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NEWS BRIEFING

JAMES WOOLSEY

FORMER CIA DIRECTOR

WASHINGTON, D.C.

JAMES WOOLSEY HOLDS BRIEFING AT THE FOREIGN PRESS CENTER

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FORMER CIA DIRECTOR WOOLSEY DELIVERS REMARKS AT FOREIGN PRESS CENTER

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SPEAKER: JAMES WOOLSEY, FORMER DIRECTOR, CIA

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WOOLSEY: Let me just informally say one or two things.

First of all, I am five years out of office, and so much of what I say is -- indeed virtually all of it is heavily governed by my views and practices when I was DCI. I do continue to hold security clearances and confer with the government from time to time, but I am not up to speed on things like current intelligence operations, and if I were, I wouldn't talk to you about them anyway.

I do have, however, a set of views about this set of issues and they were ones that I expressed in rather substantially the same terms when I was DCI that I'm going to express today. But in the context of the [*European Parliament, Duncan*] Campbell report and the current European interest, particularly in the overall subject of alleged American industrial espionage, I thought it was a perfectly reasonable thing to respond to the State Department's request that I be available to answer your questions.

If you look at the Aspin-Brown Commission report of some four years ago, chaired by the late former secretary of defense and chairman of the House Armed Services Committee, Les Aspin, it states quite clearly that the United States does not engage in industrial espionage in the sense of collecting or even sorting intelligence that it collects overseas for the benefit of and to be given to American corporations. And although he does so with a double negative, Mr. Campbell essentially confirms that in his report.

In the Campbell report there are only two cases mentioned in which, allegedly, American intelligence some years -- several years ago obtained information -- secret information regarding foreign corporations. One deals with Thomson-CSF in Brazil, one deals with Airbus in Saudi Arabia.

Mr. Campbell's summation of those issues in one case is five lines long, in the other case it's six lines long, and he is intellectually honest enough that in both cases he devotes one line in each to the fact that the subject of American intelligence collection was bribery. That's correct. Not technological capabilities, not how to design wing struts, but bribery. And it is impossible to understand American intelligence collection, for my period of time anyway, with respect to foreign corporations and foreign government who sometimes assist

them without realizing that that issue is front and center.

Now, the Aspin-Brown Commission also said that approximately 95 percent of U.S. intelligence collection with respect to economic matters, which itself is only one of a reasonable number of U.S. intelligence targets -- but with respect to economic matters, 95 percent of our intelligence collection is from open sources. Five percent is essentially secrets that we steal. We steal secrets with espionage, with communications, with reconnaissance satellites.

Why do we focus, even to that 5 percent degree, on foreign corporations and foreign governments' assistance to them in the economic area? It is not to provide secrets -- technological secrets to American industry.

In the first place, in a number of these areas, if I may be blunt, American industry is technologically the world leader. It is not universally true. There are some areas of technology where American industry is behind those of companies in other countries. But by and large American companies have no need nor interest in stealing foreign technology in order to stay ahead.

Why then do we or have we in the past from time to time targeted foreign corporations and government assistance to them?

WOOLSEY: There are really three main areas. One is that, with respect to countries that are under sanctions -- Libya, Serbia, Iraq and the rest -- important economic activity is sometimes hidden and it is important for the U.S. government to understand how sanctions are functioning, if they're functioning successfully, whether Iraq is able to smuggle oil out and if so how much, how Mr. Milosevic does his country's banking and so on.

Those types of sanctions-related subjects and economics are the subject of efforts by the United States to steal secrets by various methods -- have been in the past.

Second, with respect to dual-use technology, there are some legitimate products, a number of types of chemicals that are useful in pharmaceuticals and in fertilizers and the like, super-computers are useful for predicting the weather and other purposes, that also have use in designing or producing weapons of mass destruction. So particularly where there are efforts around the world to hide the transportation and sale of certain types of materiel and products that can be used in the production of weapons of mass destruction, yes, there is a big incentive and an important reason why the United States government has in the past felt it important to steal secrets.

The third area is bribery. We have the Foreign Corrupt Practices Act. It is a statute under which I have practiced as a lawyer. I have done investigations of major American companies on behalf of their boards of directors to detect Foreign Corrupt Practices Act violations. I have sat as a board member of American publicly owned corporations and questioned management about whether there had been any foreign corrupt practices.

It is a vigorously enforced statute and an important one. And as a result of it, American industry is again not perfect, but as a general proposition it does not try and certainly does not succeed in winning contracts and international commerce by bribery.

This is not true of the practices of some of our friends and allies and some of our adversaries around the world. Some of our oldest friends and allies have a national culture and a national practice such that bribery is an important part of the way they try to do business in international commerce.

We have spied on that in the past. I hope, although I have no immediate verification, that the United States

government continues to spy on bribery.

But whether it does or not, it seems to me that it should be understandable to anyone who reads the Campbell report, to anyone who thinks at all about whether American corporations need to steal technological secrets from foreign corporations, and anyone who is at all sophisticated about the way international trade and commerce works, that bribery is -- or should be in any case and certainly was in my time at the heart of U.S. intelligence's need to collect secret intelligence regarding foreign corporations and foreign governments' assistance to them.

And with that I'm prepared to take your questions.

MODERATOR: OK, it's fairly crowded today. Please wait for the microphone, identify yourself and your news organization. We will go right up here in the front.

Yes, we might as well start.

QUESTION: Then I take it that all the hubbub from Brussels and the European parliament with accusations that the NSA is being fed this information, all that is false?

WOOLSEY: Well, in far as the hubbub in Europe and in Brussels doesn't mention that if there is any targeting of European corporations, if the past is any guide, it's likely to be about bribery, then the journalists who are reporting it are hiding the ball. Because Mr. Campbell himself makes it quite clear, in both of the cases he mentions, that bribery is the issue.

So if people are inventing out of whole cloth in spite of what's said in the Aspin-Brown report, in spite of what I said when I was DCI, as far as I know, I believe what is being said publicly and officially on the record by the U.S. government today, that the United States does not conduct industrial espionage, it doesn't steal secrets of foreign companies to give them to American companies for purposes of competitions and so forth -- if the hubbub in Brussels ignores that, then those who are creating the hubbub are intentionally looking away from the major issue.

WOOLSEY: If this were Shakespeare's "Hamlet," to discuss the issue without talking about bribery, is like talking about it without talking about the prince of Denmark. It's the central thing.

QUESTION: Mr. Woolsey, in spite of all that you said, it seems to me that espionage per se was two kinds -- the Cold War kind, which you do against your political and ideological adversaries, and the industrial kind that you're talking about.

Now there's a general feeling throughout the world, that this industrial espionage is sort of open house, and everybody does it to everybody else. And there have been some reports of American agents being expelled from Germany, or France, or somewhere.

So in spite of all that, you're saying except for bribery, the United States is not doing it at all.

WOOLSEY: The other two areas -- at least in my time -- that we thought were quite important to follow, I did mention. One has to do with sanctions. If companies in countries that are friends and allies of the United States are busting sanctions by what they're selling to a country like Libya or Iraq, that might be the subject of secret collection. If there are efforts to hide the sales of dual-use technology that can be used with respect to weapons of mass destruction.

But I generally -- and I think most of us who talk about this issue -- reserve the term industrial espionage to mean espionage for the direct benefit of an industry. That is, I don't call it industrial espionage if the United States spies on a European corporation to find out if it is bribing its way to contracts in Asia or Latin America that it can't win honestly.

I would -- and especially when it is not the practice of the U.S. government -- it certainly didn't occur in my time, and I'm not aware that it ever has -- that the U.S. government gives this information about bribery, when we find it, to an American company. That's not what happens. The information about bribery is not given to the American corporation that may be the victim.

What happens is that the State Department is informed, and then an ambassador, or in some substantial cases perhaps a very senior official in the State Department, goes to the country where the government official is being bribed, and says, You know, we really don't -- we know about this, and we really don't think this is the way you ought to make decisions about awarding contracts.

Now what then typically happens, is that the contract award either is made on the merits -- sometimes an American company wins, sometimes not. Or sometimes the host government will split the contract. And the American company, if it wins all or a share of it, doesn't know that the reason it won was because the U.S. government uncovered bribery and went to the host government, and said, We don't think you should be engaged in awarding contracts this way. But I don't call that industrial espionage.

So in the post-Cold War era, how big a focus is this sort of thing for the United States? I'd say it's rather modest, in the overall model -- at least in my time as DCI -- of our intelligence -- of our secret intelligence collection.

Economic intelligence is important, but as I said, it's about 95 percent from open sources. What our major focus is, is on rogue states, weapons of mass destruction, whether Russia is going to turn into a non-democratic country. We focus on major issues that could directly affect the security of the whole country.

But there is some increased emphasis on economics -- 95 percent of it from open sources. The part that's from covert sources is as I described.

QUESTION: You answered part of my question with your statement just now that, if in fact, U.S. intelligence were to uncover attempts at bribery by a corporation from another country, they would not inform the U.S. corporation.

But while we're on, sort of the issue of process, presumably U.S. intelligence inadvertently perhaps, runs across technologically interesting information -- technologically valuable information -- even in the course of investigations predicated on the three areas that you laid out -- technologically valuable information that would be commercially useful. What happens to that information? Does it sit mouldering on a shelf, or is there a means by which that information does wind up in the hands, either of U.S. government corporations, or U.S. corporations?

WOOLSEY: I don't think so, realistically. Given the fact that the problem for the U.S. intelligence community is that there's a great deal of data that goes unanalyzed -- the problem is sorting through all this material. It is a substantial commitment of time and effort to devote an able analyst to sorting something out. And in the important high-tech areas -- computers, telecommunications, software, and the like -- these are areas -- again, I don't want to sound nationalistic about this. But bluntly, these are areas in which the United

States is the world leader.

And it is -- it would be a substantial misuse, I think, of the time of valuable analysts to go through technological analysis of material from other trading countries, you know, that we have cordial relations with, and deal with all the time, and where there's a great deal out in the open anyway, in order to do an analytical piece that can't be given to anybody. I mean, it could not be given to an American corporation.

There's a separate problem here, which is, what's an American corporation? Is it a company that's headquartered in New York, but does most of its manufacturing in Canada -- an American corporation? Is it a Canadian corporation that manufactures largely in Kentucky? Who knows. We have a terrible time sorting this sort of thing out in trade issues, generally. And it's just a morass that the U.S. intelligence community has no particular instinct or reason to get into.

And so, can one absolutely guarantee that nothing is ever leaked, that shouldn't have leaked? I suppose one can never absolutely guarantee anything. But would, in the normal routine business, somebody do a technological analysis of something from a friendly country, which had no importance, other than a commercial use, and then let it sit on the shelf because it couldn't be given to the American company? I think that would be a misuse of the community's resources. I don't think it would be done.

QUESTION: There was a specific case which involved a radar system that was installed in Brazil, and involving a European company and an American company. Both companies found out what the government had found out, that the European company was trying to bribe the Brazilian companies...

WOOLSEY: Is this the Thompsen C.S.F. case...

QUESTION: Yes.

WOOLSEY: ... in the report?

QUESTION: Yes. I have two questions on that. One is, if you are spying on a company because you think it might be bribing its way to a contract, you can -- in this case for example, everyone knew exactly what technology was being sold. So, it isn't like that you have to get a special analyst to analyze the system, because everyone knew exactly it was radar system.

So going back to Paul's question. In the case -- knowing that you're analyzing radars, if you did have some information that, let's say the European company had a special system, or something, would that just sit on a shelf? That's one thing.

And the other thing is, could you use that -- if you pass some information to the State Department, but it could be used in commercial negotiations, like let's say you're spying on companies or something.

QUESTION: And then you find out that in a WTO negotiation or a WTO panel something will come up related to that that still is information that can be used by the government commercially or not.

WOOLSEY: I can't exclude the possibility that at times in the past, information that would come to the attention of the U.S. intelligence community would be used in a circumstance like the second one you mentioned, for U.S. government purpose. Something like that would not be the focus of collection or the focus of even the sorting of intelligence. But it's just too far down the food chain of interests, frankly.

But I think the -- you can't exclude the possibility that if a report including information about something

technological were disseminated inside the United States government, it would be used for a government-wide purpose by someone who knew about it in the State Department or elsewhere.

What wouldn't be done, is that it wouldn't be given to the American company in question. But intelligence community's main problem over the course of the last several years has been that as the Cold War has ended, it's relatively speaking, its resources are insufficient in its eyes and in mine to do a lot of what is necessary. I've often said that it's as if we were fighting with a dragon for some 45 years and slew the dragon and then found ourselves in a jungle full of a number of poisonous snakes. And that in many ways, the snakes are a lot harder to keep track of than the dragon ever was. The snakes are rogue states and terrorists and the like. We have now six or eight major issues we have to watch instead of just the workings of the Soviet Union and its various manifestations in the world.

And that has meant that on these crucial issues for U.S. intelligence, rogue states, weapons of mass destruction, terrorism, narcotics smuggling, the community has found itself very strapped. And you know, to spend time trying to figure out whether some technological fact about some friendly country's part of their technology is relevant to some trade negotiation is -- got to be something -- I can't believe anybody would be focusing on or spending any time on.

MODERATOR: OK, let's start from the back and we'll work our way forward.

QUESTION: I have a question about a definition. If the American company hires a local consultant in China, or Brazil or Afghanistan, who bribes at his own expense and his own account with or without knowledge of the American company, and he pays bribes. Is that as far as you are concerned, is that bribery or it is not?

WOOLSEY: It probably depends on the facts. But if the American employer had reason to believe from the past behavior of this individual or from the overall circumstances or from his expenses or from the fact that an award was given that didn't seem understandable or justified by the bids, if for any reason, the American employer including a foreign individual who was directly employed by the United States, the gut (ph) company, had reason to believe that a bribe had occurred, it would be a violation of the Foreign Corrupt Practices Act. This is the sort of thing -- there are things under the FCPA called red flags.

There's a rather long list of behavior and circumstances which should raise suspicions. And the American companies and their boards of directors, are charged not just to report to the SEC or the Justice Department when they clearly and definitely know that someone overseas has been bribed. They are charged with conducting investigations and being on top of what all of their commercial agents and the like are doing. It's a very demanding statute.

QUESTION: My question is not about industrial espionage specifically. I hope that's all right. Sorry, Charlie.

There was a report in the New York Times a few weeks ago that said the Jordanian secret service had surpassed the Mossad, the Israeli Mossad in terms of how much they helped the U.S. in fighting terrorists and things like that. And I'm wondering if you could speak at all about how much -- and that in fact, even in Jordan that the U.S. identifies its spies to the Jordanian government, a practice it doesn't do in other places. So I was wondering if you would comment on that.

But also, if you could describe in any way how much the Israeli intelligence service and the U.S. intelligence service work together in terms of even finding out things about Iraq and weapons of mass destruction and

those kinds of things.

WOOLSEY: Even if I were current -- and I have not been current on this subject for the last five years since I left the government -- I wouldn't answer that question. I will say this. Both Jordan and Israel have very fine intelligence services. Both countries are friends of the United States. The countries under a lot of circumstances today are friends of one another. And a number of friendly countries in the Mideast cooperate with intelligence and otherwise, in dealing with rogue states and aggressive states in the Mideast. And I would certainly count Iraq as first and foremost in that later category.

MODERATOR: Far be it for me to ever try to control the topic of a conversation, but we are -- I'll go across the Sinai Peninsula to Thomas, if he's on the economic topic?

OK, Thomas?

QUESTION: Trying to figure out what you said about (inaudible) and jungle of the snakes. Definitely, in the golden age of espionage there was spying and counter spying. And you cannot say that you are just a victim of the others and you don't want to try to get information about the others. Definitely there is a kind of a spying, you know, to counter attack his espionage. This is my first question.

My second question is...

WOOLSEY: Let me see if I understand. Does the United States spy on countries that are trying to conduct industrial espionage against American corporations?

QUESTION: Yes.

WOOLSEY: In my time, yes. I don't know whether we still do or not. But I would have considered it a useful, although not perhaps actually top priority for the United States to understand the workings of a foreign intelligence service that at the behest of its government was conducting espionage against American corporations to steal say technological secrets. What counter espionage it really is in the international context is essentially intelligence services spying abroad on foreign intelligence services that are in turn spying on their country.

And that is part of the warp and woof of international intelligence collection for the United States, for Egypt and for the countries represented by essentially everybody in this room.

QUESTION: My second part of the same question was that what about the privatized economic espionage?

QUESTION: I mean which is more than related to the industries and the firms and the -- in general because always even the regular espionage were asking, for all of the human factor of intelligence collected. It's important or just...

WOOLSEY: Well, with respect to some types of intelligence targets, particularly in the post-Cold War era -- terrorism is one very good example -- human intelligence, the human factor, espionage is distinct from technical intelligence collection, has really got to be first and foremost.

Terrorism is not something you learn a lot about from plants, to the contrary, notwithstanding from looking at terrorist camps through reconnaissance satellites. You need spies.

But with respect to you know economic espionage against the United States...

QUESTION: I mean in general from your perspective, economic espionage doesn't get more human intelligence or rely on...

WOOLSEY: It's hard to say. Again, these three areas that I mentioned that were salient in my time, again for this 5 percent of economic intelligence that's secret, 95 percent being you pick up newspapers and surf the Web and whatever. But for the 5 percent that involves needing to steal secrets, I would say yes, that human intelligence if you're talking about bribery, if you're talking about finding out about companies that are shipping material around sanctions, if you're talking about companies that are selling super computers to institutions in other countries, that can use them to design nuclear weapons, a lot of that, I would say a rather high proportion of it would typically have to come from human agents, from human sources.

QUESTION: With all of the other sources can you state why you're failing and as dragon you mention the snakes? Secondly, recently it was deserved (ph) by India and the United States to cooperate more on international terrorism? Do you expect the intelligence agencies of the two countries to cooperate in order to track international terrorism and cooperate (ph)?

WOOLSEY: Well, the dragon was the Soviet Union and the last time I looked we won the Cold War. I don't think we failed against the dragon. I would comment to your Mr. Matrokin (ph) and Mr. Andrews recent book, "The Sword and the Shield," based on the KGB archives that Matrokin (ph) stole from essentially 1917 to 1985. And it's a complicated story.

There were some things the KGB were very successful at such as technical intelligence collection against American corporations actually. But after the demise essentially of the American communist party's vibrant life, right after the end of World War II and after the end of the American Soviet Alliance in '45, beginning in '47 or '48, the playing field tended to move in an American direction. And Matrokin (ph) and Andrew would say that particularly in the '60s and '70s and into the '80s, probably American intelligence collection against the Soviet Union across the board particularly against the government, was substantially superior to a rather dismal KGB performance against the United States.

QUESTION: (Inaudible) country?

WOOLSEY: The dragon that we fought for 45 years and slew, was the Soviet empire in my analogy.

QUESTION: That isn't what I had in mind...

WOOLSEY: Well, but you -- it was my analogy so I get to say what I had in mind.

(LAUGHTER)

Now with respect to the United States and India, India is a friendly country and we cooperate on a number of things and we're -- both diplomatically and from time to time in intelligence areas, and I would hope that it would continue.

At least that was true with I was DCI. For the last five years you would have to ask somebody else.

QUESTION: I know it's hard to quantify, but what region of the world, if you can break it down, is most afflicted by this -- if I can use the word -- by this U.S. espionage, especially bribery?

Is it Middle East? Is it South Asia? Is it Europe? Is it...

WOOLSEY: Well, you have the bribers and the bribees. OK. Now in a number of parts of the world although some are struggling against it, there has been a tradition of public officials accepting bribes and it occurs in a number of places.

The part of the world that where this culture of getting contracts through bribery, that actually has a great deal of money, and is active in international contracting is to a first approximation Europe. And indeed if you look at the recent negotiations that deal with implementing the OECD convention on bribery that was signed, I think in late 1997, there have been a number of parliamentary acts passed.

WOOLSEY: The Germans, for example, have gotten rid of the provision of German tax law that permitted bribes to be deducted from income taxes. France is debating it; hasn't gotten rid of it yet.

But there has been a general history -- both because it's been relatively prosperous, because it's companies export -- that I would say the principle offenders, from the point of view of paying bribes in major international contracts in the world, are Europe. And indeed, they are some of the very same companies -- the companies are in some of the very same countries where the most recent flap has arisen about alleged American industrial espionage.

It leads me to wonder whether the next major international investigation on this sort of subject coming from Europe is going to be charging that there needs to be a major look at the problem of rude American maitre d's.

I'll leave it at that.

QUESTION: I have two questions, the first one regarding the peace process. In case of the peace process in the Middle East, do you believe the CIA will be able to change the way handling the cases in the region? And the second question regarding how did you handle the espionage against you, United States, from your allies, like Israel and the other famous cases in that?

WOOLSEY: Second one first. Certainly the United States, often for reasons for learning about technology, is the target of espionage from some very good friends and allies. It happens. Normally we try to work it out. We try not to make a major public fuss about it. But where prosecution is necessary and where it does occur, we are generally of the view that one should impose penalties consistent with the seriousness of the espionage and the amount of material that was turned over, not the degree of friendliness with the country.

I'm going to use a clear example, one that I've spoken on publicly a number of times, Jonathan Pollard. The question has come up, since Israel is a friend of the United States, shouldn't the United States pardon Mr. Pollard? Both I, and I think almost anybody connected with the American intelligence community and law enforcement community has said no, because of the volume and seriousness of what he stole.

Now, you're first question was about?

QUESTION: It was about the peace process...

(CROSSTALK).

WOOLSEY: The peace process, yes. CIA officers in a number of negotiating situations -- and here we're largely talking about analysts -- are extremely helpful. I was an ambassador and arms control negotiator for the United States. I negotiated the CFE Treaty in Vienna in 1989 to '91. And I had several CIA analysts on my delegation and they functioned very much like other U.S. government officials.

WOOLSEY: We didn't formally call them CIA officials, but our Soviet and other counterparts knew that they worked for the CIA. And they chaired working groups for me on verification. They negotiated provisions with other countries, dealing with verification. They were valuable members of the team.

And they had very cordial relations with Soviet counterparts. Sometimes we would even have parties with the American CIA people, and the Soviet KGB people, you know. It was an odd time.

But nonetheless, this tradition of American intelligence officers being involved in negotiations is one that I think can be entirely positive. There is one aspect of the CIA officers' involvement in the negotiations in the Mideast that I couldn't tell from the public statements whether it was taking place or not, but I was concerned that it might, because it seemed to me it put the intelligence officers in the middle, between the negotiating parties, and led them to have to try to assess whether one party was violating the accords, and then explain it to the other party, going both ways. And I thought that was a bad position to put an intelligence officer in.

I thought the U.S. intelligence officers should collect intelligence for the United States. And if an American official had to go to one party or the other in the negotiations, and say, "You haven't turned in all your weapons, and we know it," or, "You haven't done this, and we know it." It ought to be a diplomat. It ought to be an official from the State Department, not an intelligence officer.

But with that footnote, with that, you know -- and I can't tell still, from the public statements, exactly what the role of the CIA officers in the Mid-Eastern -- in the Palestinian-Israeli negotiations has been. With that footnote, I think that for the CIA, and for intelligence officers from other countries, there are a number of circumstances in which they can have a quasi-open, and professional, and very useful role on issues such as verifying agreements.

QUESTION: Mr. Woolsey, I understand that the U.S. is for -- to promote democracies around the world, compared to dictatorships -- number one. Number two -- how much -- and also CIA briefs president on a regular basis -- on a daily basis on intelligence matters. How much president listen to the CIA reports, or their advice, including now, this report here in India Globe, and around the world in newspapers that he should not visit Pakistan? That's according to the CIA intelligence reports. Should he visit Pakistan or not, in your guess?

WOOLSEY: Well, my -- I'm not going to bite on that substantive recommendation. But I will say this. I think the CIA got a little bit spoiled in President Bush's presidency, because having been a director of Central Intelligence himself, he was, and remains absolutely fascinated by intelligence, by the CIA. The CIA headquarters is now named after him. He had the intelligence briefer in every day, and so forth.

President Clinton is a speed reader. And he rather frequently reads the morning intelligence briefing, and annotates it, and sends it back with questions, rather than having the CIA briefer in. And if you'll pardon me a moment of humor, when in 1994, in the autumn, after I'd been in the CIA job for a little over a year and a half, a small plane crashed into the south front of the White House. The White House staff joke, at the time, was, That must be Woolsey still trying to get an appointment.

(LAUGHTER)

So, I may not be the best individual to ask with respect to daily interactions of that sort. But whether a president absorbs information by a daily meeting, or by reading -- as at least in my time, was principally President Clinton's method of absorbing intelligence -- presidents normally pay a great deal of attention to what U.S. intelligence as a whole -- not just the CIA -- communicates to them. And sometimes they discount

it and do something else. And sometimes they have a right to discount it. And sometimes they were wrong. But on that particular issue, I'm going to stay away from that with a 10-foot pole.

QUESTION: Sir, you mentioned about the dual technology transfer. I believe, you know, that's from the other side of the story. This is a -- maybe that's falling into the term of an FBI, but given your experience, I'd like to have your comment on that. That is, what are those countries involved the most, in terms of stealing U.S. industry secrets here?

When you're talking about rogue states, I consider that -- do you consider China as a rogue state, or what? I mean, according to a lot of report that it is China, it is Japan, Korea, Taiwan and Israel involved most in those case.

QUESTION: But maybe you can tell us what exactly...

WOOLSEY: I'm not going to get in the business of talking about individual countries that way.

I would say this. With respect to technology theft from American corporations especially, the Soviet Union and the KGB were very good at this. The Metrokin (ph) book explains how and why. Happily, the Soviet Union was unable to take advantage of much of the technology because of their incredibly decrepit and terribly inefficient economy. But they were very vigorously involved in this.

It has also been the case, because of American technological leadership in a number of high-technology areas, that some of our old friends and allies are in this business as well, not only by putting microphones in the head rests of their airliners which cross the Atlantic, in first class seats, but in other ways as well.

There are European countries where one wants to -- if you leave your briefcase when you go to dinner, if you're a businessman and there's anything sensitive in it, you should have your head examined. There are a number of parts of the world where American companies and individuals when they travel where there's intelligence collection against them. And there's some in this country, including from some friends -- old friends of the United States.

We try to discourage this. We work hard at it. We talk privately with the countries and companies involved. We exert a good deal of effort to try to keep this from happening. But it is something that is rather substantially, in this country, principally on the mind of the FBI not the CIA. Because the only way it comes up for U.S. intelligence is if we learn overseas, in conducting an intelligence operation or collection, that that foreign country's intelligence service is going to be doing something inside the U.S. Anything that actually takes place here, 99.9 percent of the time the relevant people are the FBI not the CIA.

I don't know what to say other than I don't really want to get into accusing individual countries. This waxes and wanes. No one is as involved in it as deeply as the KGB used to be on the behalf of the Soviet Union. But a number of countries still do it.

MODERATOR: And on that note, I'd like to say thank you. Thank you ladies and gentlemen.

WOOLSEY: Thank you for having me.

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