

TRANSCRIPT

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Q: A year and a half or so ago, we had Hank Crumpton in. I reviewed the transcript. One of the things he spent a lot of time talking about was the whole problem of safe havens, ungoverned areas. I want you to turn your attention to I guess the world's most famous safe haven for terrorists and that's Northwest Pakistan, the tribal areas. Is there any progress being made in that area? Are we forging ahead in any way?

A: First of all we need to be careful about calling it a safe haven. The terminology is always important. If you listen to President Musharraf he calls it a hideout because safe haven automatically implies government complicity and Mr. Musharraf does not think it's necessarily got government complicity.

It's got the potential to be a pretty powerful safe haven for several reasons. Culturally, they prefer not to have outsiders. Religious wise, they prefer not to have outsiders. Economically you can't blend very well. Politically, because of the FATA in the northwest province area, there has become a culture of looking at that area as not necessarily fully integrated with Pakistan. So it's got all the tools to structurally be a pretty tough area to penetrate.

Our early efforts, ours in discussions with the Pakistanis, has been tough. It's tough for them too. We realized that the Pakistanis going there with just raw military force may not be the necessary solution.

So the development plan is taking place right now. Over six years, \$2 billion, \$150 million a year, \$157 million going in right now. It's got two prongs. First is economic; second is militarily. The military portion is to fix up, to reinforce, train, probably restructure what we call the Frontier Corps which is led by Pakistani mainstream officers, but it is the folks from the tribes who already have physical buy-in with the people there. That will allow us to get by some of the cultural challenges there in existence.

There's also a pretty powerful economic package. Economic is to draw the people away from the Taliban and probably very very influential financially other, and I'll use the term foreign fighters or outsiders.

So it's kind of like the Maoist theory of take the water away from these folks and let them flop around in the area without any support. We want to try and get back from the folks, the tribal folks inside the FATA region, their support. It's just kicking off.

So is there a light at the end of the tunnel? Yes, there is. Is it a holistic approach? Yes, it is. Does it have both US and Pakistani buy-in, both military and civilian? Yes. Are the Paks matching us? Yes. They're putting in \$1.5 billion along with our money. So it looks like it's the right mid to long term solution in the FATA, in the northwest region area.

Q: What is your assessment of al-Qaida's current capability to strike the US? That's one.

Secondly, we're moving into a transition period of the administration. Should we be worried that they'll take advantage of that as they have in the past? In other words is the risk of a strike increasing as we move into that period?

A: We'll just stay with the first question and the ability to strike out.

I think over the past six years they clearly started out with that centralized al-Qaida capability to strike out and the 9/11 towers attests to that. But the dramatic response from not just the United States but a lot of the other nations on the seriousness of the al-Qaida threat and terrorism in general has allowed that organization to get picked away at its capability.

So now we see them with much much less central authority and much much less capability to reach out and affect.

So now they've gone to, I think you've heard the term franchise. Using regional entities to go and execute activities for them.

That has proved to be marginal. Some places it's been somewhat successful, other places it probably hasn't been successful at all.

The one area where al-Qaida has decentralized reach capability is in the media. Everything else, from our take, is decentralized. Let's look at the decentralized activities in the UK, both in '05 and '06, about getting things accomplished. They didn't necessarily use the traditional technique of bringing them to some location, train them intentionally, moving them to another location, have them get in place and go execute their tasks. They've actually used resources already positioned in the franchise method.

My take is they're still hurt from the early efforts by the United States and other organizations, and they have not been able to build back their centralized core strike capability other than what they're doing with the media.

Q: And in terms of the administration transition period, is the risk of attack increased? Does your intelligence tell you that they'll take advantage of this period as they have in '93 and 2001?

A: They'll take advantage of any timely political event or ceremonial event as best they can. But I would submit to you that they have problems doing that.

Q: Ambassador, you discussed the mid and the long term solution to this, problems for the FATA. Talk a little bit more about the short term, the sense of urgency. The urgency you all face from this threat right now. To what extent is the situation so urgent that the United States will have to take operations there [inaudible]?

A: We have to be careful conducting operations in a sovereign country, particularly one that's a friend of ours, that's given us a lot of support in activities there.

I think what you make a reference to Eric is this discussion about [inaudible] action by the US government. We've already seen by the new Chief of Staff of the Army, General Kiyani, actions on his own that have shown a deliberate ability to engage and that's the conventional ops that have taken place in the Swat Valley. Pakistan has had some tough fighting. He's since energized the Army. Gone to the troops several times as a leadership skill.

So I think with General Kiyani we've got some aggressive activity that will take place in the FATA and the Northwest Province area in the short term.

So short term there will be more aggressive activities by the Pakistanis. Mid to long term is the solution I mentioned to you earlier.

Q: What about US forces? Do you anticipate--

A: In those areas where they solicit assistance we'll provide it, but we see the use of a unilateral action contrary to the sovereignty of an influential and very supportive partner in the fight against terrorism.

Q: I wanted to just ask you about the conclusion that we're hearing from CIA and others about the responsibility for Bhutto's assassination. Is that a widely shared view with certitude that Mehsud and others were responsible? Can you tell us more about the Mehsud and who it is and what that movement is?

A: I can't tell you. In fact I'm not sure what the CIA said that you're making reference to. It's just darn dangerous. And the day she comes back and 106 people get killed in a bombing, I think the message is pretty plain, pretty clear, that in spite of the fact that they need to have democratic, going to democratic elections, there's still a great risk for folks who are in the limelight in Pakistan.

Minister of Interior Sherpao was attacked I think four different times. He is also part of the PPP as I recall. So it's just tough business there. The recommendation I think is to always have as much protection as you can.

I think she had an offer from the Pakistani government several times for additional coverage. I'm not sure if she took it or not.

Q: Can you tell us what they have told Mehsud, and the Pakistanis are pointing to him as the chief suspect, and what do we know about him? His ties to al-Qaida or not?

A: Very clear ties to Taliban. He's a supporter of the Taliban and has [done that] for about ten years. He is I guess the lead person identified as the person who went after Benazir Bhutto.

I think the Pakistanis are doing their best to go after whoever the perpetrator is. That individual has started a couple of other low level insurgency or low level combat operations, Mehsud has. If I was him I would look at the situation as saying I've done enough damage right now, I may just kind of want to back up. It looks like he's being so aggressive that he is trying to take on the Pakistan government. A big disadvantage, I think, because the Pakistan government has the resources to go after him and finish him off and actually get back into his tribal region and turn it around. So the arrogance in his subsequent combat operations, it may be a heck of an opportunity for the Pakistanis to really go after him.

Q: Back on the Bhutto assassination. A couple of analysts came out with notes saying that it's about time to consensually look at Afghanistan and Pakistan as one theater, one continuous operation. From the counterterrorism, from the Taliban/al-Qaida perspective. Do you agree with that?

A: I agree they ought to look at it as a team. Both US Ambassadors, both country leaders--Karzai and Musharraf, ought to look at it as a team effort. And frankly, you're seeing the rhetoric between Karzai and Musharraf lesser and lesser, decrease and decrease, which is good. It kind of shows a good indication that there is grounds for better relations.

Plus the jurga they had I think about four or five months ago. President Musharraf hadn't planned on going to that thing up until the last minute. Then he decided to go. As it turned out, you heard in the subsequent releases, this was meaningful and I think [inaudible] more meaningful than he expected. So we're going the right direction.

Is it as close as it should be? Probably not. But yes, close cooperation between those two countries, and coalition forces and Pakistani forces ought to be the direction to go because it's a regional fight. It's not necessarily [inaudible].

Q: I had a quick question on the military utility of going into the northwest area. You said [inaudible] sovereignty of [inaudible]. Your experience with the special mission units and elite special ops units in general, there's a perception that US teams can just go into this area, even if the unilateral order was given to be effective. From a practical military standpoint, given your experience with those types of units, what are the difficulties of US unilateral action?

A: It's tough. It's tough to blend. Something as innocuous as wearing your blanket with a flip over the left shoulder versus a flip over the right shoulder shows that you're an outsider. So folks like special operations are pretty darn good, but the potential to be detected is pretty high.

So unless it's a very very very focused effort, and this is special operations around the world, it's pretty tough to be really effective, unless you focus the effort on a specific location with near perfect intelligence and with some form of means of getting in and out.

So it would be tough for US or coalition special forces to be fully effective in Pakistan just because of the degree of difficulty of blending in, and getting [excellent targets].

Q: What would be the blow-back effect of that in terms of the Pakistan public opinion? A US attempt at such [inaudible].

A: I think there's a statistic out there, about 43 percent or 47 percent of the Pakistanis support al-Qaida or bin Laden or radical Islamists. So my take is the blow-back would be pretty serious.

Q: Serious in terms of opposition to the United States or negative reaction?

A: Negative, yes.

Q: Ambassador, regarding the northwest territory, the tribal areas, you mentioned some efforts to work with Frontier Corps. Beyond that, do we have any plans to work directly with some of the tribes, tribal leaders up in that area along the lines of what the US military has done, for example, in Anbar Province?

A: Not that I'm aware of but there may be some. There's, I suspect, some overt special forces, low level stuff, where I'm not aware of it. That would be a good thing to do, but I don't know about right now. I'm not trying to put you off, I'm just unaware.

Q: Mr. Ambassador, in terms of your job I guess you're something like an MRAP, i.e. you're there because failure has already happened and there's so much hate out there that they've assembled the bombs and now they're going off.

My question to you is we've had six years since 9/11. As a former military man, what is your sense of the job the US government has done since then to cool that [injury]? Have we done enough? Have we done it well enough? Are we basically just spinning our wheels in that regard?

A: We've done it as well as could be accomplished. A unique situation that's caused an unanticipated negative aspect is in Afghanistan, the insurgence of drugs. The insurgence of drugs generate a powerful availability of money and now manpower. That flows both on the Afghan side and on the Pakistani side. We didn't expect that. That's a surprise. In the counterinsurgency world if you've got plenty of money and all of a sudden the successes you had have the potential to be in jeopardy, and that's where experience--

Q: You didn't expect it because you felt that they either wouldn't take the fruits of the drug growing?

A: We didn't think the amount of drugs would go to the level it has right now. The Taliban had a history of trying to eradicate. We were able to, in Afghanistan, really beat back the Taliban significantly. But with money you can do an awful lot. You can buy manpower and buy protection with it, and that's what's taking place.

The level of that resurgence has kind of affected our thought processes. It does eat into Pakistan, because there's a lot of Taliban influence there too. That's been a little more of-- We saw portions of it coming in the very beginning, 2001. We identified drug responsibilities and what not. It just took off faster than expected, and it's got the potential to negatively affect us.

Q: Do you know why the light switch flipped on their attitude about drug proceeds?

A: Yeah, we're beating them in so many other areas. The only way they could get back is through drugs and through that link. I'm convinced of that.

Q: One other thing on President Karzai. He has a heck of a challenge. He's fighting an insurgency in his country, frankly fighting it pretty well with coalition support. That's a big enough task for any president in a country. Then this drug thing percolates. It's \$4 billion, it's one-third of their GNP. Now he has another demanding task. Either one of those two would be devastating for a country. He's got both of those. So it's a heck of a challenge.

As a result it's going to need good ISAF support, US support, coalition force support, and support inside his country to be able to get over both of those two huge hurdles.

Q: Mr. Ambassador, we've been talking about the threat posed by al-Qaida, and by similar [inaudible] groups. What's the level of concern about us, a strike within the US and out, either by Hezbollah or by [inaudible] in the US?

A: We're always very sensitive to a strike in the United States, by anybody. Hezbollah, Iranian extremists or whatever. So we do our best to be prepared for any type of terrorist threat.

We have seen nothing from Hezbollah focused towards the United States. We'd like it to stay that way. But we're prepared and we'll be even more prepared for not just Hezbollah but anybody else for potential strikes in the States.

The Department of Homeland Security has done a magnificent job. They have in fact pushed the borders of the United States forward so that when they come to the US border it's not the first place they're coming to, it's actually one they've had to get through by virtue of documents from another country, or travel restrictions or what not. So we're sensitive to the efforts against the United States proper, by whomever.

Q: Mr. Ambassador, you say the US would be willing to provide [forces] if requested by Pakistan [inaudible]. Is that [inaudible] on the part of the US government write large? Or is that something, is that the sort of feedback you got from the Pentagon, [inaudible] forces in Iraq right now? [Inaudible] existence of [inaudible] pushback from the Pentagon any possibility?

A: No pushback from the Pentagon, but I would say that comment is not just directed toward military support. It's also law enforcement support, counter-drug support. We're prepared to provide what the Pakistanis will be asking. As far as I know, no pushback because the Pakistani area is so darn important.

Q: None from the Army?

A: Not that I know of.

Q: Sir, you mentioned earlier that action by the US and other countries following 9/11 is gradually weakening al-Qaida. What are the most important factors that have [inaudible]?

A: Good question. I need to talk about our strategy a little bit, if I may. This will be a lengthy answer but it will allow you to get a full appreciation for why I think we've been successful.

If you take a pyramid or a triangle, you take the very very top point of that. We kind of call that kill or capture, where you're going at the critical leadership of the enemy.

The United States coalition forces in the countries where there's a fight going on and our international partners, both unilaterally and bilaterally, have done a heck of a good job of killing or capturing al-Qaida folks around the world.

Let's take Spain for example. Friday night they picked up 14--two Indians and 12 Pakistanis. So around the world countries, sometimes for their own self-interest, in most cases realizing this is a threat across the board, are going after the leadership. That's been pretty successful. That's our CIA, DoD, law enforcement and the equivalents in other countries. Let's put that little top of the pyramid off to the side.

The next portion of the pyramid is what I call disrupt. Disrupt training, disrupt recruiting, disrupt travel, disrupt communications, disrupt finances, implement counterterrorism legislation, disrupt logistics, impede facilitators, and identify and affect safe havens. Those nine things are the center portion of that triangle or pyramid, and those are going pretty good too.

The very bottom are those things that really have caused a terrorist to become a terrorist. Economic deprivation, social inequity, religious persecution, lack of political involvement, or ideological extremism. Those five things are the essence of what makes a terrorist, and those five things take time to accomplish.

If you look at all three of those, there's three cross-cutting things. Number one, you've got to do all three of those simultaneously. Number two, they all have an international component. None of those are unilateral, what the US would do. All those are countries, are things countries would do either bilaterally, or they do unilaterally on their behalf, or multilaterally within some of our organizations.

The last is so important that these take place that we assist where we can in capacity building.

The bottom takes time, the top two buy time. So if you put kind of a calibrator on it, the top two, as you do those, keeps the enemy at bay while the bottom aspect takes away enemies from growing, takes away their recruits, takes away their growth, takes away their resupply, takes away their replacements.

Let's look at level of effort. That top portion, since I'm a little bit of an engineer from the Military Academy, I'm going to have to put some numbers here. About 15 percent of our enemy ought to be in the top kill or capture; 15 to 20 percent probably ought to be on this disrupt portion; and the remainder ought to be taking away those areas that the terrorists exploit--economic, religious and what not.

So to get back to why I think we're successful, we are doing great in the top. We're doing pretty darn good in the center. And we, collectively, the international community, we've all realized that that bottom one is what will ultimately stop the terrorists. That bottom one is almost a generational term that Mr. Bush used.

If I could capture two things in there that are really successful, to help us move along, first is the kill or capture has been pretty successful. Then inside the disrupt, it has been the implementation of CT legislation and the disruption of terrorist financing. Those two things have been pretty powerful.

CT legislation sends a rule of law and good governance to all nations. If you look at the counterterrorism reports that Rhonda so diligently has put together last year and again this year, we solicit specific information from the embassies on who's implementing counterterrorism legislation and who's implemented counterterrorist finance rules and what not, because it is so important.

Now implementation is one step. Effective application of law as they are implementing that legislation is another step. Then taking those folks from the legislation of finding an individual, going through the whole court procedure and putting them in jail, all of that legal structure is probably the third step of the counterterrorism legislation that's important.

So to make a long story and ending, it's a triangle. Kill or capture buys us time; disrupt buys us time to do the bottom portion; they ought to be simultaneous. But if I had to pick out two good things, counterterrorism legislation and disruption of finances.

Q: Sir, are you ruling out unilateral US action in Pakistan?

A: Say that again.

Q: Are you ruling out unilateral US action in Pakistan?

A: I'm a State Department guy. [Laughter]. We have integrated action with Pakistan and other countries virtually, as a rule.

If I look at it right now, I think Pakistan has a chance to really do things in an aggressive and successful manner in the FATA and don't see unilateral activity as a solution for the United States.

Others may, but they're not necessarily State Department folks. The new Chief of Staff of the Army Kiyani I think is pretty aggressive.

Q: Do you agree with Ambassador [inaudible] that Pakistan is failing to exercise its sovereignty, its sovereign responsibility in that area?

A: No. They've got 700 dead Pakistani soldiers. That's trying to exercise their sovereignty every time. So as much as I love Hank, I'd like to look at it just a little bit differently. They're trying to exercise their sovereignty as evidenced by military activity in that area.

Q: And finally, what do you see as the biggest gaps in the Pakistani military and intelligence capability for addressing that [inaudible]?

A: The biggest challenge is probably they've got a military that's focused on a more deliberate conventional fight with India. Now we're asking them to adjust their structure, reorganize their services, readjust their culture, and then also physically readjust their attention from the east to the west. A pretty tall order. I can give you an example.

This is great. Pete Schoemaker always used this. He said look at the United States military. We beat the British way back 220 years ago with basically a rag-tag insurrection rebel-type army that was basically an insurgency. And then we spent 250 years trying to build an army just like

the Brits after that.

So this is a challenge, I think that the Pakistanis have, is to refocus their army on counterinsurgents. It's tough business. We just got the idea, we just figured out the tail end of Vietnam that we disliked it. The book that Dave Patraeus took to his session with Jim Maddis on counterinsurgency was one of his revolutionary warfare books he took from West Point in the 1970s which was one of the most recent documents they had when we started putting together the COIN doctrine.

So it was tough for the United States to adjust to the counterinsurgency perspective. It's going to be probably even tougher for the Pakistanis.

Q: NATO capability has been in the news a lot lately. I'm just wondering if you can tell us what you see as the main challenges in an operability between US and NATO forces in Afghanistan going forward.

A: I'll probably get pounded for this one, but I need to say it. It's got nothing to do with capability. It's got nothing to do with ability. It's got nothing to do with the structure. It's got everything to do with national caveats.

You go to Dan McNeil, Dan McNeil will say I need more freedom to use the forces outside the existing national constraints. NATO forces are darn good. They've got some good special operational forces. They've got some fantastic air. They've got good helicopter, darn good helicopters and good helicopter support. It's just that the freedom for McNeil and company to use those is the challenge, I think.

I suspect every time a NATO national leader comes through, he solicits their support, and I suspect he goes back to Brussels and says the same thing. I'm pretty sure it's national caveats.

Q: What's the solution?

A: Well, the solution is like what Mr. Churchill said a long time ago. You think it's tough fighting the war with allies, try fighting a war without. So you've got to work through it.

Q: Do some of these allies still have undeclared caveats? Crumpton had mentioned that when he was here. It's one thing dealing with the caveats. It's another thing, you pull the trigger and the guy says sorry, we've got a caveat against going there or doing that.

A: I'm unfamiliar with that. I don't know of any unofficial caveats.

Q: I just had a quick follow-up. You talked about CT legislation. In this next session of Congress is there any particular legislation you're looking at that could be important that should be covered?

A: I'm not talking about CT legislation in the United States, I'm talking about CT legislation in our host nations. I think we have things pretty well identified in the United States. On my social side here, the Patriot Act was probably a good thing right afterwards. I think we had two or three portions of it that we never implemented and when it came to a sunset clause I think Congress took out those two or three.

I think in the United States we have most legislation to do exactly what we need to take care of.

I will say one thing that the United States, it's got nothing to do with legislation we have to be prepared for, and that's the psyche of terrorism.

Pakistan, Israel and the UK, when a terrorist activity takes place they get back to business. They're as professional as they can, exploitation of the site for law enforcement purposes, and they move right on back to their life. It's a tough go for the United States. The best example is the sniper up and down 95. That one sniper could affect us as dramatically as that.

So us US folks, we probably have to prepare our psyche that there's a potential for terrorist activity, not necessarily a Peter McVey, but the Hezbollah or whoever may come after us. We have to look at it, not over-react, assimilate it emotionally and professionally, and then move on with our lives. And that's an unpopular thing to articulate to the American people, and it's probably why some of our, you don't see a lot of it right now during the presidential campaign, but we all have to get used to that. It's not like it's going to be happening every day, but we have to be prepared for it because that's got the potential to be more effective than the terrorist act itself. So we have to not let ourselves become victim to the reaction of terrorist tactics.

Q: How much is the media to blame for that?

A: [Laughter]. If the media puts out the facts, then there's no blame at all.

Q: Even when all the cable networks go non-stop about a car near the capital and a guy with a rifle for two or three hours and it ends up being nothing?

A: It makes it tough, but in our history we have freedom of the press. We just like to see it factual and as maybe unemotional as possible.

Q: Ambassador, a question about North Korea and [inaudible] sponsor list. There was a CRS report that came out in October which suggested that North Koreans had provided assistance to Hezbollah in Lebanon [inaudible]. [Inaudible] the suggestion is that the assistance was much more recent [inaudible] terrorist activity.

Are you aware of any evidence or any reason for believing that North Korea might have assisted Hezbollah on such [inaudible]? And if so, would [inaudible] off the list [inaudible]?

A: Taking countries off of the designation list is pretty specific. You go back six months and see if there has been any visible support or material support. We don't see that with North Korea. You also ask them to give an affirmation that they will not do things in the future. I think that's been asked of by Assistant Secretary Hill in his dealings with the North Koreans.

Delisting the North Koreans was a request by the North Koreans in the beginning of the process. They've moved along in their denuclearization. We've moved along in looking at delisting them. We haven't formally notified Congress. But to maintain the integrity of our system it appears that North Korea has now complied with those criteria that we're looking for.

Q: Specifically that means that you don't regard their failure to completely resolve the Japanese

abductee issue with any kind of [inaudible]. From your point of view you're satisfied on that as well.

A: They have failed to do what now?

Q: The issue of the Japanese abductees, the Japanese citizens who were abducted by North Koreans over the years. The Japanese government feels very strongly that [inaudible] accounting from the North Koreans on the fate of all those citizens. So when you say you feel like they've complied with the requirements of the statute, the abductee issue is not [inaudible].

A: Let me get my facts straight on this. I think the North Koreans said they're prepared to give up the folks involved in the abduction and that the Japanese have not asked for assistance there. I think there's something like that in the mill. I'm not sure. It's in open source. It's out there in the public, so you might want to pursue that. I think North Korea's made an offer to give up the abductors. The Japanese are not interested in going after them.

But we don't think that is part of our problem. I think that happened way back in the '70s, as I recall. So we think even with that on the table, that they still comply with the request of the delisting criteria.

Check the facts. We think we have negated that as an issue in dealing with both North Korea and Japan.

Q: Ambassador Dailey, we've talked a bit about Pakistan. Can you take sort of a trip around the world and tell us what's going on out there, what are some hot spots, maybe some areas we haven't heard of that are becoming a problem in terms of al-Qaida affiliates and other global terrorism. What's out there that's--

A: I can toss in some success stories too, if I may.

Q: Yes.

A: Indonesia really is looking at, unilaterally, at their situation, a very large Muslim country, about how they can embrace their people. A success story without them having to go through some of the trauma maybe like Saudi Arabia did or even the United States.

Philippines is the ideal counterinsurgency model. Economic, politic, military, informational. They have done a magnificent job, the Philippines government. They have asked the United States for some support. We've been able to provide it.

But you can look, and I'd use one example where they used political, then came in with economic and military. In the Mindanao area they arranged a ceasefire with the [MILF] and kind of took ASG, the Abusayyaf Group and the Jamail Ishmalla out away from the [MILF] and they became separated. Both those organizations have had a heck of a challenge in Mindanao. They've been chased around. They were on Basilan for a while, now they're on Polo. And plus there has been some good kill or capture on those folks. So militarily kill or capture has been successful. Politically, by the reconciliation. And economically the Philippines and other nations have come back to those areas to support the people with a productive lifestyle. It's a heck of a success story and it's full integration. The United States has been part of it I'd say now for six to eight years. So

a good situation there.

Going around the world, I'll talk about Europe now. I think the wave of terrorism initially, way back in the '80s, there was a bit of, and if they don't do it here then we're happy. That business has changed in Europe now. They don't want terrorism in their back yard for any reason. There are some very sophisticated and advanced intelligence systems within the parameters of those countries to go after the enemy. Spain, UK, France, Germany, and I'll use two countries for a specific example.

Belgium and Spain have adopted a centralized intelligence fusing office similar to our NCTC, without having to go through the trauma that we did with 9/11. That's pretty darn smart.

Right now, Spain got these 14 folks. I don't know the details. I suspect that fusion cell, they brought them to Guardia Nazionale, their external service. And that entity also goes international to other countries, probably was instrumental in what they were successfully able to do which was to roll up these 14 folks who had explosives, had timers, and what triggered the whole thing was the fact that they were going to go operations [inaudible].

So I think we see in Europe a pretty good awareness, they're not going to be like it was in the old days. They're going to be aggressive. And oh by the way, across the border in Europe they're going at things, deradicalization and moderation. It's a unique situation. Some have large populations, some have small, some have them pretty well integrated socially and economically, some are not. But they all realize that's a challenge and they're taking that on in their own way.

Sri Lanka, a real challenge with the LTTE. They also have used economic, political and military efforts against them. This is probably the best they have been in almost finishing off the LTTE. The disadvantage is that it's going pretty kinetic right now. But they've been condensed into smaller and smaller portions of the northeast of the island.

When I was in, what's the right world when you're in consultation in modified purgatory, once you've been identified to take a political position, then while you're waiting for your confirmation hearing, you come to the Pentagon or you come to the State Department and you go consultations. So I studied to get ready for my pitch. I studied the book that Rhonda put together, this Annual Country Terrorist Report. It's pretty darn informative. It's got a lot of success stories in there now. And because I had a lot of time, had a chance to go through it. It's got many other success stories. We're starting on the one for '07 right now for publication in April. A lot more success stories.

Are some things not going very well? Yeah. The merging of al-Qaida and the merging of the GSPC in Algeria. Bad signal. We think the GSPC was kind of on the way out. We thought al-Qaida was just trying to jump on a regional organization and capitalize. Our expectation was they both would lessen themselves in effect. I think al-Qaida has totally dominated GSPC with the merger of al-Qaida and the Islamic [inaudible]. The best example of that is this last attack. They've had a series of attacks since the summer, I think about four or five now. This last one, though, had a unique flavor. It was a simultaneous al-Qaida signature. One was in the Supreme Court for the Algerian government, but the other one was at the UN, adjacent to two UN committee structures. The signal there is they're going international.

GSPC in the past had always gone after just Algerians. Now they're going international. So we

think that's a bad sign.

For them, for the al-Qaida, taking on the UN, bad move. It's got such international recognition and such a positive image. I'm not sure of the two buildings they went after. But in the information world, they made a pretty serious mistake.

That's a quick one around the world.

Q: What about the rest of Africa? Canada? The Western Hemisphere? Do you see any problems?

A: Right now, even though Chavez has a recurring flight from Tehran straight into Caracas, I'm not sure if it's a daily flight or recurring over several times a week, we think that's pretty negative. We think that's disruptive and has the potential to cause some problems. But we have not seen, direct, anecdotal or trend, that these folks coming in have done anything other than stay in Venezuela. So he stirred the pot up I think across the board, but we don't see any Iranian effects of that.

Mexico with Plan Merida. Excellent idea. It's both law enforcement and economic development. I think it will help Mexico dramatically and our relationship with Mexico. They asked for it. President Calderon said, or Fox, I don't know how far back it went. But it came from the Mexicans to say here are some things if you can help us on we think will be beneficial for both of us. So getting involved in Mexico as much as we have is a success story also.

We just had a recent meeting with the Canadians. They've got some pretty powerful legislation going into effect that is different from anything we've got. Which is basically I think for three days they can hold a witness and they also have the ability to legally disrupt a terrorist activity before they have full police indications, before they have full, what's the right word here, full evidence that these folks can be taken to court. It's kind of a preemptory thing. That's pretty powerful.

So in both those two countries, Mexico and Canada, they're moving along in the CT world pretty well.

Q: Ambassador, I'd like to go back to that pyramid concept. You said the top and the middle are doing pretty well for the US and international partners. But on the last part, the bottom part, you said you're now realizing that that bottom part can have better effect for greater success overall internationally.

So I'm wondering if you can talk about some of your failures and successes in that area and also some plans for the future.

A: That bottom portion is tough because it's generational, it's decades in building.

I think we started off with a mindset okay, if everybody gets a job then the terrorists will be happy. That's not necessarily the case. We see the middle income folks have been part of the problem. They certainly have jobs and what not.

So the counter that we're coming back with is you need to focus that economic development. Take those five things. Economic development gets focused. Then the social inequities get

affected favorably by that host nation. Then that host nation has some form of political adjustments that now embrace the dissidents. The religious aspect and the ideological aspect, that nation realizes how either from the pulpit or from education that those things become less embellished and less pronounced.

So the whole bottom of the pyramid, there's a lot to be done--poverty, good governments, human rights and stuff. We can't do all that. We ought to focus on the little stream that I mentioned to you before that's got a CT flavor throughout. Still let development go on. Still let democracy, with the State Departments' budgets and everybody's budgets, let those take place. But focus it just a little bit more on some CT specific related areas that have a culminating effect.

Let's take the example of Saudi Arabia. They have clearly an economic, they don't have an economic challenge in the bottom of the triangle that I mentioned to you, but they may have a social challenge there. It's the radicalization of their folks. I'll give you some statistics.

They have had about 2700 individuals that they are trying to deradicalize, detainees or whatever the terminology is. They've applied a very very good program that gets to the mind, the money and the momentum, but it really goes to the individual as being a victim, not the individual being a problem.

They counsel these individuals. They give them psychological training. They have them go to mandatory instruction. They go to the moms and dads and folks from that particular street in the community so they have extra social pressure. And they have let free of the 2700 about 700. Of the 700, 90 of them didn't do as well as they wanted, but the remaining 610 have. So this moderation or deradicalization program is pretty good.

It goes into the bottom of the pyramid, it goes back to that social area and/or the religious aspect.

Saudi Arabia on the religious aspect has done a couple of other good things too. The [Paren Lapti] of Saudi Arabia has issued a FATWA, two now, that take away any religious impetus or validation or justification for folks who go to Iraq and be foreign fighters. And it takes away folks who are developing, [inaudible] folks issuing their own FATWAs.

So now you have the religious aspect, plus the books are getting looked at by the government. But it takes a while to get to this. That's why I'm saying one or two, the kill or capture and the disrupt buy time to do these lengthy things down here.

Q: In a recent [inaudible] proposed some US [inaudible] students [inaudible]. What's the State Department belief [inaudible] the US [inaudible]? Not to assist, not NPT weapon states. And secondly, how has the State Department assessment of security [inaudible] changed at all in the past months or weeks [inaudible]?

A: To the best of my knowledge the security of nuclear weapons has been first rate before, during and after the crisis [in] Pakistan.

What was your first question again?

Q: The legality of the United States being involved in security [inaudible] nuclear weapons.

A: The legality?

Q: Yes, given our obligations under the NPT.

A: There may be some legality in there, the lawyers will hammer that out, that we could do if we wanted to with some request from that government. But I doubt that would happen. The nuclear weapons for the Pakistanis is a crown jewel for them. If they had to have non-Pakistanis protect it I think that would be really difficult for the Pakistani people to accept and difficult for the Pakistani government to solicit.

Q: To follow the announcement [inaudible] the Philippines. In November [inaudible] 800 journalists, civil rights workers and what not were killed since Aroya came into power. With the successes there obviously have been in southern Philippines, are you worried that the government's perceived at least crackdown could work counter to some of those successes in the long term?

A: I didn't see those details. Those are pretty dramatic. It's been 50 or 60 I'd say as a result of being on the battlefield and being vulnerable. I can't answer that that government has cracked down on journalists and other folks to that number and what's the justification. It's certainly not the democratic way, it would not be conferred, but I can't say anything other than that.

Q: Ambassador, as you know US [inaudible] has focused on [inaudible]. I'm wondering how your office will be working with [inaudible] and what kind of impact it will have on the [inaudible].

A: The interagency perspective of AFRICOM is a heck of a good idea. I think post-9/11 everybody's realizing you put out a military command and it just has nominal participation from other elements, it just has unfortunately a military perspective. But there is so much non-military taking place in Africa from development to law enforcement that there is some pretty good wisdom in having an interagency element there.

It's a challenge because interagency is probably not resourced as well as the Department of Defense, so therefore when you ask for 19 officers in this area and six officers in that are that are non-military, it becomes a heck of a bill.

I think it's a good idea. I think it's got buy-in from the interagency world. It's just a challenge of filling the positions.

Q: And [inaudible] your office would be [inaudible]?

A: There will be State Department representation inside the command and I think Mary Yates was the very first one to go there, that I had the opportunity to meet a while back, in one of our SAT sessions. We do not right now plan on putting an SCT person in there. We don't have one in the others, although that should not stop us if we thought it was necessary. But at this point we don't look at us being part of AFRICOM.

Q: Going back for a second to Afghanistan when you talked about the drug problem causing issues there, and in Pakistan. The US eradication effort has drawn enormous criticism from our

allies, particularly the British, who see it as both ineffectual and also [inaudible] the Afghan populace. That dynamic is happening at the same time that the drug problem in Afghanistan is growing, so this harsh eradication effort is not having substantive impact. Should that be reevaluated or substantively changed?

A: [Laughter]. There are three keys to a good drug program that the United States in concert with Colombia have been working on for two decades. We've been around the block. Eradication, interdiction, and reduce the demand. Those tools are immensely successful in Colombia. We'd like to apply them to Afghanistan.

Mr. Karzai and other members of the government don't like eradication. Particularly they don't like aerial eradication. We'll have to work out something. But eradication is part of that program to be successful. You can't sit on a three-legged stool with only two legs, so we've got to figure out how we can incorporate eradication in there in some way, shape or form.

I think Mr. Karzai has agreed to ground eradication and what not, but it's more work intensive, it's not quite as good and stuff like that. But I'm not sure if he has, it's probably a fact work looking at. But ground eradication, air eradication, are dramatically different.

Q: Ambassador, if you go back to Europe and assess the threat of terrorism there, and [inaudible] working on it. Assess for us the risk right now of terrorism using Europe as a jumping off point to the United States, particularly with the visa waiver program and those countries that [inaudible].

A: Sure. It's a good way to get to the United States through Europe because of our historical relationship with them, because of once you're inside the confines of the EU moving inside is a heck of a lot easier.

We think there are some pretty good tools in there to prevent that taking place, but our European nations really have taken a good look at fraudulent document preparation and folks coming in, so we think we have a plus there.

On the visa waiver program, immensely popular with the countries. What we have said is that we will automate it and make it faster, but that visa waiver cannot be an easy way into the United States. Frankly, our European nations agree with us. They'll work with us on it. Difficult for them, but they see the need for the United States.

Let me go back to your original thing. It does look like Europe has been a jump-off point for the United States, particularly in the '06 bombing plot, UK-US where they were going to destroy ten flag carriers between the UK and the United States in the air. I think that was the last, in my eyes, the clear indication that al-Qaida's central was broken. They decentralized that operation and it's a heck of a big operation. Decentralized it and it got picked up way early in its planning stages.

Q: Ambassador, what does that say to you, that you have all the improvements that have been made to that sector of the economy, commercial airliners. The last real big attempted attack was going after airlines again. Does that show a new lack of imagination, or does it say just the opposite, their determination in overcoming and show--they can overcome even the most hardened target?

A: Let's go back to al-Qaida in the Pacific in I think it wasn't '93. Didn't they try and do Operation Bojinka from the Philippines which was putting a bunch of bombs on a large group of aircraft and send them across? Air. I've got to tell you, I do think it's a lack of imagination. I think they are inadequate. I think they can't centrally plan aspects from where they're currently located, whether it's Pakistan or not. And their franchise folks aren't very good.

Q: It seems to me it's a kind of residual, go to the shelf, pull off the airline bombing flight book and try to adapt it?

A: I'll bet those characters didn't even know that the Bojinka thing took place 15 years ago. I think they thought it was original thought.

You notice a little bit of contempt in my voice. Unafraid of [inaudible].

Q: I know you said the security of Pakistan is first rate, but I was wondering if you can look at, drill down if you would, on the professionalism right now and the trend lines there in both the Pakistani intelligence service, the Pakistani [inaudible]. Is the risk of a transfer, has it increased given the political dynamic that's gone on? Despite the security over the nukes. In other words, are those institutions [inaudible]?

A: I think the institutions have been pretty rock solid through all of this. I'm not sure who guards it. I don't know if there's a separate guard force, if it's ISI, if it's the military or what. But I think the Pakistanis are very sensitive to their nuclear weapons. If anything starts unfolding [inaudible] has got some huge ramifications that they are sensitive to making sure the status quo stays in place.

Q: When you say you're not sure who guards it. Is it the United States government that isn't sure who guards them?

A: Dell Dailey.

Q: Does someone in the US government have a good lead on who guards them? Do we have a count where we'd know whether one was missing?

A: I suspect so, but I don't know. That's in the intelligence area, not necessarily my area. I think we've watched and guarded and tried to track every nuclear weapon in the Soviet Union. In the Soviet Union days I think we were probably trying to do that, nuclear around the world in the non-proliferation business. But I can't say for sure every one is accounted for. I don't know.

Q: Just sort of following back up on the whole pyramid concept. You mentioned this area is where success is at the top two levels that allow you to get more at the bottom third level. But can you just take us through real quickly some areas, particularly in Afghanistan, where the battle is still at those top two levels and what may be holding it back there.

A: Afghanistan is a real challenge. It's like repairing the aircraft engine in flight. So as you do one and two, the number three part, the economic development and the social development is sometimes at risk. The best example is Tap Line Road. It's taken a while to get the road all the way around Afghanistan. It's a two-laner. It shouldn't be that tough, but there's so much military

interdiction that it does become a challenge.

That's where it probably hasn't been as good as we'd like. Where economic development was probably faster than security. And so people got killed and the development of the thing got slowed down with interdiction.

I think on the religious side, I'll say it again but with a little bit wider perspective. The fact that [Muftis]-- Spain, Egypt and Saudi Arabia have issued FATWAs, on this religious aspect. That's helpful. That's very helpful.

So when we talked with the Yemeni folks in an unofficial manner I said when will the Yemeni [Grand Mufti] issue is FATWA? He said well, we don't have it quite that structured. We're more independent as with respect to the tribes. But the Saudi Grand Mufti is a person we listen to and he issued his I think on the first of July or whenever it was. So it's taken a while to get those out on the street and that's back to the time on the bottom portion of the pyramid.

Q: I just wanted to follow up on Pakistan. One of the things you keep hearing is that [inaudible] people going in there unilaterally and A, it's a sovereign country; B, it's forbidding geographical territory and so on. So the question is, how good is our intelligence on what al-Qaida is doing there? Do you think we have a good sense of what they're doing and how they're interacting with the Taliban and other extremist groups? Or do you think there are gaps in the intelligence? And how are we able to figure out exactly what they're doing there?

A: There are gaps in intelligence.

Q: Are you comfortable with knowing exactly what they're up to up there and who is--

A: Uncomfortable with-- We don't have enough information on what's going on. Not on al-Qaida, not on foreign fighters, not on Taliban. Pretty much on what the Pak government's doing. We see that and they occasionally kind of give us insight and what not, but all of those above folks, we don't have enough information on those.

By the way, is that a UVA tie or a Gator tie?

Q: I'm not sure, I just liked the colors. [Laughter].

A: You'd do well in Gainesville wearing that.

Q: Okay, we're out of time.

A: That was pretty good timing.

Q: Thanks very much.

END TEXT