. The committee will now come to order. I

want to thank all of you for your patience. We were winding up a

vote on the Senate floor and would otherwise have been more

prompt. I do not want to allege ever that the Senate is totally

prompt, but we would have been more prompt, and I thank you

very much.

We welcome all of the witnesses today, both from the administration,

the U.S. Congress, and from the private sector.

Just as a way of orienting us this morning, we would like to

begin this morning’s hearing with a brief video presentation. The

video will feature speeches by Hassan Turabi, the leader of the National

Islamic Front Party in Sudan and one of the most infamous

supporters of international terrorism in the world.

Osama bin Laden’s call for a jihad against the U.S., and particularly

against U.S. soldiers in Saudi Arabia, will also be featured.

Bin Laden was harbored by Sudan for almost 5 years, and was involved

in attacks on U.S. soldiers in Somalia, Saudi Arabia, specifically

in Riyadh and Dhahran.

The video will close with some footage from the World Trade

Center bombing, the most poignant reminder of the war international

terrorists are committed to waging against the United

States. If we could please—we will start the video and hope everyone

has a chance to see it clearly from their position.

. In the post cold war world the United States

no longer faces the threat of bipolar cataclysm that defined U.S.-

Soviet relations. The collapse of the Soviet Union ended the greatest

menace to freedom in the 20th century, but in this dawn of a

new era in international relations, however, the horizon is dotted

with new national security threats that will demand our constant

vigilance.

One of the most serious of these new national security threats is

the rise of international terrorism. We are holding this hearing

today in the Subcommittee on African Affairs to address the menace

of terrorism as sponsored by the Government of Sudan. Since

first being designated a State sponsor of terrorism in 1993, Sudan

has risen quickly in the ranks of infamy to join Iran as the worst

of State sponsors of terrorism.

Sudan harbors elements of the most violent terrorist organizations

in the world: Jihad, the armed Islamic group, Hamas, Abu

Nidal, Palestinian Islamic Jihad, Hizbollah, and the Islamic Group

are all present in terrorist training camps in Sudan. These terrorist

groups are responsible for hundreds of terrorist attacks around the

world that have taken thousands of lives.

Abu Nidal alone has been responsible for 90 terrorist attacks in

20 countries which have killed or injured almost 900 people. Jihad

is responsible for the assassination of Egyptian President Anwar

Sadat, and Jihad’s leader, Sheikh Omar Abdel Rahman, was the

ideological ringleader of the terrorists that attacked the World

Trade Center and plotted to bomb the United Nations in New York.

Another terrorist organization, the Islamic Group, attacks westerners

in Egypt, and claimed responsibility for the failed assassination

attempt on President Hosni Mubarak during his visit to Ethiopia

in 1995.

In addition to harboring terrorist organizations, Sudan has given

refuge to several of the most notorious individual terrorists, including

Imad Moughniyeh and Osama Bin Laden. Moughniyeh is believed

to be responsible for the 1983 bombing of the marine barracks

in Beirut which killed 241 U.S. troops. Bin Laden is the most

infamous financier of terrorists in the world, and has recently stated

that U.S. soldiers in Saudi Arabia, as you saw in the video, will

be the principal target of his terrorist attacks.

Sudan is not simply a favorite vacation spot for terrorists. The

Sudanese Government is an active supporter of these terrorist activities.

Sudan reportedly provided weapons and travel documentation

for the assassins who attacked President Mubarak. Two Sudanese

diplomats at the United Nations in New York conspired to

help Jihad terrorists gain access to the U.N. complex to bomb the

building.

The plot to bomb the U.N. was just one in a series of plots to

bomb numerous locations around New York, including the Lincoln

and Holland Tunnels, the George Washington Bridge, and U.S.

military installations. Five of the original 12 defendants convicted

in the series of terrorist plots were Sudanese nationals.

Thankfully, this series of plots was thwarted by U.S. authorities,

but one of the earlier terrorist attacks, the World Trade Center

bombing, killed six individuals, injured over 1,000 more, and

caused $600 million in damages. The terrorists responsible for the

World Trade Center bombing expressed regret that the twin towers

were not toppled, a catastrophe that would have taken the lives of

tens of thousands of people.

In addition to supporting international terrorism, Sudan supports

insurgencies against secular governments in northern Africa,

and wages a war of domestic terror against its own people. Sudan

supports extremist rebels and terrorist groups in Algeria, Uganda,

Tunisia, Kenya, Ethiopia, and Eritrea.

The military regime of Omar al-Bashir has used genocide, mass

starvation, and slavery to pillage southern Sudan. Mere children

are drafted into Sudan’s army to feed the flames of the Government’s

hatred. Southern rebel leaders are guilty of human rights

atrocities as well, and the civil war has taken the lives of 1.5 million

people and displaced over 2 million more in the last decade.

The malevolent character of Sudan’s government makes it patently

clear why the U.S. has designated some nations as State

sponsors of terrorism and has imposed upon them the most severe

penalties and sanctions provided by U.S. law.

While it may seem obvious to all of us here today that Sudan is

deserving of our harshest censure, the Clinton administration has

had to be pushed and pulled into adopting an aggressive stance

against the terrorist State of Sudan. Only under congressional

pressure did President Clinton add Sudan to the terrorist list in

1993, and now the Clinton administration is failing to enforce U.S.

antiterrorism law against this terrorist State.

The Anti-terrorism and Effective Death Penalty Act of 1996,

passed by Congress and signed into law by the President last April,

contained a provision, section 321, prohibiting financial transactions

with State sponsors of terrorism. The Clinton administration

was given the opportunity to issue regulations for section 321,

and President Clinton blatantly disregarded the clear language of

the legislation and permitted almost all financial transactions with

some terrorist States to proceed.

I do not understand this inconsistency in the President’s

antiterrorism policy. In a speech at George Washington University

on August 5, 1996, just days before the regulations for section 321

were issued, the President stated, and I quote:

The Congress of the United States has worked extensively in a

bipartisan manner to provide the American people with the

antiterrorism tools they need to defend themselves and isolate

these rogue regimes, and I am amazed that we are having to revisit

this antiterrorism legislation to force the President to cutoff

financial transactions with State sponsors of terrorism.

Representative Bill McCollum, the original sponsor of section

321, has introduced legislation in the House, H.R. 748, to close the

administration’s regulatory loophole. I plan to introduce companion

legislation to H.R. 748 in the Senate. I am thankful that America

has been relatively isolated from most of the world’s terrorist violence,

but just as terrorists have targeted Americans abroad, they

are now targeting Americans at home.

International terrorism is one of our greatest national security

threats, and yet another example of a national security threat that

the administration is failing to address.

I want to thank the witnesses who will be testifying here today

for their assistance, and I hope that this hearing will promote a

frank and open discussion of the issues surrounding the enforcement

of our antiterrorism law.

I would call on the ranking minority member of the committee,

Senator Feingold.

. I want to welcome Senator Grams of Minnesota

as a member of the committee as well, and thank him for

being here.

We are a bit under a time constraint as a result of the vote,

which delayed our beginning, so I would like to call our first witness

before the committee.

Our first witness is United States Congressman Bill McCollum

from the State of Florida. As I indicated in my opening remarks,

he has proposed legislation which would provide a way to deal with

State-sponsored terrorism and States that sponsor terrorism.

He is the author of the measure which was contained in the

Antiterrorism and Effective Death Penalty Act of 1996. He serves

in the House as chairman of both the Crime Subcommittee and the

Intelligence Committee’s Subcommittee on Human Intelligence

Analysis and Counterintelligence, and it is a pleasure to welcome

him to the committee. Congressman McCollum.

. Representative McCollum, your proposed legislation,

would it stop businesses from doing any business in

Sudan, or does it stop business from doing business with the Sudanese

Government?

. Is it your intention to continue to make it

possible for relief organizations in the event of disasters or other

compelling circumstances or exigencies to be able to provide that

relief?

. Well, section 321 is originally designed to

make sure that our transactions there did not result in sponsoring

or funding or otherwise contributing to a capacity to injure us or

others in terrorist acts.

. Are there any examples of transactions which

occurred or were discussed or could have occurred during the interim

which you might point out might have substantially benefited

or enhanced the capacity of Sudan?

. Hundreds of millions of dollars?

. So those are the kinds of things that our

State Department said would have been justified?

. So the charge has been made that the Sudanese

gave the machine guns to those to assassinate Hosni Mubarak

in Ethiopia?

. And our State Department would have said

well, that is OK, because buying machine guns for that is not a

threat to terrorism in the United States?

. If we have no way of knowing where any

money goes once it goes into their accounts, whether the same

money comes back out, would that not mean the interpretation currently

undertaken through the regulations by the administration

gives section 321 no effect whatever?

. This morning, Assistant U.S. Attorney General

Andy Foyce called my office to make a special request in regard

to this hearing. The Justice Department requested that Mr.

Charles Maikish, one of our private witnesses, testify first because

he has to appear in an important trial concerning the World Trade

Center bombing in New York this afternoon. It is not our custom

to put private witnesses ahead of individuals who represent the

State Department, but we felt that in this situation, at the request

of the Attorney General’s Office, it would be important to do so.

I want to thank the members of the State Department for their

willingness to defer for this one private witness. The other private

witnesses will testify after the administration panel as planned. I

apologize for this change in the schedule. It is, however, critical to

the trial, and it is important to accommodate the Attorney General’s

Office in this respect.

It is my pleasure now to call Charles Maikish, the former building

manager of the World Trade Center. He was the building manager

of the World Trade Center when the bombing occurred.

I welcome you to this hearing and thank you for your willingness

to testify.

. Thank you, Mr. Maikish, for bringing to us

your unique perspective on this specific incident and on the challenge

which we all face.

I would call on Senator Feingold if he has any questions or comments.

. Mr. Maikish, I understand that you need to

leave promptly, so I will just ask one or two questions myself.

I want to clarify what you are saying. What would have been the

cost in human life and injury if the first tower had toppled into the

second tower as the terrorists had hoped would be the case?

. Do you know if the New York City or other

authorities have taken steps that you could discuss that would help

prevent this kind of situation from happening again?

. Do you have any idea about whether or not

the United States should continue to engage in the full range of

commercial dealings with terrorist governments?

. Thank you very much for taking your time

to be with us, and thank you for going out of order. You are not

out of order, but——

. Thank you very much, and I wish you a safe

trip.

It would be my pleasure now to introduce the panel of witnesses

from the administration. I call the Hon. George Moose, Assistant

Secretary of State for Africa, the Hon. Ken McKune, Deputy Coordinator for Counterterrorism for the Department of State, and R.

Rick Newcomb, Director of the Office of Foreign Assets Control, Department

of Treasury.

I am grateful for the fact that you all have been willing to appear

before us today. You have visited with us and conferred with us in

our offices, and I am eager to have your contributions to this subject

matter before the committee at this time.

It is my pleasure to call upon Ambassador Moose for remarks in

the first instance.

. It will be included in the record, and thank

you for your willingness to hit the highlights and carry us to the

most important, salient features of your testimony.

. Thank you.

I would now call upon the Hon. Kenneth R. McKune, who is the

Associate Coordinator for Counterterrorism in the Department of

State. Thank you very much, Mr. McKune.

. It is a pleasure to assure you that it will be

made a part of the record, and to welcome your remarks highlighting

the testimony.

. Thank you, Mr. McKune.

I now call on Mr. Newcomb.

Mr. Newcomb is the Director of the Office of Foreign Assets Control

in the Department of the Treasury.

. Thank you.

Mr. Newcomb, Senator Feingold was asking about the extent to

which you conferred with individuals on the Hill in the promulgation

of the regulation and after its promulgation. When you said

you had had many meetings, I was not clear whether you were

talking about meetings with the State Department, or meetings

with Members of Congress, or meetings with staff members from

the Members’ offices. Could you clarify what you meant when you

said you had many meetings?

. Well, let me just ask you, and answer yes or

no, so I can get this clarified again. I thought he had asked you

whether you had meetings with people on the Hill. Did you have

meetings with Members of Congress?

. Did you have meetings with members of the

staff of Members of Congress?

. But you relied mostly on what you considered

to be the contacts that the State Department was having with Congress?

. All right. Mr. Moose, you said that the terrorist

bin Laden was expelled from Sudan. Is that your belief, that he

was expelled from Sudan?

. Are you aware of the statement of Hassan

Turabi that said:

Are you aware of that statement?

. Would you agree that Mr. Turabi is the most

powerful person in regard to the policy of the Sudanese Government?

. So a preeminent influence meaning more

eminent than anybody’s else influence?

. So that would be most powerful. Good, that

is just what I was wondering about.

I thought I heard you respond to Senator Feingold’s question

about the so-called peace agreement—that you were very skeptical

of it.

. Do you believe that the peace agreement includes

the necessary parties to bring about a lasting peace?

. So you do not believe that the agreement reflects

the necessary parties, let alone the components of the agreement?

. Do you feel that Sudan has become one of the

worst State sponsors of terrorism in the world?

. Is the State Department concerned about

international terrorism, or only about terrorist acts against the

United States?

. To what extent was the policy of the Department

of State reflected in the regulation promulgated by Treasury

pursuant to section 321 of the Antiterrorism and Effective Death

Penalty Act of 1996? Did you agree with what Treasury eventually

promulgated—and was it in accordance with the wishes of the Department

of State?

. So you recommended that policy?

. What I really wanted to find out is is this the

regulation you wanted.

. Well, I have a question about it, and it is

this, that section 321 provides for sanctions against individuals

who do business with those countries supporting international terrorism,

and the regulation says that we limit the prohibition for

doing business with them to people who would have a reasonable

cause to believe that such business would further terrorist acts in

the United States. To the untrained eye, perhaps mine, this looks

like a vast disparity.

It looks like the intention of the Congress has been narrowed

from a concern about terrorism wherever it might exist internationally

to a concern only about terrorism in the United States. You

have just, I think quite appropriately, indicated that we have concerns

about terrorist acts against our friends. I have concerns

about terrorist acts against our enemies. I think terrorism is an

enemy of us all, wherever it exists. And I do not understand why

the State Department would recommend a regulation which narrows—

and maybe I am misreading this, so I would be pleased to

be corrected on this—narrows the intent of Congress from concern

about international terrorism to something that just poses a risk

of furthering terrorist acts in the United States. Can you explain

it? And I would invite other members of the panel to help me understand

that.

. I think I am clear on that, so we can all

agree that it is in the record that you do not have first-hand knowledge.

And if that means you cannot give me any clarification, then

we ought to move to see if someone can, but I need to know if there

is a reason why we are moving in that direction.

. We are talking about business transactions

overseas, not fundraising in the U.S.

. It looks to me like you have a different view

than the Congress, and that is what I am trying to get at here, because

it looks to me like the Congress had an effort to restrict business

activity that might enhance international terrorism, and when

you eventually promulgate the regulation, the provision applies

only to terrorist acts in the United States.

. Well, I would laud the State Department for

all the good things it does. I am trying to find out why it narrowed

in its regulation the intent of Congress to curtail terrorism internationally

to terrorist acts against the United States. And I am

sure we could spend a lot of time cataloguing all the good things

and good speeches that are made. If we do not know why, I think

we ought to say so. But is there a reason why?

. I thank the Congressman for his good work.

. It just occurs to me what I am not asking

about is the scope of the imposition in terms of commercial activities

prohibited. What I am asking about is the scope of the terrorism

that would trigger the prohibition. And the scope of the terrorism

that triggers the prohibition in the regulation is terrorism that

would result—and I will just read it—reasonable cause to believe

that the transfer poses a risk of furthering terrorist acts in the

United States. That is the scope of the trigger that you have put

in the thing, and basically you say you could do anything you want

as long as it does not pose a risk of increasing terrorism in the

United States. And for the life of me, I just have not been able to

find that in the language or the intent of Congress, which in the

provision says countries supporting international terrorism.

Mr. Newcomb, it was your Agency that promulgated this regulation.

Do you have any light to shed on this?

. I want to call on Senator Feingold. You say

that for whatever reason you can always stop a transaction. It

seems to me that the regulation you promulgated ties your hands

from using section 321 to stop transactions that relate only to

international terrorism. Because section 321 says except as provided

in regulation, you draft the regulation to make a very narrow

application of the law, which then curtails your capacity to curtail

terrorism, and I would like to know why you did that.

. Well, a statement of Representative Schumer

says,

And basically, I was interested in this: For blasting our airliners

out of the sky. The bomb on the Pan Am at Lockerbie, is that a

risk of furthering terrorist acts in the United States?

I will answer the question. It is not. And I do not understand

why you would narrow the provision to not apply to such terrorist

acts.

I defer to my colleague.

. Well, great. Good. Go right ahead.

. Ambassador Moose, in a related matter, since

we have talked about this regulation, can you tell us who the officials

were who developed this regulation, and did they include

White House involvement?

. Well, I would like to ask for that. I am a little

bit distressed about a number of things that, given the way in

which this was narrowed, I am concerned about a lack of discretion

in regard to these things. First, as the regulations were being

drafted the administration met with the executives of Occidental

Oil and Arakis Energy Corporation, the Canadian oil company

leading a joint venture of a Sudan oil project; second, the oil venture

in Sudan which would provide that terrorist government with

millions of dollars in royalties, perhaps many more, was declared

legal by administration officials, under regulations for 321; third,

Mansour Ijaz, a Democratic fundraiser who boasts in the Washington

Post of his access to administration officials to influence U.S.

policy toward Sudan, was appointed by Arakis to an advisory committee

for the company. Arakis also appointed Abdul Raman

Hamdi to the advisory committee. Abdul Hamdi is a former Finance

Minister of Sudan and a Director of the Faisal Islamic Bank

of Saudi Arabia, an organization with alleged ties to terrorists in

Sudan and around the world.

Now, I would ask you to provide me with names of the individuals

who are involved in the drafting of the regulation, including

individuals outside the U.S. Government who had involvement in

the development of the regulations. And if there are those who did,

I would like to be informed at what point they had their involvement

and under what circumstances.

. But you wrote the law which would define

whether it was legal or illegal when you wrote the regulation promulgated

by Treasury.

. Do you, or any of you, know of any involvement

of Occidental Company or the Arakis Energy Corporation and

their involvement in the drafting of these regulations that is different

from that recounted by the Ambassador?

. Was there any special directive from the

White House, or input on the development of the regulation?

. Do any of you know of any?

. I think even though the administration declared

the Occidental venture legal and wrote a regulation which

obviously facilitates that, I think what Congress had in mind was

kind of situation like Occidental which might result in substantial

funding flows to a State that sponsors terrorism. And frankly, I

want to invite you to contact me about how you think we might be

able to craft legislation that would help us do what is necessary,

because apparently 321 did not get done what we thought was appropriate.

And I will be very clear with you from my perspective. I do not

want to do anything to improperly curtail the capacity of the State

Department or the U.S. Government to have the flexibility which

is necessary. But I have to be equally candid and say to you that

the exercise of the flexibility granted in 321 seems to have been

substantially without rational basis, and appears to be without explanation.

. I appreciate very much your willingness to

appear and to make your responses. Thank you very much.

It is my pleasure now to call the third panel, and I thank them

for their patience, and I want to thank my colleague, Senator

Feingold, for his patience. The third panel will be composed of Mr.

Ed Smith, who is one of the individuals whose family was tragically

affected by the World Trade Center bombing, he now lives in

California—we are grateful that he would come; Mr. Roger Winter,

the Director of the U.S. Committee for Refugees, who has just returned

from Africa and will have a unique insight into the humanitarian

challenges facing Sudan; and Steven Emerson, who is a journalist

who has done extensive work on international terrorist networks.

He is a Middle East affairs expert and author of works on

terrorism.

Mr. Emerson, I want to thank you for coming to the committee,

and I call upon you for your remarks.

. Obviously, we would be very pleased to have

them.

. Thank you. Mr. Emerson.

. Your speech, the entirety of your remarks,

written and oral statement, will be included in the record. Thank

you very much for your appearance here.

. Mr. Smith, it is with a note of sympathy that

we welcome your testimony, and we thank you for your willingness

to come and share with us out of your very troublesome experience.

. Roger Winter, the Director of the United

States Committee for Refugees, has just returned from Africa. We

welcome your testimony and your insight into the humanitarian

challenges that face the Sudan.

. Thank you very much.

I think you have been very clear in your remarks, and I thank

you for the directness with which each of you has spoken.

To Mr. Smith, I would like to for the record have it clear. It is

my understanding that your wife, carrying an unborn child of

yours, was killed in the World Trade Center bombing. Is that correct?

. That is not a fact which any of us really want

to recite, but I wanted that to be part of the record of this proceeding.

I just wanted to make that very clear.

I thank you for your willingness to come and help us understand

that terrorism is not something that just happens to people on the

other side of the globe, but it is something that can strike very

close to home.

. I thank you for coming.

Mr. Emerson, the regulation promulgated by Treasury in conjunction

with the State Department authorized by section 321 of

last year’s enactment includes the language that relates to terrorism

in the United States, or in the United States of America. Do

you think it is productive to draw such a bright line between terrorist

acts here and abroad, or is it a more difficult universe than

that?

. Thank you very much.

Mr. Winter, the civil war in Sudan is costly to the Government

of Sudan. I understand estimates range between $1 million and $4

million a day. Where is the government getting the money to wage

that kind of civil war against its own people?

. I want to thank all of you for coming. I want

to thank you for your patience. I want to thank all of the witnesses

for appearing here today. I think the hearing provides us with an

opportunity to have a frank discussion about issues relating to

Sudan and to terrorism, about human rights issues. It is appalling

to hear about the deprivation of religious freedom that affects all

faiths and pits one religion against another. It gets to be

intrafratricidal, relating even to different iterations of Islam.

Obviously, there are still issues to be resolved, questions to answer.

I hope this hearing is the first step toward correcting at least

the regulatory loophole for section 321.

I want to work together with the administration. We do need to

do that to more effectively isolate Sudan and other State sponsors

of terrorism.

I want to thank all of you for being here, and I would invite individuals

who want to participate in the record of this hearing to understand

that the record will remain open until Monday so that if

you have additional documentation that you would like to provide

we will be pleased to receive it.

Thank you very much.