want to join you in welcoming our witnesses this morning.

And I look forward to hearing your testimony on the DOD Cooperative Threat Reduction Program and the NNSA nuclear nonproliferation programs. We welcome your thoughts on these ongoing programs and on what more the United States Government might do to address the threat of proliferation in the post-9/11 world. Weapons of mass destruction getting into the hands of terrorists, of course, remains the preeminent threat to our country and our allies, and the Director of National Intelligence, I believe, stated in testimony before the Senate Armed Services Committee recently exactly this point. The programs for which both of you are responsible are aimed at reducing that threat and managing the consequences, should such weapons ever get into the wrong hands or be utilized. These programs are, indeed, absolutely vital to our National security.

The CTR program was an imaginative response to the unprecedented situation that arose at the end of the Cold War when Russia and the other states of the former Soviet Union were left with

the legacy of large WMD stockpiles and infrastructure no longer needed or wanted, but expensive to eliminate or safeguard.

Now with the new authorities granted by Congress last year, as the chairman has mentioned, and given the growing terrorist threats we face, CTR has the opportunity to expand into a program that can address nonproliferation threats and opportunities existing beyond the borders of the former Soviet Union.

The Department of Energy also has an impressive and growing array of nuclear nonproliferation programs, including megaports and the global threat reduction initiative that are reducing the opportunities for terrorists to access and transport nuclear or radiological materials worldwide.

The plutonium disposition program, however, faces daunting challenges in Russia, in the United States and, indeed, in the Congress. We look forward to a dialogue with you, Mr. Tobey, about the way forward for that program.

More generally, we are interested in our witnesses' assessment of the progress made to date and your vision and recommendations regarding how these programs in both departments should proceed in the future.

I look forward to the testimony of our witnesses today as to whether the fiscal year '09 and future years budget reflects the proper prioritization and sufficient resources and authorities for addressing the continuing threat that we face. I believe that we in Congress must maintain and strengthen our support for these vital nonproliferation programs now and in the future.

And let me again join our chairman in thanking both of you for your service and for appearing before us today. Thank you.

Senator REED. Thank you, Senator Dole.

Mr. Tobey and Mr. Benkert, your statements are part of the record. There is no need to read them. If you want to highlight and summarize, we would appreciate that, and we look forward to your testimony. We will begin with Mr. Tobey.

**STATEMENT OF HON. WILLIAM H. TOBEY, DEPUTY ADMINISTRATOR FOR DEFENSE NUCLEAR NONPROLIFERATION, NATIONAL NUCLEAR SECURITY ADMINISTRATION, DEPARTMENT OF ENERGY**

Mr. Tobey: Thank you, Mr. Chairman. It is a great pleasure to be here this morning for a couple of reasons. First of all, I am deeply proud of our programs and the men and women who execute them, and it is always a pleasure to talk about them. And I also am deeply grateful to the members of this committee for the strong support that they have given to these programs. I believe they are important to U.S. national security, and we enthusiastically execute them.

The fiscal year 2009 budget request for the Office of Defense Nuclear Nonproliferation totals \$1.247 billion. This amount will allow us to continue our mission to detect, secure, and dispose of dangerous nuclear and radiological materials, strengthen the international nonproliferation partnerships, and meet the evolving proliferation and international security threats.

Specifically, this funding will advance defense nuclear nonproliferation priorities to enhance nuclear capabilities to detect and

interdict nuclear and radiological materials at key seaports and border crossings, reduce and eliminate stores of highly enriched uranium and vulnerable radiological materials across the globe, and work to ensure the sustainability of nuclear security upgrades in Russia and elsewhere.

Many of our efforts focus on nuclear materials and facility security. We recognize that the best way to reduce the threat that a proliferator or terrorist could acquire nuclear weapons is by denying them access to the necessary nuclear and radiological materials in the first place. To that end, our fiscal year 2009 request will allow us to accelerate our work, including installation of radiation detection systems at nine additional ports under our megaports program, for a total of 32 megaport sites worldwide, helping to secure 49 border crossings and other high-risk points of entry under our second line of defense program, and expanding export control and commodity identification training activities with more than 50 countries.

Additionally, in 2009, we will undertake a new initiative to strengthen international safeguards to prevent the diversion of nuclear material to nonpeaceful uses. This next generation safeguards initiative will develop the safeguards technologies and human resources needed to sustain our nonproliferation efforts, while promoting international partnerships and meeting the challenges of growing nuclear energy demand. Just as our nuclear energy industry had lain dormant for several decades, the technology related to safeguarding nuclear energy has also lain dormant, and we believe that with the resurgence of interest in nuclear energy around the globe, it is now time to also increase our efforts with respect to safeguards technology.

Underpinning all of these efforts is our nonproliferation research and development work, through which we will continue our leadership as the principal Federal sponsor of long-term proliferation-related R&D on nuclear detection and characterization.

Our 2009 request will allow us to accelerate our efforts under the global threat reduction initiative to convert HEU-fueled research reactors around the globe and to use less proliferation-sensitive low-enriched uranium. We will also continue to repatriate U.S. and Russian origin HEU to secure storage sites, secure high priority nuclear, radiological sites globally, and secure and remove orphan radiological sources that could be used in dirty bombs. To date, we have removed enough nuclear material for nearly 70 nuclear weapons and secured more than enough radiological sources for over 8,000 dirty bombs. In fiscal year 2009, we will convert an additional eight HEU reactors to LEU, remove an additional 700 kilograms of HEU, and secure an additional 125 radiological sites across the globe.

Last year, I updated you on our progress under the Bratislava Joint Statement on Nuclear Security by Presidents Bush and Putin in which we partnered with Russia to secure its nuclear weapons and sites of highest concern. I am pleased to report that we have completed 85 percent of these key upgrades. Work is underway at the remaining sites, and we are on track to complete that work by the end of this year.

In fiscal year 2009, should Congress grant our request for resources, our focus will be on completing additional high priority security work beyond the Bratislava agreement and working with Russia to put in place systems and procedures to sustain the security upgrades that we already have in place.

Additionally, our fiscal year 2009 budget request also includes funding to ensure the shutdown of the last remaining Russian plutonium production reactor in 2010, which will prevent the production of about a half of ton of weapons-grade plutonium annually.

We will continue our efforts to disposition excess U.S. highly enriched uranium and facilitate Russia's commitment to dispose of 34 tons of weapons-origin material.

These material security efforts enhance our work to strengthen the nonproliferation regime and the multilateral partnerships supporting it. In this regard, we will continue to support the work plan of the global initiative to combat nuclear terrorism and to advance the objectives of United Nations Security Council Resolution 1540, which mandates effective export controls, criminalizes proliferation of WMD by non-state actors, and requires states to secure proliferation-sensitive materials.

We will, likewise, continue our technical and diplomatic support of U.S. efforts on the Nonproliferation Treaty within the Nuclear Suppliers Group and on multilateral initiatives such as the international fuel assurances and disablement of North Korea's nuclear facilities through the use of State Department funds.

We recognize that just as today's proliferation and terrorism threats are global in scope, so too must the responses that we undertake to address them. As I stated earlier, these are dynamic programs designed to address today's evolving proliferation and nuclear terrorism threats. We have made a lot of progress in tackling a threat many people thought we could not effectively address. We will continue to undertake our global mission as smartly and as efficiently as possible.

To that end, in fiscal year 2009, we will continue our efforts to accelerate our programs where we can and create synergies among our efforts, emphasizing cost sharing and sustainability with our international partners and strengthen our commitment to program and project management.

If I could just have a couple of more minutes to address the questions that you alluded to, Mr. Chairman, in your opening statement. With respect to additional monies that were provided by Congress in the current fiscal year appropriation and the changing nature of Russia, I think it was here a year ago that when asked about the possibility that more funds might be forthcoming, I stated that if they were and if the President had signed such legislation, we would spend them enthusiastically. And I can report that we are doing so.

Our priorities in that regard I think also have remained largely unchanged from last year in which, as we complete our material security work in Russia, we are moving in two directions. We are moving both to emphasize the second line of defense, which was, I think, correctly lower priority in the initial circumstances in the 1990's. And then we are also moving from the nuclear threat to the radiological threat, again appropriately a lower priority, but still a

significant threat. And those are the ways in which we would emphasize the spending of additional monies, and frankly, I think that is reflected in what the Congress did.

With respect to Russia, as I know you are aware, the plan is for us to complete our work by 2012. We are actually in a somewhat interesting period because I think for the first time, it is necessary for us to coordinate our expenditures with Russia. In the past, frankly, we were providers. They were recipients. What we did added to the security there, but it did not much affect what Russia was doing. We have told them, and they have agreed, that the funding for security upgrades will end in 2012, and further, we have made the point to them that we want to see that the investment that we have made, the substantial investment that we have made, in Russian nuclear security be sustained and that that will require the expenditure of Russian funds. And as we ramp down our spending, they will need to ramp theirs up. For the first time, they have told us about what their spending plans were and we intend to try and talk to them about sort of how we expect to spend our funds over the next several years and to coordinate those efforts to make sure that we sustain the investments that we have made.

I would say as a second point and recognizing the very valid point that you made about the changing nature of the Russian economy, we are tending to expect more cost sharing. So the agreement that we reach with Russia at the end of 2006 on completion of Russian border crossing work by 2011, 6 years ahead of schedule, calls for roughly 50-50 cost sharing with Russia. Of course, that was now a little more than a year ago. Economic conditions have improved further, and I think we would tend to try and take into account those changes in economic conditions as we work with the Russians.

Still, I think it is important that we fulfill the agreements that we have made, and we intend to do so. And we think that the support that Congress has given us will allow us to do so.

Thank you for your attention. [The prepared statement of Mr. Tobey follows:]

Senator REED. Thank you very much, Mr. Tobey. Thank you for your excellent statement.

Mr. Benkert, please.

**STATEMENT OF JOSEPH A. BENKERT, PRINCIPAL DEPUTY ASSISTANT SECRETARY OF DEFENSE FOR GLOBAL SECURITY AFFAIRS, DEPARTMENT OF DEFENSE**

Mr. Benkert: Thank you, Mr. Chairman. Mr. Chairman, Senator Dole, it is an honor to appear before you once again to discuss the Cooperative Threat Reduction Program and the Proliferation Security Initiative. As did Mr. Tobey, I would like to express my appreciation and the department's appreciation for the strong support that this committee has provided for the Cooperative Threat Reduction Program over the years, and I am, I think, pleased to be able to report that we are making good use of the funds and the authorities that you have provided us, and I will touch on some of them further in this statement.

Senator Dole, you, in your remarks, mentioned the vital importance of programs that keep WMD out of the hands of terrorists. So permit me first to begin with a few words about the strategic framework which guides our many and varied efforts to combat weapons of mass destruction and to keep such weapons out of the hands of terrorists and where CTR fits in that.

We have, during this administration, created a number of documents that provide, I think, evidence of the priority that this country places on combating WMD and WMD terrorism, including a national strategy to combat weapons of mass destruction, a national military strategy to combat weapons of mass destruction, and a strategy to combat WMD terrorism. Underlying all these strategies are four themes or pillars.

One is the need for good and continuously improving intelligence on these threats.

The second is the importance of securing or eliminating WMD at its source, which is one of the principal purposes of the CTR program.

Third is interdicting WMD and related materials on the move, in transit.

And the fourth is developing consequence management resources should a WMD event occur.

Clearly, CTR and PSI, which I will talk about later, contribute very directly to two of these four underlying themes or pillars under all of our strategies.

Our strategies for combating WMD also note the importance of international partnerships. I think it is noteworthy that our department's Quadrennial Defense Review, in particular, was noteworthy in its emphasis on the essential nature of strengthening international partnerships and building the capacity of friends, allies, and partners. I think it is not an overstatement to say that our first line of defense in combating WMD is international cooperation, and clearly CTR and PSI are prime examples of our Government's efforts to address this important issue.

For 2009, the President has requested \$414 million to continue CTR activities and \$800,000 for PSI exercise support. We ask for your support in these pending budget requests for CTR and PSI, and I would note that the budget request for CTR at \$414 million is substantially above what we requested last year, reflecting an attempt to come close to the additional funds that you have provided us.

I would like to just bring the committee up to date on the status of CTR projects, what we have done in the last year, and new initiatives that will be started this year.

As you have noted, the authorizing legislation added an additional \$80 million to the President's budget request for CTR. I would also note that the legislation removed the requirement for us to certify that countries receiving CTR assistance met certain conditions before authorized funds could be obligated. The certification process took time and every year it caused obligations to be delayed. So we greatly appreciate its repeal.

You also removed the geographic limitation that confined the program largely to the states of the former Soviet Union, for the first time, authorizing specific funding to expand beyond those bor-

ders, and that was a noteworthy development, and we are now working to develop the program to implement that.

Mr. Chairman, you noted the changing nature of the Russian economy in our programs in Russia. I would note that we continue to have a significant CTR program in Russia, and I think it is important that we do so. With its oil wealth, Russia is certainly not the economically hobbled nation whose WMD legacy CTR was originally intended to address.

It is important, I think, to remember, though, why CTR in Russia remains in our interest, despite the changing economy in Russia. I think, for example, it remains in the U.S. interest to ensure the elimination of strategic delivery systems at their source, even in the face of Russian modernization of its strategic systems. I mean, clearly Russia is going to modernize its strategic systems and would do so whether or not CTR existed. The issue is, I think, whether we would have confidence that Russia would dispose of its old systems in a responsible and nonproliferable way. CTR is one of the methods by which we can have such confidence.

I would also note that above the level of what is accomplished in specific programs, the CTR program has been characterized by a very professional and business-like relationship with our Russian counterparts despite the ups and downs in the overall relationship with Russia over the last few years. And I think it is important that we continue to have such a foundation in the relationship with Russia and continue that.

Let me just mention some highlights of what the CTR program in Russia has done over the course of the past year.

First, in coordination with our colleagues at the Department of Energy and in accordance with the 2005 decision by Presidents Bush and Putin at Bratislava to accelerate implementation of the warhead security program, last year DOD provided upgrades for security systems at four Russian nuclear weapons sites, bringing to 16 the total number of upgraded sites. Work is now in progress at the remaining eight sites where DOD has commitments, and we expect to complete the installation of these security upgrades by the end of 2008, which was the goal of the program.

The warhead security initiative also includes close coordination with our Russian counterparts to structure a system that gives the Russian military the means to sustain the operational readiness of these security systems into the future. A key component of this warhead security program is obviously to sustain what we have put in place, and that is largely a Russian responsibility.

Second, I would just note that a week from today on April 9th, a ceremony will take place in Perm, Russia, celebrating CTR's final action in the elimination of the SS-24 rail mobilized CBM system, a system that originally was capable of delivering some 460 warheads. And I think this is a significant milestone in the program.

While work on the SS-24 is complete, we continue to work on eliminating other intercontinental and submarine launch ballistic missiles, their launchers and associated submarines. And last year, the department eliminated 20 submarine launch tubes, 20 sea-launched ballistic missiles, 76 intercontinental ballistic missiles, and 31 mobile launch platforms.

Third, I think as you know, one of our great challenges in CTR in Russia was finding an effective and efficient way to complete the construction of the chemical weapons destruction facility at Shchuch'ye on time and within budget. I think as you know, the Shchuch'ye project will safely destroy over 2 million artillery shells and rockets filled with nerve gas, the most deadly of chemical weapons. In the past, escalating costs and, frankly, the uncertain political commitment of our interlocutors in Russia to this project posed major challenges in completing the project. I am happy to report that I think these challenges are now largely resolved in large part due to the work of the Defense Threat Reduction Agency's CTR implementation team which spent a number of weeks in Moscow about a year ago negotiating new arrangements for project completions of the chemical weapons destruction facility.

I would note that for the first time we have a written Russian commitment as part of these arrangements to complete the project at Russian expense should the DOD contribution prove significant. We expect that the Shchuch'ye facility will become operational by the end of this year.

I think it is also noteworthy that in 2008 for the first time, the level of CTR activities outside of Russia will exceed the level of CTR activities inside Russia, and that trend will continue in the coming years. In fact, in '09, the total will be about \$100 million more outside Russia than inside Russia.

While a continued CTR relationship with Russia is clearly in the U.S. interest, as I have said, CTR's future going forward I think lies largely outside the Russian Federation. And let me then note some of the highlights of CTR work outside Russia.

The biological threat reduction program, one of the hallmark programs outside Russia, continued its work in five countries, Kazakhstan, Uzbekistan, Azerbaijan, Georgia, and Ukraine. It is focused on consolidating countries' dangerous pathogen collections, providing security for dangerous pathogens, providing disease surveillance monitoring, and enhancing strategic research partnerships. A milestone is the construction of a central reference laboratory in Tbilisi, Georgia, which began last year and is on track to be completed in February of next year. At the request of the Georgian Government, we are working on making this central reference laboratory a joint U.S.- Georgian overseas laboratory. I would just note that cooperation with Georgia in the Cooperative Threat Reduction Program has been excellent.

We have also completed a WMD proliferation prevention initiative project in Uzbekistan to install radiation portal monitors, a project we implemented in cooperation with and for the Department of Energy's second line of defense.

Proliferation prevention projects in Ukraine are on track to install surveillance command and control systems to complement DOE's radiation portal monitor installations, as well as working with Ukrainian border forces to enhance the maritime detection of WMD interdiction capabilities in the Black Sea. And I would note that this is an example of, I think, the strong partnership between our departments in this goal where DOE has put in land border and port monitoring portal monitors to monitor for WMD, for nuclear materials. And we are working then, in a complementary

fashion, on the maritime detection and interdiction capabilities for Ukraine which, of course, has a substantial maritime border.

I would also note that in July of 2007, CTR completed its first project outside the former Soviet Union, and this was in Albania with the elimination of Albania's chemical weapons stockpile. With CTR support, Albania became the first—the first—state party of the Chemical Weapons Convention to eliminate fully its declared chemical weapons stockpile.

I am happy to report that with the authorities you gave us last year, we are ready to move forward with CTR to begin addressing proliferation threats more globally. We are looking at ways to streamline the legal requirements for CTR activities, and we are working to explore less expensive ways to accomplish CTR goals.

We recently briefed your staff on several potential CTR projects. One such activity is in the Republic of Armenia, which has requested assistance with biosecurity, to which we will respond.

I would also note that our thinking about CTR expansion is going to be informed by several studies on the matter, which you have directed us to conduct. The National Academy of Sciences will conduct two studies mandated by last year's legislation, one on CTR expansion outside the former Soviet Union and the other specific to expansion of CTR's biological threat reduction programs. And we look forward to working with the National Academy of Sciences on these studies.

Let me turn briefly now to the Proliferation Security Initiative, or PSI.

Through the PSI, the United States collaborates with like-minded countries to build capabilities for interdicting WMD and missile-related shipments, their delivery systems, and related materials to and from non-state actors and states of proliferation concern.

I think it useful to think about PSI on three levels.

First, governments in PSI make a political commitment to stop the proliferation of WMD materials. They sign up to a declaration of principles and PSI commitments. Today, the United States and any other adherent to the PSI principles can call on any one of over 85 other states to take action based on their commitments that they have signed up to in PSI. This alone I think is a singular innovation brought about by PSI.

Second, there is a significant capacity-building component of PSI that is spearheaded by countries that participate in an operational experts group that meets regularly to explore aspects of interdiction from operational, law enforcement, legal and diplomatic arenas. The OEG, the Operational Experts Group, develops outreach and capacity-building activities for the benefit of all PSI partners, and the list of capacity-building efforts is long but includes such things as, from New Zealand, the publication of a model national response plan; from the U.S., from the Department of Energy, a WMD commodities technical handbook to help identify those things we care about in interdiction; and a Web-based platform that will help record lessons learned; and then from a number of countries, over 30 live and table top exercises involving over 70 PSI partner states exploring all modes of transportation, ground, air, and sea. I would note that we have seen over the 5 years of PSI this exercise program evolve from one that was dominated by a focus on

military interdiction to one that appreciates the true complexity of interdiction, integrates legal, law enforcement, intelligence, and policy challenges in a way that more accurately reflects real-world proliferation situations.

The third level of PSI is, of course, international collaboration on real-world interdictions. Building on the commitment in PSI, the U.S. has been able to work more effectively with many of its PSI partners in interdictions. PSI effectively sets the conditions that makes success in interdiction possible. Put another way, PSI allows partner countries to improve and practice interdiction-related actions so that we are ready to work together on game day.

Finally, let me just say a couple words about PSI in the future. This May, PSI partners will mark the fifth anniversary of PSI here in Washington. Senior leaders from all over the world will come together to take stock of this initiative and how to strengthen it for the future.

The Congress has also shown similar interest in this program, asking in last year's legislation that the President include in his annual budget submission a description of PSI-related activities, including associated funding that will be carried out by each participating U.S. Government agency or department.

This requirement presents us and other agencies with a challenging task since PSI was conceived by the President and is executed by the participating countries as a flexible and adaptive initiative that intends to leverage existing capabilities and activities and authorities rather than creating new ones or creating a program of its own. That said, we will work diligently to answer your questions.

Finally, I would just want to reemphasize the point I made at the beginning of my statement. CTR and PSI are but two pieces of a much larger national strategy to combat weapons of mass destruction. Since September 11th of 2001, I think we have made significant progress in these areas. CTR and PSI are key examples of this progress. PSI did not exist in 2001, and CTR was really a different program then. But despite the good work we have done with CTR and PSI, we have much more to do across the spectrum of WMD threats before we can testify with confidence that all of our Government's tools to combat WMD are being integrated fully and effectively. We look forward to continued close coordination and cooperation with you as we address this challenge.

Mr. Chairman, thank you for your time. That concludes my statement. [The prepared statement of Mr. Benkert follows:]

Senator REED. Thank you very much, Mr. Benkert, again for your excellent testimony.

We will begin a 7-minute round. I believe Senator Nelson is going to join us also, but I assume we will at least do two rounds. We have lots of questions.

Also, the record will remain open for 3 business days after the hearing if other members want to inquire by writing of questions to you, Mr. Tobey and Mr. Benkert.

Let me ask a general question, one that is I think necessary to get on the table. I understand that you support the President's budget, but are there any particular areas where additional funds

could be used and are needed? Let me start with Mr. Tobey and then Mr. Benkert.

Mr. Tobey: We believe that the budget that we have put forward is sufficient for our needs.

I think the best way for me to answer that question would be perhaps to talk about the priorities that we see. And there again, I would return to the themes that I outlined at the beginning which are that we are actually accomplishing our tasks in a couple of areas, the first line of defense, the security upgrades in Russia. And that work is winding down I think in good ways. And we are also completing our tasks on the elimination of weapons grade plutonium production with the construction of fossil fuel power plants that will allow the shutdown of the last three remaining plutonium production reactors in Russia.

At the same time, we have set out the need to beef up our work on the second line of defense, the megaports and the border crossings, and we are shifting resources in that direction. We believe that we need to spend more time and effort on the radiological threat, and we have devoted more resources to that. Well, I should actually maybe characterize it as the civil nuclear and radiological threat. So that would include both the reactor conversions and the radiological material. And then there is a significant R&D piece that undergirds all of this.

Then the final thing that I would say—and I am sure you will want to discuss this in greater detail—is we have a contingent liability with respect to North Korean disablement and dismantlement which we are, frankly, uncertain about. We do not know what the opportunities will be to disable and dismantle their program this year, and therefore, we are uncertain as to exactly how much in the way of funding we would need. But the needs could be quite substantial if progress would be as we hope.

Senator REED. Mr. Benkert, thank you.

Mr. Benkert: Thank you, Mr. Chairman.

I am obliged to note, I think, first that it is probably the case with CTR that the budget is, of course, not the only measure of the performance of the program and the value that you get from this program. That said, we greatly appreciated the additional funds provided last year, and I think my answer this year would be similar to what it was last year.

The budget request, as we have submitted it, as I noted, is above what we provided last year, and I believe it is adequate to the task. I would note, in particular, as I mentioned in my oral testimony, the fact that the program in Russia, in terms of dollars in particular, is declining, as we sort of work our way through these older CTR programs which were very heavy on infrastructure and so therefore more expensive.

The growth areas in the program and the areas where we are putting additional funds and would put additional funds are in programmatic. It is the biological program, the biological threat reduction program, which has grown substantially over the last several years, and what we call the proliferation prevention initiative, which is this program to build border security capabilities to interdict WMD and related materials in transit to get at one of

these fundamental requirements that I mentioned in my testimony to try to stop WMD or related materials on the move or in transit.

Those are the two areas that are growth areas, and they are growth areas not only because they are important in states of the former Soviet Union, but they are also programs that are very relevant as we look at expanding CTR outside the former Soviet Union. So I think that is where our focus will be. As we look at additional funds for the program, it will be in areas outside the former Soviet Union and primarily in being able to bring these programs, which we have now developed and I think are applicable outside the former Soviet Union, the bio threat reduction and the border security proliferation initiative.

Senator REED. Thank you.

You have both commented on the changing nature of Russia both economically and otherwise. One of the issues I think—and this is more general in particular—is to what extent that they have internalized these efforts. We started off in a relationship where we were pressuring them, I think fairly said, to do this. We were providing money. Now we have reached a point where their economy is robust.

Are they going to be able to pick this up, and from your perspective, have they made this sort of internal to their decision-making? They understand it is in their best interest. They understand that this is in the interest of the broader world community. Or is this a situation where our decrease in resources may signal to them that it is not important any longer?

I know this is more impressionistic than analytical, but I would like your impressions. Mr. Tobey and then Mr. Benkert.

Mr. Tobey: I think the evidence is somewhat mixed on that point. I would note, first of all, that just because, for example, the Russian oil and gas sector is much more prosperous than it has been in the past, that does not necessarily transfer automatically to the nuclear weapons sector. I would note further that there are disparities even within that sector where some institutes are more prosperous than others. So the flow of resources is not yet perfect.

Second, I would note that empirically the Russian commitment to these issues has not been what we would hope it to be, and that is why we had to take action in the first place. I think that is improving. As I alluded to during my statement, we had for the first time a real discussion with senior military officers about how our budget is coming down, yours must come up, and we have to coordinate these expenditures. The statement about what they had allocated was new to us. It was a relatively modest sum of money. It is not going to be sufficient over the long haul, but I was encouraged by the fact that they had asked for it and they had received what they had asked for.

I would add further that you may know that we have reached an agreement with Ross Adam on principles for sustainability, and we will be attempting to make sure that that is implemented.

And I would say that with respect to the military, while we do not have a formal agreement with them, my impression is that their commitment to sustainability may actually even be stronger.

Senator REED. Mr. Benkert?

Mr. Benkert: I would agree with Will Tobey's assessment, that it is a mixed bag and it is a mixed track record. I think there are a number of positive signs, though, and let me just mention two.

First, on this issue of sustainment, particularly of the warhead security upgrades that we have done with DOE, the Ministry of Defense at the end of last year advised us that they acknowledged that it was their responsibility to sustain the security upgrades at the permanent sites where we have installed these upgrades and had informed us that funding would be provided in the budget for the entity within the ministry that would be responsible for this. That is good news, and now we have to see how this plays out over time. But that is a positive development because, clearly, we want them to pick up the responsibility to sustain these things we put in place.

The second example that I would point to—and I mentioned this in my oral statement—is the commitment that they have made at Shchuch'ye in this joint commitment on both of our parts to make sure this facility gets completed and begins operations at the end of this year on time. The fact that the Russians acknowledge that as part of these new arrangements that we have made for how we would do the contracting to complete this facility, the Russians made a written commitment that if it turned out that U.S. funding was not adequate to complete the work that we have signed up to do, that the Russians would provide the funding. Now, that has not been an issue yet because the funding that we have got is adequate for what we are doing so far. So this, again, remains to be tested.

Nonetheless, I think it was a serious commitment, and I think it reflects the fact, for example, that the Russians understand that it is in their interest to destroy these chemical weapons. They want to meet the commitments, I think, that they have signed up to under the Chemical Weapons Convention, and they realize that they have to take responsibility to get there rather than just relying on help from the international community to get it done. So I think these are positive signs.

I mean, looking down the road, the thing that I think is the highest on my radar screen at least of the things to watch is how they do with sustaining these warhead security and related security initiatives, which clearly are going to require a long-term commitment, and are one of the things that we really want to watch over the long term as evidence that they have really taken this aboard.

Senator REED. Thank you very much. I have many other questions, but now let me recognize Senator Dole.

Senator DOLE. Thank you, Mr. Chairman.

Mr. Benkert, you mentioned the work with Albania and also that you are looking to help in Armenia as well.

I understand that there are some stockpiles—this goes back to pre-1991—of chemical weapons in Iraq, and they are in a bunker under our guard. I am wondering if using CTR assistance to help Iraq destroy those chemical weapons is something that is being contemplated. If so, what factors is the administration considering as it weighs these decisions? And what would be the estimated cost and time line? If you could just sort of lay out where you are with regard to Iraq.

Mr. Benkert: Certainly CTR is a possibility in dealing with these weapons. Let me just give you where we stand with this.

As you said, there are a number of old Iraqi chemical weapons, and these are old weapons in various states of degradation that are at a facility in Iraq. They are secure. We have invested in some security upgrades to make sure that the weapons are secure where they are, that they are properly monitored, and that there are quick response forces and so forth which are able to deal with any potential threat. So the weapons are secure as they are.

The issue will be the disposition of these weapons in the long term. Iraq will likely accede to the Chemical Weapons Convention in the near future, possibly as soon as the next session here this month. When they do, then they will have to address the issue of what to do with these old weapons that they have.

As I said, our assessment is that there is not a great security threat to the weapons now because of the security upgrades we made on the site, but there is an issue of what Iraq does with them in the long term. So we are working through this internally, as well as then with the Iraqis, on what we might do once the Iraqis have now signed up to the Chemical Weapons Convention and what their obligations will be about these weapons. I mean, there is a very practical issue of whether they can simply just be secured where they are and that that would be adequate or whether they need to be destroyed.

The destruction of these weapons would not be a trivial task. As I said, the assessment before they were sealed up was they were in bad shape. The weapons are in various states of decay, and to get at them and destroy them would probably be an expensive proposition and not easy. But that may be the way we need to go, and we are examining that now.

Senator DOLE. What about Libya? Libya was seeking assistance, and there was a phase there with DOD. Where do we stand on that, and is that a possibility that CTR might undertake?

Mr. Benkert: Again, it is a possibility. As you know, there was an interagency decision several years ago that assistance to Libya in destroying its chemical weapons will be provided through the State Department's nonproliferation and disarmament fund.

Senator DOLE. Right.

Mr. Benkert: There is a variety of reasons why that was done, including the fact that the thought was it would be quicker. CTR has sort of a way of doing business that sometimes takes time. The idea was this would be faster, and so it would be better at the time.

The Libyans now, as we understand it, have decided to use their own funds to contract with companies to destroy these weapons, which are old blister agent weapons. So we are in close contact with our colleagues at the Department of State to see if any additional assistance is required. If it is, we certainly have the authority now to provide that and even some earmarked funds from last year's appropriation, should there be a desire to do this. But as I said, we are working with our State Department colleagues here to see what may be required of us going forward.

Senator DOLE. Mr. Tobey, pursuant to the agreement of the six parties with North Korea, of course, they are in the process of disabling and dismantling the nuclear facility there. Could you update

us in more detail regarding the role of DOE, what role it is playing now and what you see in the future, if everything continues to go as we hope it will in North Korea?

Mr. Tobey: Certainly, Senator Dole. Since roughly November 1st of last year, we have had DOE personnel at the North Korean nuclear facility at Yongbyon essentially 24/7. They have been overseeing the task of disabling the three North Korean nuclear facilities that are in the present stage of the disablement phase. There were essentially 11 key tasks, 8 of which have been completed. And the DOE personnel, working with State Department personnel, have been overseeing these tasks.

Senator DOLE. Thank you.

Mr. Benkert, the fiscal year '07 NDAA required the National Academy of Sciences to conduct a study that would identify areas of further cooperation through CTR with Russia and other FSU states on biological weapons proliferation prevention. And that report was to be submitted to Congress, I believe, by December 31st of last year.

Can you give us a brief assessment of the NAS report, the National Academy of Sciences report, and whether it yielded any suggestions for the future CTR work in this area that the department views as potentially valuable? I am interested in where we are on that report and if you could just kind of update us and when we might expect to receive that in the Congress.

Mr. Benkert: Thank you, Senator Dole.

Well, first of all, let me apologize for our delay in submitting the report, and you are looking at the guilty party here about why it has not arrived up here sooner.

The National Academy did a great—it is a good report. And part of the delay was I have actually spent some time with the authors of the report to make sure we understood what they had suggested and how we might move forward on this.

The National Academy of Sciences report has six principal recommendations. Our report to you, which you will, I think, see within a few days, I hope, will endorse the six recommendations that the National Academy of Sciences made and then provide a little detail on how we are moving forward with these things. In some cases, either things were already—we have already started doing. In other cases, they are new.

The basic, I think, theme of the report—and we are very much, I think, in sync with this—is to move from a program of assistance to collaboration, that is, on the notion that at the beginning of CTR, this was mostly a program of us going to Russia and other states of the former Soviet Union and saying, okay, here is what we want to do, here is what you need to do, let us go do it. It was very much an assistance program. The philosophy of the National Academy of Sciences program is that as we move forward, particularly as we move outside the former Soviet Union, that this needs to be a much more collaborative program. So rather than assistance, that we work with countries to draw out from them what their needs are, what their thinking is, and to get them involved in a more collaborative way rather than simply delivering assistance. And we agree with that and want to build that into our ap-

proach, again particularly to countries outside the former Soviet Union.

So it is a good report, and I am hopeful you will see it shortly.

Senator DOLE. Thank you very much.

Senator REED. Thank you very much, Senator Dole.

Mr. Benkert, early last year, the CTR program significantly changed its approach to the Russian chemical weapons destruction effort by contracting with the Russians to complete the project for a fixed price. Can you tell us how that is going and that we have assurances that the funded facility, if started, will run safely in a timely fashion?

Mr. Benkert: Mr. Chairman, as you said, this was a change in the way we did business. My report at this point is so far, so good. I mean, this approach of contracting for a fixed price through a Russian entity is so far working and we are on track. The first building and the associated and required infrastructure will be in operation by the end of the year.

There are a couple of checks and balances to make sure that it can be operated safely. First of all, the OPCW will see the facility before it is put in operation. That is one check. Our contractors will have access to it to verify that equipment has been installed properly and so forth. That is a second check. And then I think the third check is certainly that the Russians themselves have an interest in making sure the facility is operated safely since they have a large program in front of them with particularly dangerous materials, and they have certainly expressed to us their desire to make sure this is done properly.

But I think so far, so good, but we are watching it carefully.

Senator REED. One of the other aspects that we have alluded to in the questioning is the rising value of the ruble. This contract is denominated in rubles. Do you have some of the adjectives, as we say in Rhode Island that many people have now, as the dollar declines and other currencies increase?

Mr. Benkert: Yes. That could be an issue. I think at this point the project manager's assessment is he has adequate Reserves to deal with this. But that also has to be closely watched.

Senator REED. In fiscal year 2008, Mr. Benkert, the Congress appropriated \$1 million for chemical weapons destruction to keep the account open. The \$1 million was recently included in the February notification of CTR funds. No money has been requested in the fiscal year 2009 budget request. Should some money be included in the fiscal year 2009 budget line just to keep the account open?

Mr. Benkert: Mr. Chairman, we have not requested it for two reasons. One is because our assessment is with the new arrangements with Russia, we have adequate funds to complete the project. And then the second is—and I think this is perhaps even more important—that the Russians have committed that if, for some reason, we are not able to complete the project within the funds that we have, that they will make up the difference. I think that is significant, and I think rather than us providing any more money up front, I think we want to let this play out and test this Russian commitment.

Senator REED. Let me switch to a topic that Senator Dole has raised, which is very important, that is, North Korea. Today DOE

is doing some work there in support of our efforts. As you pointed out, Mr. Tobey, in your statement, one of the uncertainties you face this year is whether or not you will receive—which may be good news that you have to do a lot more work there if there is a real breakthrough. Can you give us your estimate of how much contingency funding you might need?

Mr. Tobey: I can in the abstract, anyway. If we got a full go-ahead tomorrow to go in and complete the disablement as fast as we could, we would estimate that we would need an additional \$50 million in fiscal year '08 to carry out these activities. Now, some of that might be achieved through reprogramming or other means. I am talking about sort of absolute amounts, not necessarily deltas from what we have already received.

And then in fiscal year '09, as much as \$360 million might be required to continue these efforts. The large jump, of course, has to do with the fact that it would be the plan to remove the spent fuel from North Korea which bears plutonium.

I should also add—and I have been chided in the past for perhaps being too literal in my answers. In response to Senator Dole's question and our role, I probably should also have added that our work there is being funded through the State Department because the Glenn Amendment restrictions apply to us. And that is another issue with respect to the funding for disablement. That is an issue where, frankly, I personally would very much like to see relief from the Glenn Amendment, in order for us to be ready to move, if it is possible to do so. I would hate for us to be caught flat-footed with an inability to even rearrange the funding that we now have.

Senator REED. Mr. Benkert, the Department of Defense has a role there too, particularly if the agreements are reached to destroy the delivery systems, et cetera. Can you give us a notion of whether you expect you will have any contingent funding going forward in '09?

Mr. Benkert: We have not asked for or planned for contingent funding. In the interagency discussions so far, it has not been contemplated that DOD CTR would have a role here. We also are covered, obviously, by legislative restrictions on our ability to use CTR in North Korea. So at this point, we have provided support to the interagency effort through the Defense Intelligence Agency and others and would continue to provide that support, but we are very much in a support role here and have not planned for the use of CTR funds for this.

Senator REED. The role is support, very gentle support. You have not specifically sort of looked at a scenario where you would—and I think this is a long shot, unfortunately—be called upon to go in in the immediate future this year or next year to start dismantling delivery systems.

Mr. Benkert: We have done some internal thinking about that, but we have not looked at that, again, given the division of responsibilities currently in the interagency.

Senator REED. Both of you gentlemen are following the discussions quite closely. Can you give us some insights as to what seems to be the stumbling blocks at the moment as to whether this is the usual sort of negotiating style of the North Koreans or there is a significant impasse or whatever? Mr. Tobey, your comments.

Mr. Tobey: It is very difficult to speculate about North Korean motivations. I guess I would say we are still waiting for the declaration that they have promised, that it would be full and complete. Until we get that, it is going to be difficult to move forward.

Senator REED. Any comments, Mr. Benkert?

Mr. Benkert: I would just second Will Tobey's comment, that it is very difficult to speculate about North Korean motivations, and I do not think I would want to do that.

Senator REED. I think I would concur.

Senator Dole? We could probably do a third round to do any additional questions. But Senator Dole, please.

Senator DOLE. Thank you.

Mr. Benkert, I had asked about the National Academy of Sciences. This was the '07, but fiscal year '08 NDAA requires the National Academy of Sciences study to analyze options for strengthening and expanding the CTR program. What is the status of your efforts to contract with NAS for this study, and when do you expect that study might be completed? So if you could comment on that one as well and whether you think this will prove useful to an incoming administration as they assess and review the current CTR program and consider policy and program options for the future.

Mr. Benkert: I think this will be a very useful study for the next administration. So we are pressing the National Academy of Sciences to get this done by the end of the year. The National Academy of Sciences does very good work. Sometimes the time line is a little longer than one might hope for, and so in this case, we are trying hard to make sure that they are able to get this study done by the end of the year so that it is, in fact, in place and in position for the new administration.

I think it will be very helpful. I think the track record of this entity in the previous work that they have done for us, at your request, has been very good, and I think the timing of looking at what they will look at in the expansion of CTR will be very good, if they can get this done before the next administration is in place and in time to affect next year's authorization and appropriation.

Senator DOLE. Mr. Tobey, a December 2007 GAO report was very critical of the Global Initiative for Proliferation Prevention program, which is intended to redirect scientists and technical personnel with WMD know-how into sustained non-military employment.

And separately, there were allegations that appeared in the press that the program has funded institutes and scientists that have been aiding the Iranian nuclear program.

Could you just share with us your assessment of the GAO criticisms and tell us what steps are being taken to respond to that? And then separately, tell us in your view if there is anything whatsoever to those allegations that have been separately made.

Mr. Tobey: Sure, and I welcome the opportunity to talk about this.

With respect to GAO, we actually agreed with all of their recommendations save one, and that recommendation was to undertake a comprehensive review of the program. The only reason why we did not agree with that recommendation was, frankly, that such

a review was undertaken in the summer of 2006, and its results had not yet been fully implemented. We thought that that review actually addressed the concerns that the GAO had raised.

As a result of some of the concerns that were expressed by Members of Congress and in the media, we have undertaken a thorough assessment of exactly what is going on and taken some interim steps and are working to consult with other Members of Congress and stakeholders about longer-term steps.

I should say at the outset that what we have found is that there were no payments made to individuals or institutes under sanction by the U.S. Government. There is also no evidence that U.S. funds or technology supported Iranian nuclear projects, contrary to some of the wilder claims that have been made in the media.

What we have found is that in a few cases we have funded projects at institutes that have conducted work with Iran. Now, I should note when we undertake these projects, our aim is to divert scientists from working on projects that would be of concern. When we do this, we contract with them for specific deliverables which we insist upon before we make payment, and we provide a very small overhead, only about 10 percent, which I think compares quite favorably with overhead rates that are paid, for example, in the United States where academic institutions can receive 30–35 percent. So I think that the overwhelming evidence is that nothing that we did could be construed as contributing in any way to the Iran nuclear program.

It is possible that our programs have not been perfect in diverting all Russian scientists away from activities that we would prefer them not to do, but frankly, I would never claim that as a goal for this program. It is simply not possible.

It has seemed to us that a balanced nonproliferation program must include both material security and technology security. The material security is relatively noncontroversial and we have discussed it at length. In terms of technology security, one of the ways to address this is to try to ensure that scientists have alternatives to going to work on projects that would be of proliferation concern.

By definition, I would acknowledge that we cannot guarantee that they cannot be diverted. We are not in a position, for example, to bid large amounts of money for every scientist in Russia that could be bid for by a proliferant state. Instead, what we can do is try and engage with them to provide alternatives and also, frankly, to understand better what is going on at the institutes.

In terms of steps that we have taken—and I would say that these steps have been taken in response to really four factors: first of all, the changing conditions in Russia that you have both alluded to and we recognize; second, the internal review that was conducted in the summer of 2006; third, the GAO report; and then fourth, the concerns that have been raised by Members of Congress.

We have decided on some interim steps which basically were to try and hold fast and make sure that by any reasonable standard, we did not somehow make things worse. So we have placed on hold projects at institutes having any involvement with Iran.

Now, I should note that some of those projects have to do with the Bushehr reactor, and it is a matter of interagency deliberation

at the moment as to exactly what status should be given to that. I would note, for example, that the Bushehr reactor is specifically carved out in United Nations Security Council resolutions banning other forms of nuclear cooperation. And in fact, because of our policy on these matters, Russia has modified the conditions under which it provides some of this assistance such that there will be fuel returned.

I would also note that I think one of our overall policy objectives has been, in working with our allies and with Russia and others, to offer the regime in Tehran a choice between having international cooperation, including peaceful nuclear energy, or the present path that they are on which involves an indigenous enrichment program. And that has been an open choice for now a matter of years that we have attempted to present to them.

We have also put on hold projects that had to do with fuel cycle research. We actually feel that it is helpful for nonproliferation projects to fund fuel cycle research which would provide technology for a fuel cycle that is less subject to proliferation. In some ways it is sort of a proliferation twofer. You get the scientists off of the projects we are concerned about. You put them on advancing technology that we believe will be necessary to implement an expansion of nuclear energy that is, we believe, inevitable. But we recognize that it has been controversial with some, and therefore, we have placed it on hold.

And then the third interim step that we have taken was to engage the U.S. interagency to address some of these questions that I have already alluded to and also to make sure that our program is better aligned with exactly what the State Department is doing. So we want to make sure that the two programs are completely consistent.

Over the longer haul, we have been talking with Members of Congress. And I certainly appreciate the opportunity to discuss this issue with you and would welcome input on this. We have put forward a tentative plan that we would like people to comment on and to see if we can rebuild a consensus that would involve continuing work at high priority institutes, but phasing out the work at institutes of lower priority, gaining Russian agreement over the next several months to an approach on cost sharing, continuing programs that deal with scientists in Iraq and Libya, and maintaining a readiness to support such projects in North Korea, were it in fact to be possible, pursuing nonproliferation technologies outside of this program. In other words, if there were ways in which we can advance safeguards technology, we would engage directly through a safeguards cooperation. And then finally, finalizing interdepartmental and interagency agreement on an approach to this whole process so that we would be consistent across the board. This may also entail some cost savings as we phase out some of these programs.

Our intention, again in consultation with Congress, would be to shift probably to the next generation safeguards initiative and North Korea, as required.

Senator DOLE. Thank you very much.

Senator REED. Thank you, Senator Dole.

I have three topics I would like to pursue further, and I want to thank Senator Dole for her excellent questions. If you have additional questions, you will be recognized.

Mr. Tobey, let us talk about the fissile materials disposition program. Specifically, funds were made available by Congress to support a jointly funded effort between Russia and the U.S. to look at gas reactors for plutonium disposition. Has the funding been released to this effort from '06, '07, '08, and if not, why have the funds not been released and who is controlling the funds?

Mr. Tobey: Well, we have funded in prior years with the Russians. In fact, I would note also that one of the institutes that was of controversy under the previous question, in fact, is one of the very same institutes that is working on gas reactors.

My understanding is that there was also funding made available by Congress through the Office of Nuclear Energy, and the last I had heard was that they were going to make those funds available for the project in Russia.

Senator REED. With respect to the mixed oxide fuel program, it has an interesting appropriations history as well as authorization history. In fiscal year '08, the energy and water appropriations bill moved most of the funding to the Office of Nuclear Energy. Some money was moved to NNSA for their weapons program. This committee authorized NNSA to carry out the program. So there is quite a bit of confusing direction.

So could you help clarify? Is your office carrying out the fissile material disposition program in the context of MOX? If not, why not? And how are you sorting out these conflicting signals?

Mr. Tobey: You are right. It has been a confusing situation, Mr. Chairman.

The Department of Energy's General Counsel has examined this issue, and what they have determined is that the provisions of the Department of Energy Organization Act and the NNSA Act prohibit the Secretary of Energy from transferring the MOX program outside of NNSA, absent specific statutory authority to do so. Now, that decision or that viewpoint is a relatively new one, although I would say that for at least the past several weeks, they had been of a view that that was likely to be where they would come out on this. They were trying to make sure that they had done all the necessary legal research.

As a result of that, what we had done is executed what they call an economy act transfer where the money that was appropriated through the Office of Nuclear Energy would be transferred to the fissile materials disposition program, which continues to operate that program. So we have moved forward on that basis.

I would also note that the appropriations act moved the pit disassembly facility and the waste solidification plant to the Defense Programs Office, and the restrictions on the Secretary's authority to move such programs within NNSA are not present. In other words, the NNSA Act would allow the Secretary to do that as a matter of comity, and he and the Administrator of the NNSA have decided to do so. So those smaller projects will be operated by the Defense Programs Office.

Senator REED. But you are operating the larger project as of today.

Mr. Tobey: Correct.

Senator REED. One of the aspects of the MOX program is the commitment by the Russians to dispose of 34 metric tons of plutonium. Will that commitment be made? Are we on track for that?

Mr. Tobey: Well, given the long and somewhat sad history of this program, I am not eager to over-promise exactly what the Russians will do. But I will say that I think we have made significant progress over the last year.

Frankly, if I could expand my answer. I think as I had understood it, when I came before Congress both in my confirmation and later in budget hearings, we were asked to do three things. We were asked to make sure that the baseline was defensible and executable, to look at additional missions for the facility that would make it more cost effective for the U.S. taxpayer, and to get the Russian part of the program in order.

I think we have, frankly, delivered on all three. We submitted a \$4.8 billion baseline for the project. We brought the preconstruction activities in under cost. There are substantial Reserves within that baseline. We have got the design 90 percent complete, and frankly, if it were not for the funding cuts, we would be confident of being able to keep to that baseline.

The second thing we were asked to do was look at additional missions, and there we brought forward three possible options, all of which could be executed at probably not much additional cost certainly in terms of either construction or design. As you may know, the Secretary of Energy decided that an additional 9 metric tons of plutonium could be moved from defense stockpiles to disposition, and we have the option to run that through the MOX facility. Additionally, we believe that further non-pit plutonium, which had been destined for other disposition paths, can be put through the MOX facility. And then finally, should the global nuclear energy partnership require driver fuel for fast reactors, we believe that that could be fabricated through the MOX facility, which would substantially, by more than 25 percent, increase the mission and therefore cost effectiveness of the facility.

And then finally, with respect to the Russian program, as I am sure you are aware, Secretary Bodman and Director Kiriyenko signed a joint statement providing for what we believe is a technically and financially credible Russian path. And I am encouraged by this not because I necessarily trust that the Russians are going forward based on this joint statement, but because I believe it is consistent with the path they want to take for their own purposes. It relies on fast reactors, and this is another area in which we have capped our commitments in terms of providing assistance to the Russians. Under the original 2000 agreement, while the figure of \$400 million was discussed within the agreement, the Russians would tell you that they basically expected either the United States or other members of the international community to pick up whatever their costs were. And therefore, I think it was less than certain what would be done. Now we have a joint statement in which U.S. costs are capped at \$400 million, and the Russians have agreed to move forward with this program regardless of other outside sources of funding.

Senator REED. Well, thank you, Mr. Tobey.

You mentioned the topic of my next question, which is the Global Nuclear Energy Partnership. The budget request has NNSA supporting this effort in many different ways. It is hard to determine precisely where all the money is going. But it raises, I think, a question because the essential goal of the GNEP is to promote the next generation of nuclear power. The central mission I think of your organization is to act as one of the chief watches on proliferation, et cetera. And the question arises to what extent that this work should really be done by the Office of Nuclear Energy and not NNSA and also the basics of how much money is being spent by NNSA on this mission rather than what I would argue are more centrally commanding missions.

If you could just briefly respond. It might even be useful to follow up in writing.

Mr. Tobey: Sure. I guess what I would say is that we have a history of providing funding for proliferation-resistant fuel cycle technology even before the Global Nuclear Energy Partnership. And I think it would be necessary to provide that funding whether or not GNEP existed. It is my view that regardless of the policy decisions the United States takes on GNEP, nuclear energy will expand across the globe. Ambitious plans have been announced by Russia and China and India, quite large plans, and then there are a whole host of countries that are undertaking somewhat smaller plans. So we think it is important that the proliferation resistance of the fuel cycle be increased to accommodate the growing demand for nuclear power.

Our spending on this really has been related to that non-proliferation goal, and I would argue that frankly we would be spending about the same amount whether or not GNEP existed.

Senator REED. Thank you. I think what I will do is ask the staff to prepare a more specific request and try to detail the spending and the rationale associated with your logic, that is, really to make the new generation more resistant to proliferation and diversion of materials.

Mr. Tobey: Sure.

Senator REED. The final question, Mr. Benkert, is that you have noted, we have all noted, throughout that the thrust of CTR is now moving outside of the former Soviet Union. Can you give us a notion from your perspective of the priority areas that you want to be able to engage in based upon both threat and opportunity?

Mr. Benkert: I cannot give you a definitive answer today because we are still in the process of looking at this. I mean, we have come up with an evaluation process to look at potential countries in terms of threat, other opportunities, and so forth, and are sort of working through this matrix. We would be happy to come back to you in the not-too-distant future and tell you what we have got.

Again, this is very preliminary. Initially I think there are some opportunities probably near where we are working now, that is, sort of Central Asia, South Asia, that look like that would probably be at the top of the list.

But I think one of the interesting things about, as I mentioned, these two relatively new areas of CTR, that is, the biological program and the border security proliferation prevention program, is these are things that have very wide applicability. If you are look-

ing to secure nuclear material at its source, there are only a certain number of places you can go. If you are worried about being able to deal with places where someone could, in theory, take a pathogen and weaponize it, the universe is much greater or places where naturally occurring diseases could have disastrous impact. So it casts the net much more widely than we have ever done before. So we need to go through this in sort of a careful way before we sort of launch off in these new countries.

Senator REED. No. I appreciate that and I would be very eager to listen to your conclusions when you reach them because I think we are at a point now where the old rules are changing. Russia has changed. You have done remarkable work there. Now we have to look at a new strategy, a new approach going forward.

Just a final point, and this follows on the discussions that we have had surrounding briefly Iraq. The country still has a huge reservoir of chemical weapons, and as you point out, unfortunately, many countries have potentially some biological weapons, radiological weapons.

Is there any active work going on now to cooperate with the Government of Iraq to begin a serious reduction of their stockpiles? There is a very bad outcome if we draw down militarily there and leave a country which is of questionable stability with thousands and thousands of nerve gas shells.

Mr. Benkert: As I mentioned before, I think the first effort was just to secure what is there.

Senator REED. Right.

Mr. Benkert: And I think that has largely been done.

The issue then of disposing or dealing with this in the long term is a new issue. The Iraqi Government does not have the capability to dispose of these things on its own. This needs to be done, although as long as we are there and can secure it in place, it is not probably at the top of the priority list of things to worry about with the Government of Iraq. So we are at the early stages of this.

I think what will be the forcing function which will make this ratchet up a bit on the priority list is when Iraq accedes to the Chemical Weapons Convention and it takes on these responsibilities that it now has to deal with these weapons.

Senator REED. I would assume your organization would be central to the planning of the United States participation and support for those efforts. Is that correct?

Mr. Benkert: That is correct.

Senator REED. Are you working that issue right now aggressively? Because, again, flash forward 2 months, 6 months, 5 years, et cetera. You have got a country that is of questionable stability, but it has all these weapons and we missed the opportunity over 5, 6, 7 years to destroy these weapons.

Mr. Benkert: Particularly with the stockpile that Senator Dole mentioned, we are working through the options for what to do with this. As I said, the first focus was is it secure, and then the second piece of this work is what are the various options to deal with this from sort of probably the gold standard, which would be to find a way to destroy it all in a very—you know, but which might be very well expensive and take some time, to other options. And so we are in the midst of that now.

Senator REED. Well, thank you. Again, that is another topic of significant interest, and if you could share it—

Mr. Benkert: I would be happy to come back.

Senator REED. Let me say once again that the record will remain open for 3 days in case my colleagues have additional questions.

Thank you, gentlemen, for your excellent testimony. Thank you, Senator Dole, for your excellent questions.

The hearing is adjourned.

[Whereupon, at 11:26 a.m., the hearing was adjourned.]