



Preliminary Analysis of the U.S. Department of Defense's Fiscal Year 2005 Cooperative Threat Reduction Budget Request

William Hoehn

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The fiscal year (FY) 2005, Department of Defense budget request for Cooperative Threat Reduction (CTR) programs is \$409.2 million. This request represents a \$41.6 million reduction for the CTR program overall, from the \$450.8 million appropriated by Congress for fiscal year 2004. Much of the funding decrease would come in the area of chemical weapons (CW) destruction and dismantlement, while other areas such as nuclear warhead storage site security and nuclear weapons transportation would experience slightly increased budgets. A large budget increase is planned for the program devoted to improving border security and the interdiction of WMD smuggling in the non-Russian republics of the former Soviet Union.

Budget Highlights

- A \$42 million reduction in the chemical weapons destruction program (to \$158.4 million from \$200.3 million), mostly coming from the Shchuch'ye project.
- A one-third increase in the WMD Proliferation Prevention Initiative to detect and intercept illegally transported WMD materials and technologies in the non-Russian former Soviet republics (to \$40.0 million from \$29.4 million).
- Largely stable funding for the warhead storage site security program (to \$48.7 million from \$48.0 million).
- A decrease in the budget for the elimination of strategic nuclear delivery vehicles in Russia (e.g. ICBMs and ballistic missile submarines) (to \$58.5 million from \$66.6 million).
- A stable biological weapons proliferation prevention budget, but with a shift in funds toward physical security and safety at Russian and FSU biological facilities (to \$24.6 million from \$11.2 million) and away from cooperative research projects with former Soviet BW scientists (to \$13.1 million from \$36.6 million).

Key Budget Developments:

- **Cutting Chemical Weapons Destruction**

The budget request for assistance to Russia on the destruction of its nerve agent stockpile and the demilitarization of its former nerve agent weapons production facilities would decline in the fiscal year 2005 budget proposal.

The overall CW destruction line item in the CTR request is reduced by approximately \$42 million in FY 2005 (to \$158.4 million from \$200.3 million). Within this top-line

figure, the budget for construction of the Shchuch'ye CW destruction plant is reduced by roughly \$35 million from the fiscal year 2004 appropriation (to \$155.2 million from \$190.3 million). The other component of the total CW destruction budget is for the dismantlement and destruction of nerve agent production equipment at several facilities. These activities are pegged for a roughly \$7 million reduction from 2004 levels (to \$3.2 million from \$10.0 million).

- **Focus on Border Security and WMD Smuggling Detection**

The Defense Department is proposing over a one-third increase in the budget for its WMD Proliferation Prevention Initiative (to \$40.0 million from the \$29.4 million approved by Congress in fiscal year 2004). This program – which is focused on former Soviet nations besides Russia – assists these countries in improving their security and monitoring capabilities, to detect and intercept illegal movement of WMD and related materials and technologies across their borders.

- **Stability in Warhead Security**

The overall budget request for the CTR warhead storage site security program will remain largely stable compared to the fiscal 2004 request and appropriation (\$48.7 million proposed for fiscal year 2005 compared to \$48.0 million in 2004).

In February 2003, the U.S. and Russia completed an agreement allowing U.S. personnel access to a handful of Russian warhead storage facilities to conduct site assessments and other activities related to the installation of physical security upgrades at those locations. This breakthrough has led to a significant upswing in resources for the “site security enhancements” component of the warhead storage site security budget in the past few years (to the proposed \$48.6 million for fiscal 2005 compared to the \$8.6 million in fiscal year 2003). At the same time, a component providing support equipment – such as firefighting, environmental, and safety equipment – for warhead storage sites is expected to be closed out at the end of fiscal year 2004, and no funds are requested for fiscal 2005.

In addition, the fiscal year 2005 CTR budget would provide continuing increases for nuclear weapons transportation security in Russia (to \$26.3 million from \$23.2 million in fiscal year 2004), with substantial increases proposed in FY 2005 for the procurement and maintenance of specialized warhead transportation railcars.

- **Shifting Priorities for BW Proliferation Prevention**

The overall budget for the Cooperative Threat Reduction BW proliferation prevention program remains relatively stable when compared to previous years (approximately \$55.0 million proposed for fiscal year 2005 against \$54.2 million appropriated for fiscal year 2004).

However, the fiscal year 2005 request shifts funding between activities within this broader budget. For instance, the proposal would reduce support for the cooperative

biological research component (to \$13.1 million from \$36.6 million provided in fiscal 2004), which works to employ former Soviet biological institutes and scientists in peaceful collaborative research. At the same time, funding for the bio-security and bio-safety component is recommended for an increase in fiscal year 2005 (to \$24.6 million from \$11.2 million). This project promotes safe and secure storage and handling of dangerous pathogens at Russian and other FSU biological institutes. One possible explanation for the increase in this area is that the CTR program has plans to engage a larger number of sites in Uzbekistan and Kazakhstan, and potentially other facilities in the former Soviet Union. Similarly, the budget for the BW threat agent detection and response project, which focuses in part on pathogen consolidation, detection, and response, is also slated for a substantial budget increase (to \$13.5 million from \$2.1 million in fiscal 2004).

- **Decrease for Strategic Arms Elimination**

The overall request for activities to eliminate strategic delivery vehicles in Russia (e.g. ICBMs and ballistic missile subs) will remain largely stable in this program area when compared to the prior year's request (\$58.5 million proposed for fiscal 2005, down from \$66.6 million provided in 2004). No funding is requested for fiscal year 2005 for strategic dismantlement in Ukraine, where most projects have been completed, though some funding could be provided in the future to assist in SS-24 missile motor elimination should agreement be reached on a disposition technique.

While the top-line budget for strategic offensive arms elimination in Russia is consistent with prior year budgets, reductions are recommended in two project areas: a decrease of \$7.2 million for spent naval fuel disposition, and a reduction of \$2.4 million for liquid propellant SLBM elimination.

Cooperative Threat Reduction Program, Fiscal Year 2005 Budget Request
(All amounts in \$ millions)

CTR Program	FY 2004 Request	FY 2004 Appropriation (unadjusted)	FY 2005 Request
Strategic Offensive Arms Elimination – Russia	\$57.6	\$66.6	\$58.5
Strategic Nuclear Arms Elimination – Ukraine	\$3.9	\$4.9	----
Weapons Storage Security – Russia	\$48.0	\$48.0	\$48.7
Weapons Transport Security – Russia	\$23.2	\$23.2	\$26.3
WMD Proliferation Prevention Init.	\$39.4	\$29.4	\$40.0
BW Proliferation Prevention	\$54.2	\$54.2	\$55.0
CW Destruction Facility – Russia	\$200.3	\$200.3	\$158.4
Defense Contacts	\$11.1	\$11.1	\$8.0
Other/Admin. Support	\$13.1	\$13.1	\$14.3
Sub Dismantlement in Russian Far East	----	[\$10.0 million]	----
TOTAL	\$450.8	\$450.8	\$409.2