ANNUAL OPEN HEARING ON CURRENT AND PROJECTED NATIONAL SECURITY THREATS TO THE UNITED STATES

HEARING BEFORE THE SELECT COMMITTEE ON INTELLIGENCE OF THE UNITED STATES SENATE ONE HUNDRED THIRTEENTH CONGRESS SECOND SESSION WEDNESDAY, JANUARY 29, 2014

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ANNUAL OPEN HEARING ON CURRENT AND PROJECTED NATIONAL SECURITY THREATS TO THE UNITED STATES

WEDNESDAY, JANUARY 29, 2014

U.S. SENATE,
SELECT COMMITTEE ON INTELLIGENCE,
Washington, DC.

The Committee met, pursuant to notice, at 10:00 a.m., in Room SH-216, Hart Senate Office Building, the Honorable Dianne Feinstein (Chairman of the Committee) presiding.


OPENING STATEMENT OF HON. DIANNE FEINSTEIN,
CHAIRMAN, A U.S. SENATOR FROM CALIFORNIA

Chairman FEINSTEIN. The meeting will come to order.

Let me say at the outset that we hold this hearing to provide information to the public on the intelligence community’s assessments of threats facing our nation. I ask that everyone in this room remove any signs you may have and refrain from any disruptions during the hearing so that the Committee can conduct the hearing and people sitting behind you can see. I will ask the Capitol Police to remove anyone who disrupts this proceeding.

This Committee meets today in open session to hear the annual report from the United States Intelligence Community on the range of threats to the nation’s security. And let me start by welcoming the witnesses. They are the Director of National Intelligence James Clapper, the Director of the Central Intelligence Agency John Brennan, the Director of the Federal Bureau of Investigation Jim Comey, the Director of the Defense Intelligence Agency Lieutenant General Michael Flynn, and the Director of the National Counterterrorism Center Matt Olsen.

Every year at this hearing, Members and intelligence officials alike talk about how the threats to the United States are more varied and complex than ever before, and this year is no exception. Rather than listing all the sources of instability and proliferation of weapons capable of causing physical and computer damage, I’d like to focus my opening remarks on the threat posed by terrorism.

Thanks in large part to the efforts of the women and men of the Intelligence Community, there have been no terrorist attacks against—in the United States Homeland since our last threat hearing and numerous plots against United States interests overseas
have been prevented. I'm concerned that this success has led to a popular misconception that the threat has diminished. It has not. The presence of terrorist groups, including those formerly affiliated with al-Qaeda and others, has spread over the past year. While the threat emanating from Pakistan's tribal areas has diminished due to persistent counterterrorism operations, the threat from other areas has increased. In fact, terrorism is at an all-time high worldwide.

If you include attacks by groups like the Taliban against the United States military and our coalition forces, according to the National Consortium for the Study of Terrorism and Response to Terrorism, at the University of Maryland, which is the source for the State Department's official tallies, there were more than 8,400 terrorist attacks, killing 15,400 people in 2012.

The instability that spread through North Africa and the Middle East during the Arab Spring has continued to lead to an increase in the terrorist presence and terrorist safe havens throughout the region.

Libya, Egypt and Mali continue to see regular violence. Recent terrorist attacks, and controlled—control now parts of western Iraq are of great concern.

While governments in Yemen and Somalia have improved, two of the most dangerous terrorist groups continue to find safe havens in these countries where they remain virulent.

al-Qaeda in the Arabian Peninsula, known to us as AQAP, remains intent on attacking the United States. And al-Shaabab, which publicly merged with al-Qaeda in February of 2012, continues to plot against western targets in East Africa.

But I think the most notable development since last year's hearing is actually in Syria, which has become a magnet for foreign fighters and for terrorist activity.

The situation has become so dire that even al-Qaeda's central leader, Ayman al-Zawahiri, has announced the activities of one group as being too extreme to countenance.

Because large swathes of the country of Syria are beyond the regime's control, or that of the moderate opposition, this leads to the major concern of the establishment of safe haven, and the real prospect that Syria could become a launching point or way station for terrorists seeking to attack the United States or other nations.

Not only are fighters being drawn to Syria, but so are technologies and techniques that pose particular problems to our defenses.

I think I am also concerned about Afghanistan and the drawdown of U.S. and ISAF forces. The Committee has heard the intelligence community's assessment of the likely outcomes for the future of Afghanistan, especially if the bilateral security agreement is not signed, and the United States is unable to commit significant personnel and resources beyond 2014.

I am particularly concerned that the Afghan government will not be able to prevent the return of al-Qaeda elements to some parts of the country, and that the Taliban's control over Afghan territory will grow.

The vice chairman and I were in Afghanistan in 2012, and he has just returned. I saw schoolgirls walking home with their white
headress and brilliant smiles on their faces on the streets of Kabul. And I also met women serving in the Afghan parliament. I saw their courage and devotion to their country.

And I am deeply concerned that in the years following 2014, if President Karzai or someone else doesn’t sign the bilateral security agreement, all the gains for democracy, for women’s rights will evaporate.

I’m going to skip some of this and put it in the record.

As your testimony, gentlemen, makes clear today, there are numerous confounding and complicated threats out there that need devoted attention. And the Intelligence Community, with sequester and furloughs, has been through a very difficult time.

And I’d very much like to thank the men and women of the United States Intelligence Community for their service to this country. It is very much appreciated by this Committee.

I’d also like to note to colleagues that Director Clapper came before us in closed session two weeks ago and went through a series of classified matters. And we discussed what the I.C. is doing about them. He and other witnesses are available to answer classified questions in closed sessions. But the point of today’s hearing is to focus on the unclassified details of the threats we face, and to provide the American people with a better sense of how our Intelligence Community views them.

Mr. Vice Chairman.

OPENING STATEMENT OF HON. SAXBY CHAMBLISS, VICE CHAIRMAN, A U.S. SENATOR FROM GEORGIA

Vice Chairman CHAMBLISS. Thanks very much, Madam Chair, and I join you in welcoming all our witnesses back to this open hearing this morning.

This has been an especially difficult year for the men and women in the Intelligence Community. The constant stream of press articles as a result of the largest intentional disclosure of classified information has, without a doubt, compromised our national security and complicated our foreign partnerships.

As Director Olsen recently acknowledged, these disclosures have caused terrorist groups to change their communication methods and in other cases drop out of our collection altogether.

But there’s another piece to these leaks that each one of you is seeing on a daily basis. The inaccuracies and insinuations about intelligence activities that are in place to protect this country are especially frustrating and demoralizing to the men and women on the front lines.

This Committee knows from our oversight that the Intelligence Community takes very seriously its obligation to preserve the rights and privacy of Americans.

Director Clapper, I implore you to convey our thanks and appreciation to the entire Intelligence Community and those men and women that serve under each and every one of you.

Senator Burr and I recently returned from a trip to Jordan and Afghanistan, where we met some of the men and women of our military and our Intelligence Community. Many of them are serving in isolated units in very dangerous parts of Afghanistan, and are conducting very dangerous but very important missions.
In our meetings it became very clear that we cannot let Afghanistan suffer the same fate as Iraq. We must not withdraw from the fight before we finish what we went there to do.

Recent press articles suggest that we may leave behind a force of 8,000 to 12,000 American military personnel, which would likely require continued support from the Intelligence Community.

We’ve come a long way denying a safe haven to al-Qaeda and building up the security forces of our Afghan partners. But we must not commit the same mistake of losing what the President termed a must-win war.

Assuming we have a signed bilateral security agreement, we must ensure that Afghanistan has adequate support and military assistance to ensure that it doesn’t quickly go the way of Iraq.

As we continue to pressure core al-Qaeda, the growth of local and regional affiliates remains a big concern.

The reason we went into Afghanistan in the first place was to remove the safe haven that, if the Taliban—and the Taliban provided to al-Qaeda, yet the instability, in the Middle East and North Africa seems to be fueling a new breeding ground for terrorism, especially in places like Syria.

As we fight these changing terrorist threats, we must not lose sight of the national security challenges caused by our nation’s state adversaries, and regional instability.

As we look to the Intelligence Community to give us a clear reading on what is happening now, we also expect that you will look over the horizon to tell us about the impending threats.

In this context, recent discussions to limit your abilities to gather information are troubling. And I’d like an honest assessment from each of you the potential impact of each of these decisions.

We have to make sure that the Community can effectively provide warning and protection for all of this country’s national security interests now and in the future.

It is the joint responsibility of Congress and the administration to ensure that we prioritize our efforts appropriately, state and nonstate cyber actors, international and home-grown terrorists, and an ever-evolving list of aggressors, proliferators and criminals will continue to try to do us harm.

At any given time the Intelligence Community has to know which of these threats presents the greatest potential harm. I look forward to hearing the details of what those threats are, what is being done to address them, and how we, as your partners in this effort, can assist.

Thanks, Madam Chair.

Chairman FEINSTEIN. And I thank you, Mr. Vice Chairman.

I’d like to announce to the Committee that last night we announced that the early bird rules would prevail today.

I want to welcome the panel. And Director Clapper, it’s my understanding you have a joint statement for the four gentlemen and yourself. Please proceed.

STATEMENT OF JAMES R. CLAPPER, DIRECTOR OF NATIONAL INTELLIGENCE, ON BEHALF OF THE PANEL

Director CLAPPER. Madam Chairman, Vice Chairman, panelists and distinguished Members of the Committee, my colleagues and
I here today present the intelligence community's worldwide threat assessment as we do every year. I'll cover five topics in about eight minutes on behalf of all of us.

As DNI, this is my fourth appearance before the Committee to discuss the threats we face. I've made this next assertion previously, but it is, if anything, even more evident and relevant today.

Looking back over my more than half a century in intelligence I have not experienced a time when we've been beset by more crises and threats around the globe. My list is long.

It includes the scourge and diversification of terrorism, loosely connected and now globally dispersed to include here at home as exemplified by the Boston Marathon bombing; the sectarian war in Syria, its attraction as a growing center of radical extremism and the potential threat this poses to the Homeland; the spillover of conflict in the neighboring Lebanon and Iraq; the destabilizing flood of refugees in Jordan, Turkey and Lebanon; the implications of the drawdown in Afghanistan; the deteriorating internal security posture in Iraq; the growth of foreign cyber capabilities; the proliferation of weapons of mass destruction, aggressive nation state intelligence efforts against us; an assertive Russia, a competitive China, a dangerous, unpredictable North Korea, a challenging Iran, lingering ethnic divisions in the Balkans, perpetual conflict and extremism in Africa, violent political struggles, and among others the Ukraine, Burma, Thailand and Bangladesh; the specter of mass atrocities, the increasing stress of burgeoning populations, the urgent demands for energy, water and food, the increasing sophistication of transnational crime, the tragedy and magnitude of human trafficking, the insidious rot of inventive synthetic drugs, the potential for pandemic disease occasioned by the growth of drug-resistant bacteria.

I could go on with this litany but suffice to say we live in a complex, dangerous world. And the statements for the record that we've submitted, particularly the classified version, provide a comprehensive review of these and other daunting challenges.

My second topic is what has consumed extraordinary time and energy for much of the past year in the Intelligence Community and the Congress and the White House, and, of course, in the public square.

I'm speaking, of course, about the most massive and most damaging theft of intelligence information in our history by Edward Snowden and the ensuing avalanche of revelations published and broadcast around the world.

I won't dwell on the debate about Snowden's motives or legal standing, or on the supreme ironies associated with his choice of freedom-loving nations and beacons of free expression from which to rail about what an Orwellian state he thinks this country has become.

But what I do want to speak to as the nation's senior intelligence officer is the profound damage that his disclosures have caused and continue to cause. As a consequence, the nation is less safe and its people less secure.

What Snowden has stolen and exposed has gone way, way beyond his professed concerns with so-called domestic surveillance
programs. As a result, we've lost critical foreign intelligence collection sources, including some shared with us by valued partners.

Terrorists and other adversaries of this country are going to school on U.S. intelligence sources' methods and trade craft and the insights that they are gaining are making our job much, much harder.

And this includes putting the lives of members or assets of the Intelligence Community at risk, as well as our armed forces, diplomats, and our citizens. We're beginning to see changes in the communications behavior of adversaries, which you alluded to, particularly terrorists, a disturbing trend which I anticipate will continue.

Snowden claims that he's won and that his mission is accomplished. If that is so, I call on him and his accomplices to facilitate the return of the remaining stolen documents that have not yet been exposed to prevent even more damage to U.S. security.

As a third related point I want to comment on the ensuing fallout. It pains me greatly that the National Security Agency and its magnificent workforce have been pilloried in public commentary.

I started in the intelligence profession 50 years ago in SIGINT, and members of my family and I have worked at NSA, so this is deeply personal to me. The real facts are, as the President noted in his speech on the 17th, that the men and women who work at NSA, both military and civilian, have done their utmost to protect this country and do so in a lawful manner.

As I and other leaders in the Community have said many times, NSA’s job is not to target the e-mails and phone calls of U.S. citizens. The agency does collect foreign intelligence, the whole reason an NSA has existed since 1952, performing critical missions that I’m sure the American people want it to carry out.

Moreover, the effects of the unauthorized disclosures hurt the entire Intelligence Community, not just NSA. Critical intelligence capabilities in which the United States has invested billions of dollars are at risk, or likely to be curtailed or eliminated either because of compromise or conscious decision.

Moreover, the impact of the losses caused by the disclosures will be amplified by the substantial budget reductions we're incurring. The stark consequences of this perfect storm are plainly evident. The Intelligence Community is going to have less capacity to protect our nation, and its allies, than we've had.

And this connection I'm also compelled to note the negative morale impact this perfect storm has had on the I.C. workforce which are compounded by sequestration furloughs, the shutdown, and salary freezes. And in that regard, I very much appreciate—we all do—your tributes to the women and men of the Intelligence Community. And we will certainly convey that to all of them.

This leads me to my fourth point. We are thus faced with collectively—and by collectively I mean this Committee, the Congress at large, the executive branch, and most acutely, all of us in the Intelligence Community—is the inescapable imperative to accept more risk. It's a plain hard fact, and a circumstance the Community must, and will manage, together with you and those we support in the executive branch.
But, if dealing with reduced capacities is what we need to ensure the faith and confidence of the American people and their elected representatives, then we in the Intelligence Community will work as hard as we can to meet the expectations before us.

And that brings me to my fifth and final point. The major take away for us, certainly for me, from the past several months is that we must lean in the direction of transparency, wherever and whenever we can. With greater transparency about these intelligence programs, the American people may be more likely to accept them. The President set the tone and direction for us in his speech, as well as in his landmark presidential policy directive, a major hallmark of which is transparency.

I have specific tasking, in conjunction with the Attorney General, to conduct further declassification to develop additional protections under Section 702 of the FISA Act, to modify how we develop bulk collection of telephone metadata under Section 215 of the Patriot Act and to ensure more oversight of sensitive collection activities. And clearly we'll need your support in making these changes.

Through all of this, we must and will sustain our professional trade craft and integrity. And we must continue to protect our crown jewel sources and methods so that we can accomplish what we've always been chartered to do, protect the lives of American citizens here and abroad from the myriad threats I described at the beginning of this statement.

With that, I'll conclude and we're ready to address your questions.

[The prepared statement of Mr. Clapper follows:]
Statement for the Record

Worldwide Threat Assessment
of the
US Intelligence Community

Senate Select Committee on Intelligence

James R. Clapper

Director of National Intelligence

January 29, 2014
INTRODUCTION

Chairman Feinstein, Vice Chairman Chambliss, Members of the Committee, thank you for the invitation to offer the United States Intelligence Community's 2014 assessment of threats to US national security. My statement reflects the collective insights of the Intelligence Community's extraordinary men and women, whom I am privileged and honored to lead. We in the Intelligence Community are committed every day to provide the nuanced, multidisciplinary intelligence that policymakers, warfighters, and domestic law enforcement personnel need to protect American lives and America's interests anywhere in the world.

Information available as of January 15, 2014 was used in the preparation of this assessment.
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GLOBAL THREATS

CYBER

Critical Trends Converging

Several critical governmental, commercial, and societal changes are converging that will threaten a safe and secure online environment. In the past several years, many aspects of life have migrated to the Internet and digital networks. These include essential government functions, industry and commerce, health care, social communication, and personal information. The foreign threats discussed below pose growing risks to these functions as the public continues to increase its use of and trust in digital infrastructures and technologies.

Russia and China continue to hold views substantially divergent from the United States on the meaning and intent of international cyber security. These divergences center mostly on the nature of state sovereignty in the global information environment, states’ rights to control the dissemination of content online, which have long forestalled major agreements. Despite these challenges, the United Nations Group of Governmental Experts concluded in a June 2013 report that international law and the UN Charter apply to cyberspace. This conclusion represents a substantive step forward in developing a legal framework and norms for cyber security.

Threat Environment

We assess that computer network exploitation and disruption activities such as denial-of-service attacks will continue. Further, we assess that the likelihood of a destructive attack that deletes information or renders systems inoperable will increase as malware and attack tradecraft proliferate. Many instances of major cyber attacks manifested themselves at home and abroad in 2013 as illustrated by the following examples.

- In March 2013, South Korea suffered a sizeable cyber attack against its commercial and media networks, damaging tens of thousands of computer workstations. The attack also disrupted online banking and automated teller machine services. Although likely unrelated to the 2012 network attack against Saudi Aramco, these attacks illustrate an alarming trend in mass data-deletion and system-damaging attacks.

- In early 2013, the US financial sector faced wide-scale network denial-of-service attacks that became increasingly difficult and costly to mitigate.

In response to these and similar developments, many countries are creating cyber defense institutions within their national security establishments. We estimate that several of these will likely be responsible for offensive cyber operations as well.
Russia presents a range of challenges to US cyber policy and network security. Russia seeks changes to the international system for internet governance that would compromise US interests and values. Its Ministry of Defense (MOD) is establishing its own cyber command, according to senior MOD officials, which will seek to perform many of the functions similar to those of the US Cyber Command. Russian intelligence services continue to target US and allied personnel with access to sensitive computer network information. In 2013, a Canadian naval officer confessed to betraying information from shared top secret-level computer networks to Russian agents for five years.

China’s cyber operations reflect its leadership’s priorities of economic growth, domestic political stability, and military preparedness. Chinese leaders continue to pursue dual tracks of facilitating Internet access for economic development and commerce and policing online behaviors deemed threatening to social order and regime survival. Internationally, China also seeks to revise the multi-stakeholder model of Internet governance while continuing its expansive worldwide program of network exploitation and intellectual property theft.

Iran and North Korea are unpredictable actors in the international arena. Their development of cyber espionage or attack capabilities might be used in an attempt to either provoke or destabilize the United States or its partners.

Terrorist organizations have expressed interest in developing offensive cyber capabilities. They continue to use cyberspace for propaganda and influence operations, financial activities, and personnel recruitment.

Cyber criminal organizations are as ubiquitous as they are problematic on digital networks. Motivated by profit rather than ideology, cyber criminals play a major role in the international development, modification, and proliferation of malicious software and illicit networks designed to steal data and money. They will continue to pose substantial threats to the trust and integrity of global financial institutions and personal financial transactions.

Other Potential Cyber Issues

Critical infrastructure, particularly the Industrial Control Systems (ICS) and Supervisory Control and Data Acquisition (SCADA) systems used in water management, oil and gas pipelines, electrical power distribution, and mass transit, provides an enticing target to malicious actors. Although newer architectures provide flexibility, functionality, and resilience, large segments of legacy architecture remain vulnerable to attack, which might cause significant economic or human impact.

Physical objects such as vehicles, industrial components, and home appliances, are increasingly being integrated into the information network and are becoming active participants in generating information. These “smart objects” will share information directly with Internet-enabled services, creating efficiencies in inventory supervision, service-life tracking, and maintenance management. This so-called “Internet of Things” will further transform the role of information technology in the global economy and create even further dependencies on it. The complexity and nature of these systems means that security and safety assurance are not guaranteed and that threat actors can easily cause security and/or safety problems in these systems.
The US health care sector, in particular, is rapidly becoming networked in ways never before imagined. As health care services become increasingly reliant on the cross-networking of personal data devices, medical devices, and hospital networks, cyber vulnerabilities might play unanticipated roles in patient outcomes.

Virtual currencies—most notably Bitcoin—are fast becoming a medium for criminal financial transfers through online payment companies. In May 2013, Costa Rica-registered Liberty Reserve—no longer in operation—processed $6 billion in suspect transactions and sought to evade enforcement action by moving funds into shell companies worldwide prior to being indicted by US authorities.

Emerging technologies, such as three-dimensional printing, have uncertain economic and social impacts and can revolutionize the manufacturing sector by drastically reducing the costs of research, development, and prototyping. Similarly, they might also revolutionize aspects of underground criminal activity.

COUNTERINTELLIGENCE

Threats posed by foreign intelligence entities through 2014 will continue to evolve in terms of scope and complexity. The capabilities and activities through which foreign entities—both state and nonstate actors—seek to obtain US national security information are new, more diverse, and more technically sophisticated.

Insider Threat/Unauthorized Disclosures

In addition to threats by foreign intelligence entities, insider threats will also pose a persistent challenge. Trusted insiders with the intent to do harm can exploit their access to compromise vast amounts of sensitive and classified information as part of a personal ideology or at the direction of a foreign government. The unauthorized disclosure of this information to state adversaries, nonstate activists, or other entities will continue to pose a critical threat.

Priority Foreign Intelligence Threats

Attempts to penetrate the US national decisionmaking apparatus, defense industrial base, and US research establishments will persist. We assess that the leading state intelligence threats to US interests in 2014 will continue to be Russia and China, based on their capabilities, intent, and broad operational scope. Sophisticated foreign intelligence entities will continue to employ human and cyber means to collect national security information. They seek data on advanced weapons systems and proprietary information from US companies and research institutions that deal with energy, finance, the media, defense, and dual-use technology.
TERRORISM

Terrorist threats emanate from a diverse array of terrorist actors, ranging from formal groups to homegrown violent extremists (HVEs) and ad hoc, foreign-based actors. The threat environment continues to transition to a more diverse array of actors, reinforcing the positive developments of previous years. The threat complex, sophisticated, and large-scale attacks from core al-Qa’ida against the US Homeland is significantly degraded. Instability in the Middle East and North Africa has accelerated the decentralization of the movement, which is increasingly influenced by local and regional issues. However, diffusion has led to the emergence of new power centers and an increase in threats by networks of like-minded extremists with allegiances to multiple groups. The potential of global events to instantaneously spark grievances around the world hinders advance warning, disruption, and attribution of plots.

Homeland Plotting

**Homegrown Violent Extremists.** US-based extremists will likely continue to pose the most frequent threat to the US Homeland. As the tragic attack in Boston in April 2013 indicates, insular HVEs who act alone or in small groups and mask the extent of their ideological radicalization can represent challenging and lethal threats.

**Al-Qa’ida in the Arabian Peninsula.** Operating from its safe haven in Yemen, al-Qa’ida in the Arabian Peninsula (AQAP) has attempted several times to attack the US Homeland. We judge that the group poses a significant threat and remains intent on targeting the United States and US interests overseas.

**Core al-Qa’ida.** Sustained counterterrorism (CT) pressure, key organizational setbacks, and the emergence of other power centers of the global violent extremist movement have put core al-Qa’ida on a downward trajectory since 2006. They have degraded the group’s ability to carry out a catastrophic attack against the US Homeland and eroded its position as leader of the global violent extremist movement. It probably hopes for a resurgence following the drawdown of US troops in Afghanistan in 2014.

**Terrorist Activities Overseas**

**Persistent Threats to US Interests Overseas.** We face an enduring threat to US interests overseas. Most Sunni extremist groups will prioritize local and regional agendas, but US embassies, military facilities, and individuals will be at particular risk in parts of South Asia, the Middle East, and Africa.

**Syria’s Impact.** Syria has become a significant location for independent or al-Qa’ida-aligned groups to recruit, train, and equip a growing number of extremists, some of whom might conduct external attacks. Hostilities between Sunni and Shia are also intensifying in Syria and spilling into neighboring countries, which is increasing the likelihood of a protracted conflict.

Iran and Hezbollah are committed to defending the Asad regime and have provided support toward this end, including sending billions of dollars in military and economic aid, training pro-regime and Iraqi Shia militants, and deploying their own personnel into the country. Iran and Hezbollah view the Asad regime as
a key partner in the "axis of resistance" against Israel and are prepared to take major risks to preserve the regime as well as their critical transshipment routes.

Iran and Hezbollah

Outside of the Syrian theater, Iran and Lebanese Hezbollah continue to directly threaten the interests of US allies. Hezbollah has increased its global terrorist activity in recent years to a level that we have not seen since the 1990s.

Counterterrorism Cooperation

As the terrorist threat is becoming more diffuse and harder to detect, cooperation with CT partners will take on even greater importance. The fluid environment in the Middle East and North Africa will likely further complicate already challenging circumstances as we partner with governments to stem the spread of terrorism.

WEAPONS OF MASS DESTRUCTION AND PROLIFERATION

Nation-state efforts to develop or acquire weapons of mass destruction (WMD) and their delivery systems constitute a major threat to the security of the United States, deployed troops, and allies. We are focused on the threat and destabilizing effects of nuclear proliferation, proliferation of chemical and biological warfare (CBW)-related materials, and development of WMD delivery systems. The time when only a few states had access to the most dangerous technologies is past. Biological and chemical materials and technologies, almost always dual use, move easily in the globalized economy, as do personnel with scientific expertise to design and use them. The latest discoveries in the life sciences also diffuse globally and rapidly.

Iran and North Korea Developing WMD-Applicable Capabilities

We continue to assess that Iran's overarching strategic goals of enhancing its security, prestige, and regional influence have led it to pursue capabilities to meet its civilian goals and give it the ability to build missile-deliverable nuclear weapons, if it chooses to do so. At the same time, Iran's perceived need for economic relief has led it to make concessions on its nuclear program through the 24 November 2013 Joint Plan of Action with the P5+1 countries and the European Union (EU). In this context, we judge that Iran is trying to balance conflicting objectives. It wants to improve its nuclear and missile capabilities while avoiding severe repercussions—such as a military strike or regime-threatening sanctions. We do not know if Iran will eventually decide to build nuclear weapons.

Tehran has made technical progress in a number of areas—including uranium enrichment, nuclear reactors, and ballistic missiles—from which it could draw if it decided to build missile-deliverable nuclear weapons. These technical advancements strengthen our assessment that Iran has the scientific, technical, and industrial capacity to eventually produce nuclear weapons. This makes the central issue its political will to do so.
Of particular note, Iran has made progress during the past year by installing additional centrifuges at the Fuel Enrichment Plant, developing advanced centrifuge designs, and stockpiling more low-enriched uranium hexafluoride (LEU)\textsubscript{2}. These improvements have better positioned Iran to produce weapons-grade uranium (WGU) using its declared facilities and uranium stockpiles, if it chooses to do so. Despite this progress, we assess that Iran would not be able to divert safeguarded material and produce enough WGU for a weapon before such activity would be discovered. Iran has also continued to work toward starting up the IR-40 Heavy Water Research Reactor near Arak.

We judge that Iran would choose a ballistic missile as its preferred method of delivering nuclear weapons, if Iran ever builds these weapons. Iran’s ballistic missiles are inherently capable of delivering WMD, and Iran already has the largest inventory of ballistic missiles in the Middle East. Iran’s progress on space launch vehicles—along with its desire to deter the United States and its allies—provides Tehran with the means and motivation to develop longer-range missiles, including an intercontinental ballistic missile (ICBM).

We assess that if Iran fully implements the Joint Plan, it will temporarily halt the expansion of its enrichment program, eliminate its production and stockpile of 20-percent enriched uranium in a form suitable for further enrichment, and provide additional transparency into its existing and planned nuclear facilities. This transparency would provide earlier warning of a breakout using these facilities.

North Korea’s nuclear weapons and missile programs pose a serious threat to the United States and to the security environment in East Asia, a region with some of the world’s largest populations, militaries, and economies. North Korea’s export of ballistic missiles and associated materials to several countries, including Iran and Syria, and its assistance to Syria’s construction of a nuclear reactor, destroyed in 2007, illustrate the reach of its proliferation activities. Despite the reaffirmation of its commitment in the Second-Phase Actions for the Implementation of the September 2005 Joint Statement not to transfer nuclear materials, technology, or know-how, North Korea might again export nuclear technology.

In addition to conducting its third nuclear test on 12 February 2013, North Korea announced its intention to “adjust and alter” the uses of existing nuclear facilities, to include the uranium enrichment facility at Yongbyon, and restart its graphite moderated reactor that was shut down in 2007. We assess that North Korea has followed through on its announcement by expanding the size of its Yongbyon enrichment facility and restarting the reactor that was previously used for plutonium production. North Korea has publicly displayed its KN08 road-mobile ICBM twice. We assess that North Korea has already taken initial steps towards fielding this system, although it remains untested. North Korea is committed to developing long-range missile technology that is capable of posing a direct threat to the United States. Its efforts to produce and market ballistic missiles raise broader regional and global security concerns.

Because of deficiencies in their conventional military forces, North Korean leaders are focused on deterrence and defense. We have long assessed that, in Pyongyang’s view, its nuclear capabilities are intended for deterrence, international prestige, and coercive diplomacy. We do not know Pyongyang’s nuclear doctrine or employment concepts.
WMD Security in Syria

Syria acceded to the Chemical Weapons Convention (CWC) on 14 October 2013 and is in the preliminary phases of dismantling its offensive CW program. Previously, we had assessed that Syria had a highly active chemical warfare (CW) program and maintained a stockpile of sulfur mustard, sarin, VX, and a stockpile of munitions—including missiles, aerial bombs, and artillery rockets—that can be used to deliver CW agents. Until the CW materials are completely destroyed or removed from country, groups or individuals in Syria might gain access to CW-related materials. The United States and its allies are monitoring Syria’s chemical weapons stockpile through the inspection and destruction process of the Organization for the Prohibition of Chemical Weapons (OPCW).

We judge that some elements of Syria’s biological warfare (BW) program might have advanced beyond the research and development stage and might be capable of limited agent production, based on the duration of its longstanding program. To the best of our knowledge, Syria has not successfully weaponized biological agents in an effective delivery system, but it possesses conventional weapon systems that could be modified for biological-agent delivery.

COUNTERSPACE

Threats to US space services will increase during 2014 and beyond as potential adversaries pursue disruptive and destructive counterspace capabilities. Chinese and Russian military leaders understand the unique information advantages afforded by space systems and are developing capabilities to disrupt US use of space in a conflict. For example, Chinese military writings highlight the need to interfere with, damage, and destroy reconnaissance, navigation, and communication satellites. China has satellite jamming capabilities and is pursuing antisatellite systems. In 2007, China conducted a destructive antisatellite test against its own satellite. Russia’s 2010 military doctrine emphasizes space defense as a vital component of its national defense. Russian leaders openly maintain that the Russian armed forces have antisatellite weapons and conduct antisatellite research. Russia has satellite jammers and is also pursuing antisatellite systems.

TRANSNATIONAL ORGANIZED CRIME

Transnational Organized Crime (TOC) is an abiding threat to US economic and national security. Criminals can play a significant role in weakening stability and undermining the rule of law in some emerging democracies and areas of strategic importance to the United States.

Drug trafficking will remain a major TOC threat to the United States. Mexican drug cartels are responsible for high levels of violence and corruption in Mexico. Drugs contribute to instability in Central America, erode stability in West and North Africa, and remain a significant source of revenue for the Taliban in Afghanistan.
• Synthetic drugs, notably new psychoactive substances (NPS), pose an emerging and rapidly growing global public health threat. NPS were first reported in the United States in 2008 and have emerged in 70 of 80 countries that report to the UN Office on Drugs and Crime. Although most global markets for drugs such as cocaine and heroin are stable or declining, the use and manufacture of synthetic drugs are rapidly rising.

The Department of State's 2013 Trafficking in Persons (TIP) Report notes that an estimated 27 million men, women, and children are trafficking victims. Virtually every country in the world is a source, transit point, and/or destination for individuals being trafficked.

Worldwide, money laundering totals more than a trillion dollars annually. Criminals' reliance on the US dollar exposes the US financial system to these illicit financial flows. Financial transfers and vehicles designed to obscure beneficial ownership, inadequate and uneven anti-money laundering enforcement and regulations, and new forms of digital financial services have the potential to undermine the international financial system.

Illicit trade in wildlife, timber, and marine resources constitutes an estimated $6-10 billion industry annually, endangers the environment, threatens rule of law and border security in fragile regions, and destabilizes communities that depend on wildlife for biodiversity and ecotourism.

ECONOMIC TRENDS

Global economic growth rates entered a marked slowdown with the global financial crisis that began in 2008. From 2008 to 2013, the global growth rate averaged less than 3.0 percent, well below its 30-year average of 3.6 percent. The lengthy global slowdown has meant lower job creation, income growth, and standards of living that many came to expect before 2008. Although worldwide economic growth will likely strengthen in 2014 to 3.7 percent, it will fall well short of its 2004-2007 peak when it averaged 5.1 percent.

Although emerging and developing economies will continue to grow faster than advanced economies, the gap between their respective growth rates will probably narrow to 3 percentage points in 2014, its lowest level since the cascade of emerging-market financial crises in the late 1990s and early 2000s. Combined with faster population growth in the emerging and developing economies, the pace at which per capita incomes in that group converges to those in developed countries is slowing considerably, potentially fueling resentment of Western leadership on global issues. Growth will probably be particularly slow among some of the emerging economies of Central and Eastern Europe, as well as Latin America and the Caribbean.

Stronger economic growth in certain advanced economies might mean a general tightening of global monetary conditions in 2014. Although such growth will benefit the global economy broadly, higher interest rates might pose new challenges to countries that rely heavily on global capital markets to service existing debt. Destabilizing outflows of international capital from emerging markets to advanced ones are possible in response to rising US interest rates and sustained recoveries in the United States and Europe. Tighter monetary conditions might also increase the risk of deflation in economies with slow growth, high
unemployment, and low aggregate demand. Numerous European countries, in particular, have seen annual inflation rates fall below 1.0 percent and even intermittent periods of deflation. Such deflation might worsen the fragile finances of indebted households, corporations, and governments.

Declines in many commodity prices will probably continue through 2014. Although the moderation in prices is welcome from the perspective of major commodity importers, such as China, India, and Japan, and from the humanitarian perspective related to food security, it can pose balance-of-payments problems for commodity exporters, such as Brazil, Nigeria, Russia, South Africa, and Venezuela, especially those that depend on commodity export revenue to finance their governments. Forecasts in the past year project global trade volume to grow moderately in 2014 at roughly 5 percent; the World Trade Organization (WTO) notes that its growth projections are down from earlier in 2013, however.

**NATURAL RESOURCES**

Competition for and secure access to natural resources (e.g., food, water, and energy) are growing security threats. Rapidly increasing unconventional energy production and ample water and agricultural resources mitigate the impact of global scarcity on the United States. However, many countries important to the United States are vulnerable to natural-resource shocks that degrade economic development, frustrate attempts to democratize, raise the risk of regime-threatening instability, and aggravate regional tensions. Demographic trends, especially increasing global population and urbanization, will also aggravate the outlook for resources, putting intense pressure on food, water, and energy. Extreme weather will increasingly disrupt food and energy markets, exacerbating state weakness, forcing human migrations, and triggering riots, civil disobedience, and vandalism. Criminal or terrorist elements can exploit these weaknesses to conduct illicit activity, recruit, and train. Social disruptions are magnified in growing urban areas where information technology quickly transmits grievances to larger, often youthful and unemployed audiences. Relatively small events can generate significant effects across regions of the world.

**Food**

Increased global supplies of grain have pushed global food prices downward in recent months, easing the risk of a price spike in the coming year. However, natural food-supply disruptions, due to weather, disease, and government policies, will stress the global food system and exacerbate price volatility. Policy choices can include export bans, diversions of arable lands for other uses, and land leases to and acquisitions by foreigners. Lack of adequate food will be a destabilizing factor in countries important to US national security that do not have the financial or technical abilities to solve their internal food security problems. In other cases, important countries to US interests will experience food-related, social disruptions, but are capable of addressing them without political upheaval.

Although food-related, state-on-state conflict is unlikely in the next year, the risk of conflict between farmers and livestock owners—often in separate states—will increase as population growth, desertification, and crop expansion infringe on livestock grazing areas, especially in sub-Saharan Africa and Central Asia. Shrinking marine fisheries—for example, in the South China Sea—will continue to spark diplomatic disputes as fishermen are forced to travel farther from shore. Terrorists, militiants, and
international criminals can use local food insecurity to promote their own legitimacy and undermine government authority. Food and nutrition insecurity in weakly governed countries might also provide opportunities for insurgent groups to capitalize on poor conditions, exploit international food aid, and discredit governments for their inability to address basic needs.

Water

Risks to freshwater supplies—due to shortages, poor quality, floods, and climate change—are growing. These forces will hinder the ability of key countries to produce food and generate energy, potentially undermining global food markets and hobbling economic growth. As a result of demographic and economic development pressures, North Africa, the Middle East, and South Asia particularly will particularly face difficulty coping with water problems. Lack of adequate water is a destabilizing factor in developing countries that do not have the management mechanisms, financial resources, or technical ability to solve their internal water problems. Other states are further stressed by heavy dependence on river water controlled by upstream nations with unresolved water-sharing issues. Wealthier developing countries will probably face increasing water-related, social disruptions, although they are capable of addressing water problems without risk of state failure.

Historically, water tensions have led to more water-sharing agreements than to violent conflicts. However, where water-sharing agreements are ignored or when infrastructure development for electric power generation or agriculture is seen as a threat to water resources, states tend to exert leverage over their neighbors to preserve their water interests. This leverage has been applied in international forums and has included pressuring investors, nongovernmental organizations, and donor countries to support or halt water infrastructure projects. In addition, some local, nonstate terrorists or extremists will almost certainly target vulnerable water infrastructure in places to achieve their objectives and use water-related grievances as recruiting and fundraising tools.

Energy

Increasing US production of shale gas and tight oil in combination with ongoing energy efficiency gains will almost certainly provide the United States with a more secure energy future. Decreasing reliance on energy imports will reduce the economic impact on the United States of disruptions in global energy markets but will not insulate the United States from market forces. With a shrinking reliance on energy imports, an oil disruption will have a diminished impact on the US Gross Domestic Product (GDP), the current account deficit, and value of the dollar. The greater availability and lower price of natural gas and natural gas liquids will sustain the country’s competitive edge in petrochemicals and energy-intensive production processes. However, some key energy-producing and consuming countries, which link US policy interests and energy imports, are concerned that greater US oil production will reduce US engagement in the Middle East and diminish US protection of critical oil supply routes.

Oil from deepwater deposits, tight oil, and oil sands will be the principal sources of new global oil supplies in 2014 and beyond. Oil extraction is trending toward production that is farther offshore in deeper waters, which might lead to increasing competition for desirable areas. Conventional oil production will continue to supply the majority of the world’s oil, although discoveries are slowing and prospects for new sources are diminishing. However, conventional oil reservoirs also have the potential to supply significant increases in oil with the improvement of extraction methods. The exploitation of unconventional oil
resources in the Western Hemispheres has the potential to reduce US, European, and Asian reliance on imports that pass through vulnerable choke points, such as the Straits of Hormuz and Malacca, or originate from less stable regions in the Middle East and Africa.

Extreme Weather Events

Empirical evidence alone—without reference to climate models—suggests that a general warming trend is probably affecting weather and ecosystems, exacerbating the impact on humans. This warmer atmosphere, wetter in some areas, drier in others, is consistent with increasing atmospheric concentrations of greenhouse gases. In recent years, local food, water, energy, health, and economic security have been episodically degraded worldwide by severe weather conditions. These include more frequent or intense floods, droughts, wildfires, tornadoes, cyclones, coastal high water, and heat waves. Rising temperatures, although greater in the Arctic, are not solely a high-latitude phenomenon. Scientific work in the past few years has shown that temperature anomalies during growing seasons and persistent droughts have hampered agricultural productivity and extended wildfire seasons. In addition, intense storms—including typhoons, hurricanes, tornadoes, cyclones, and derechoes—when exposed to growing human infrastructure, contribute to greater damage and threaten ever-increasing urban populations and economic development. This trend will likely continue to place stress on first responders, nongovernment organizations, and militaries that are often called to provide humanitarian assistance.

The Arctic

Harsh weather and relatively low economic stakes have enabled the countries bordering the Arctic to cooperate in pursuit of their interests in the region. However, as polar ice recedes, economic and security concerns will increase competition over access to sea routes and natural resources. Some states see the Arctic as a strategic security issue that has the potential to give other countries an advantage in positioning in their military forces.

HEALTH RISKS

Health security threats arise unpredictably from at least five sources: the emergence and spread of new or reemerging microbes; the globalization of travel and the food supply; the rise of drug-resistant pathogens; the acceleration of biological science capabilities and the risk that these capabilities might cause inadvertent or intentional release of pathogens; and adversaries’ acquisition, development, and use of weaponized agents. Infectious diseases, whether naturally caused, intentionally produced, or accidentally released, are still among the foremost health security threats. A more crowded and interconnected world is increasing the opportunities for human, animal, or zoonotic diseases to emerge and spread globally. Antibiotic drug resistance is an increasing threat to global health security. Seventy percent of known bacteria have now acquired resistance to at least one antibiotic, threatening a return to the pre-antibiotic era.

In addition to the growing threat from resistant bacteria, previously unknown pathogens in humans are emerging and spreading primarily from animals. Human and livestock population growth results in increased human and animal intermingling and hastens crossover of diseases from one population to the
other. No one can predict which pathogen will be the next to spread to humans or when or where this will occur. However, humans remain vulnerable, especially when a pathogen with the potential to cause a pandemic emerges. For example, we judge that the H7N9 influenza in China that emerged from birds in early 2013 is not yet easily transmissible from person to person. However, it bears watching for its extreme severity, high death rates, and potential to mutate and become more transmissible. Between late March 2013, when the virus was first recognized, and the following May, when it was brought under control, H7N9 influenza killed over 20 percent of those infected and caused severe disease with long-term hospitalization in nearly all other cases. If H7N9 influenza or any other novel respiratory pathogen that kills or incapacitates more than 1 percent of its victims were to become easily transmissible, the outcome would be among the most disruptive events possible. Uncontrolled, such an outbreak would result in a global pandemic with suffering and death spreading globally in fewer than six months and would persist for approximately two years.

MASS ATROCITIES

The overall risk of mass atrocities worldwide will probably increase in 2014 and beyond. Trends driving this increase include more social mobilization, violent conflict, including communal violence, and other forms of instability that spill over borders and exacerbate ethnic and religious tensions; diminished or stagnant quality of governance; and widespread impunity for past abuses. Many countries at risk of mass atrocities will likely be open to influence to prevent or mitigate them. This is because they are dependent on Western assistance or multilateral missions in their countries, have the political will to prevent mass atrocities, or would be responsive to international scrutiny. Overall international will and capability to prevent or mitigate mass atrocities will likely diminish in 2014 and beyond, although support for human rights norms to prevent atrocities will almost certainly deepen among some non-government organizations. Much of the world will almost certainly turn to the United States for leadership to prevent and respond to mass atrocities.

REGIONAL THREATS

MIDDLE EAST AND NORTH AFRICA

Arab Spring

In the three years since the outbreak of the Arab Spring, a few states have made halting progress in their transitions away from authoritarian rule. Nevertheless, political uncertainty and violence will probably increase across the region in 2014 as the toppling of leaders and weakening of regimes have unleashed ethnic and sectarian rivalries that are propagating stabilizing violence.

• In Syria, the ongoing civil war will probably heighten regional and sectarian tensions. Syria has become a proxy battle between Iran and Lebanese Hezbollah on one side and Sunni Arab states on
the other. Fear of spillover has exacerbated sectarian tensions in Iraq and Lebanon and will add to the unrest. The influx of over two million Syrian refugees into neighboring countries will continue to impose hardships, particularly on Jordan and Lebanon.

- The turmoil associated with government transitions has prompted political backsliding in some cases, most notably Egypt, where the military ousted the democratically elected Muslim Brotherhood-dominated government in summer 2013.

- Public support for the governments that came to power across the region in 2011 is dissipating, a dynamic which will likely invite renewed unrest, increase the appeal of authoritarian or extremist solutions among Arab publics, and reduce the likelihood of the implementation of needed but unpopular economic reforms.

The following three regional trends will pose a challenge to US interests in the Middle East in 2014 and beyond.

- **Ungoverned Spaces.** The ongoing struggles for new governments in places like Tripoli and Cairo to extend their writ countrywide and worsening internal conflict in Syria have created opportunities for extremist groups to find ungoverned spaces from where they can try to destabilize new governments and prepare attacks against Western interests.

- **Economic Hardships.** Many states in the region are facing economic distress that will not likely be alleviated by current levels of Western aid. The failure of governments in the region to meet heightened popular expectations for economic improvement might prove destabilizing in vulnerable regimes. Gulf States provide assistance only incrementally and are wary of new governments’ foreign policies as well as their ability to effectively use outside funds.

- **Negative Views of the United States.** Some of the transitioning governments are more skeptical than before the Arab Spring about cooperating with the United States. They are concerned about protecting sovereignty and resisting foreign interference, which has the potential to hamper US counterterrorism and other efforts to engage transitioning governments. Additionally, the unhappiness of some Arab Gulf States with US policies on Iran, Syria, and Egypt might lead these countries to reduce cooperation with the United States on regional issues and act unilaterally in ways that run counter to US interests.

**Egypt**

The interim Egyptian Government has for the most part completed transition tasks on time, but Cairo’s crackdown on dissent, including designating the Muslim Brotherhood (MB) as a terrorist group, has dampened prospects for stability and an inclusive government. Egypt faces a persistent threat of militant violence that is directed primarily at the state and exploits the interim government’s lack of control over the Sinai Peninsula. Since 2011, the Sinai has emerged as a growing staging ground for militants—including terrorists—to plan, facilitate, and launch attacks. The level of protests and militant violence probably will not delay Egypt’s progress toward legislative and presidential elections.
Syria

We assess that the Syrian regime and many insurgents believe that they can achieve a military victory in the ongoing conflict. However, given their respective capabilities and levels of external support, decisively altering the course of the conflict in the next six months will prove difficult for either side.

President Asad remains unwilling to negotiate himself out of power. Asad almost certainly intends to remain the ruler of Syria and plans to win a new seven-year term in presidential elections that might occur as early as mid-2014.

Humanitarian conditions in Syria in the next year will almost certainly continue to deteriorate. Ongoing fighting is driving internal displacement as well as flows of refugees into neighboring countries. The UN, as of January 2014, estimated that 9.3 million Syrians are in need of humanitarian assistance in the country—including 6.5 million internally displaced persons (IDPs)—and that at least 2.4 million Syrian registered refugees are in the region out of a July 2012 population estimate of 22.5 million. International aid agencies consistently face challenges accessing parts of Syria because of checkpoints, road closures, Syrian Government restrictions, and violence.

Iran

President Ruhani has heralded a shift in political momentum in Iran toward the center, but we do not know whether he heralds a reversal of the authoritarian trend in Iranian politics during the past many years. Iran’s economy will continue to struggle without comprehensive sanctions relief, which drives Ruhani and his team of technocrats to pursue nuclear negotiations. Since his election, Ruhani has had the support of the Supreme Leader, which has silenced some conservative critics. Hardliners, however, have consistently argued that sanctions fatigue will eventually break the international sanctions coalition and are wary of Ruhani’s engagement with the West, as well as his promises of social and political moderation. Ruhani must maintain the backing of the Supreme Leader in order to continue to advance his political agenda. (Information on Iran’s nuclear weapons program and intentions can be found above in the section on WMD and Proliferation.)

Iran will continue to act assertively abroad in ways that run counter to US interests and worsen regional conflicts. Iranian officials almost certainly believe that their support has been instrumental in sustaining Asad’s regime in Syria and will probably continue support during 2014 to bolster the regime. In the broader Middle East, Iran will continue to provide arms and other aid to Palestinian groups, Huthi rebels in Yemen, and Shia militants in Bahrain to expand Iranian influence and to counter perceived foreign threats. Tehran, which strives for a stable Shia-led, pro-Iran government in Baghdad, is concerned about the deteriorating security situation in Iraq. Tehran is probably struggling to find the balance between protecting Shia equities in Iraq and avoiding overt actions that would precipitate greater anti-Shia violence. In Afghanistan, Tehran will probably seek its own additional security agreements with Kabul, promote pro-Iranian candidates in the 2014 presidential election to increase its influence at the expense of the United States, and maintain its clandestine aid to Afghan insurgent groups. Iran sees rising sectarianism as a dangerous regional development, but we assess that Iran’s perceived responsibility to protect and empower Shia communities will increasingly trump its desire to avoid sectarian violence. Hence, Iran’s actions will likely do more to fuel rather than dampen increasing sectarianism.
Iraq

Iraq’s trajectory in 2014 will depend heavily on how Baghdad confronts the rising challenge from al-Qa’ida in Iraq (AQI) and manages relations with the country’s disenchanted Sunni population. A pivotal event will be the national elections slated for 30 April. The Sunni population in particular must be convinced that the elections will be fair in order to keep them committed to the political process and help check Iraq’s rising violence.

Iraq is experiencing an increase in the total number of attacks countrywide to levels not observed since the departure of US forces in 2011. Although overall level of violence remains far lower than in 2007, high-profile suicide and vehicle-borne improvised explosive device (VBIED) attacks initiated by al-Qa’ida in Iraq (AQI) in 2013 returned to 2007-2008 levels, roughly 68 to 90 per month.

The protracted civil war in Syria is destabilizing Iraq, hardening ethno-sectarian attitudes, and raising concerns about the spillover of violence. The Syrian conflict has also facilitated a greater two-way flow of Sunni extremists between Syria and Iraq that has contributed to AQI’s increased level of high-profile attacks.

Yemen

We judge that Yemen has achieved provisional success in the early stages of its transition from the regime of Ali Abdullah Saleh. However, it still faces threats to its stability from a resurging al-Qa’ida in the Arabian Peninsula (AQAP) and disputes over the future structure of the state. The government of Abd Rabbo Mansur al-Hadi has completed an inclusive National Dialogue (ND) Conference, but the parties have not reached an agreement on how to implement the federal state structure called for by the Dialogue.

- The Yemeni military’s willingness to sustain pressure on AQAP will be critical to preventing its resurgence.
- Yemen’s economy has stabilized since Hadi took office in 2012, but substantial foreign assistance will remain important to alleviate the country’s serious economic and humanitarian problems.

Lebanon

Lebanon in 2014 probably will continue to experience sectarian violence among Lebanese and terrorist attacks by Sunni extremists and Hezbollah, which are targeting each others’ interests. The conflict in neighboring Syria is the primary driver of the sectarian unrest and terrorist attacks in Lebanon; already this year, sectarian fighting and political assassinations in Tripoli, Beirut, and Sidon have killed more than a hundred Lebanese. Increased frequency and lethality of violence in Lebanon could erupt into sustained and widespread fighting.

- Hezbollah’s secretary general, Hasan Nasrallah, has framed the conflict as an act of self-defense against Western-backed Sunni extremists who he claimed would target all Lebanese if the Assad regime fell.
• Sunni extremists have conducted multiple bombings in Beirut in 2013 and early 2014 in the Shia-dominated areas of southern Beirut that killed 75 and injured more than 500 people. Sunni extremists claimed responsibility for the suicide bombings in November 2013 against the Iranian Embassy in Beirut.

• Sunni Salafist leaders are calling for supporters to back the Syrian opposition, which threatens to escalate sectarian tensions.

Lebanon is facing increased challenges in coping with the continuing influx of numerous Syrian refugees. As of early January 2014, over 800,000 Syrian refugees were residing in Lebanon—roughly 25 percent of Lebanon’s population prior to the Syrian conflict. Syrian refugees are straining Lebanon’s fragile economy and burdening its weak healthcare and education systems. Refugees almost certainly will not return to Syria, given the continued violence and lack of economic prospects.

Libya

Nearly three years since the revolution that toppled Qadhafi, Libya’s political, economic, and security landscape is fragmented and its institutions are weak, posing an ongoing threat to stability and cohesion of the Libyan state. Libya’s democratically elected government struggles to address the many competing challenges that threaten to undermine the transition.

• Efforts by various regional, minority, and tribal groups to seek redress of grievances through violence and disruption of oil facilities are weakening national cohesion.

• Since the end of the revolution, federalist groups have declared autonomy for the east or south at least four times. The federalist-led takeover of eastern oil facilities in July 2013 has been the most sustained and aggressive pursuit of self-rule.

• Libya’s numerous quasi-governmental militias often demonstrate little loyalty to Tripoli and challenge central government authority.

• The terrorist threat to Western and Libyan Government interests remains acute, especially in the east of the country, where attacks against government officials and facilities occur nearly daily. Regional terrorist organizations exploit Libya’s porous borders and massive amounts of loose conventional weapons, further destabilizing the country and the Maghreb and Sahel region.

• To the benefit of the government, most Libyans oppose violence by federalists, militias, and extremists and generally support government efforts to usher in a successful democratic transition, including the drafting of a constitution and holding elections for Libya’s first post-revolution permanent government.

Tunisia

Tunisia’s long-suppressed societal cleavages and security and economic challenges will remain impediments to the country’s political transition in 2014. The political environment since the ouster of President Ben Ali in 2011 has exposed sharp divisions over the role of religion in the state and the
separation of powers. However, the Constituent Assembly’s late January 2014 passage of a new constitution by a wide majority suggests an increased willingness among the parties to compromise.

SOUTH ASIA

Afghanistan

The status of the Bilateral Security Agreement (BSA) remains unresolved despite its endorsement by Afghan leaders during the mid-November 2013 Loya Jirga. Regardless of the status of the BSA, the bilateral relationship still might be strained if Afghan officials believe that US commitments to Afghanistan fail short of their expectations.

- The International Monetary Fund (IMF) estimated that Afghanistan’s GDP growth rate fell from 12 percent in 2012 to 3.1 percent in 2013. It forecasts 4 to 6 percent growth in 2014 and beyond, largely because of reduced ISAF spending.

Afghan elections in 2014 will be an important step in Afghanistan’s democratic development. President Karzai has stated that he will step down after the election; eleven candidates are currently competing to succeed him.

The Taliban, confident in its ability to outlast ISAF and committed to returning to power, will challenge government control over some of the Pashtun countryside, especially in the south and east. The Taliban senior leadership will maintain a structured and resilient leadership system. The Afghan National Security Forces (ANSF), however, will probably maintain control of most major cities as long as external financial support continues.

Pakistan

Prime Minister Nawaz Sharif’s primary focus will be on improving the economy, including the energy sector, and countering security threats. Sharif probably won the May 2013 election primarily because the previous government failed to improve either the economy or the generation of electricity.

Islamabad secured an IMF program in September 2013. Pakistan satisfied IMF conditions for fiscal and energy reforms under its three-year, $6.7 billion Extended Fund Facility, paving the way for a second disbursement of $550 million in December. However, continued use of scarce foreign exchange reserves by the State Bank of Pakistan (SBP) to prop up the Pakistani rupee might make future disbursements difficult.

Sharif seeks to acquire a more central policymaking role for civilians in areas that the Army has traditionally dominated. His push for an increased role in foreign policy and national security will probably test his relationship with the new Chief of Army Staff (COAS), particularly if the Army believes that the civilian government’s position impinges on Army interests. However, Sharif has publicly stated that the Army and the civilian government are “on the same page.”
Islamabad wants good relations with the United States, but cooperation with Washington will continue to be vulnerable to strains, particularly due to Pakistani sensitivities toward perceived violations of sovereignty.

- Prime Minister Sharif entered office seeking to establish good relations with the United States, especially in areas that support his primary domestic focus of improving the economy. Sharif and his advisers were pleased with his late October 2013 visit to Washington. Pakistan was eager to restart a “strategic dialogue” and its officials and press have touted results of the initial meetings of several of the five working groups that comprise the dialogue.

- Sharif also seeks rapprochement with New Delhi in part in anticipation of increased trade, which would be beneficial to Pakistan’s economic growth. Sharif will probably move cautiously to improve relations, however, and India also will probably not take any bold steps, particularly not before the Indian elections in spring 2014.

India

In this election year in particular, coalition politics and institutional challenges will remain the primary drivers of India’s economic and foreign policy decisionmaking. Any future government installed after the 2014 election will probably have a positive view of the United States, but future legislation or policy changes that are consistent with US interests is not assured.

- Coalition politics will almost certainly dominate Indian governance. Since the 1984 national elections, no party has won a clear majority in the lower house of Parliament. We judge that this trend will continue with the 2014 election, and the proliferation of political parties will further complicate political consensus building.

- In 2014, India will probably attain a 5 percent average annual growth rate, significantly less than the 8 percent growth that it achieved from 2005 to 2012 and that is needed to achieve its policy goals.

India shares US objectives for a stable and democratic Pakistan that can encourage trade and economic integration between South and Central Asia. We judge that India and Pakistan will seek modest progress in minimally controversial areas, such as trade, while probably deferring serious discussion on territorial disagreements and terrorism.

India will continue to cooperate with the United States on the future of Afghanistan following the drawdown of international forces. India also shares concerns about a resurgent Taliban in Afghanistan, seeing it as a long-term security threat and source of regional instability.

India and China have attempted to reduce long-standing border tensions through confidence-building measures, such as holding the first bilateral military exercise in five years in November 2013 and signing a Border Defense Cooperation Agreement during Prime Minister Singh’s visit to China in October 2013. However, mutual suspicions will likely persist.
SUB-SAHARAN AFRICA

Sub-Saharan Africa will almost certainly see political and related security turmoil in 2014. The continent has become a hothouse for the emergence of extremist and rebel groups, which increasingly launch deadly asymmetric attacks, and which government forces often cannot effectively counter due to a lack of capability and sometimes will. Additionally, a youth bulge will grow with unfulfilled economic expectations and political frustrations; conflict will increase for land and water resources; and strengthening transnational criminal networks will disrupt political and economic stability.

The Sahel

Governments in Africa’s Sahel region—particularly Chad, Niger, Mali, Mauritania—are at risk of terrorist attacks, primarily as retribution for these countries’ support to the January 2013 French-led international military intervention in Mali. Additionally, this region faces pressure from growing youth populations and marginalized ethnic groups frustrated with a lack of government services, few employment opportunities, and poor living standards. Limited government capabilities, corruption, illicit economies, smuggling, and poor governance undercut development and the region’s ability to absorb international assistance and improve stability and security, which would impede terrorists’ freedom of movement.

Somalia

In Somalia, al-Shabaab is conducting asymmetric attacks against government facilities and Western targets in and around Mogadishu. The credibility and effectiveness of the young Somali government will be further threatened by persistent political infighting, weak leadership from President Hassan Sheikh Mohamud, ill-equipped government institutions, and pervasive technical, political, and administrative shortfalls.

East Africa

Security has increased and ongoing counterterrorism and policing partnerships with Western nations have strengthened in the wake of the September 2013 attack by al-Shabaab-affiliated extremists at the Westgate shopping mall in Nairobi, Kenya. Nevertheless, East African governments will have difficulty protecting the wide range of potential targets. Al-Shabaab-associated networks might be planning additional attacks in Kenya and throughout East Africa, including in Burundi, Djibouti, Ethiopia, and Uganda, to punish those countries that deployed troops to Somalia in support of its government.

Sudan and South Sudan

Sudan’s President Bashir and the National Congress Party (NCP) will almost certainly confront a range of challenges, including public dissatisfaction over economic decline and insurgencies on Sudan’s periphery. Sudanese economic conditions since South Sudan’s independence in 2011 continue to deteriorate, including rising prices on staple goods, which fuel opposition to Bashir and the NCP. Khartoum will likely resort to heavy-handed tactics to prevent resulting protests from escalating and to contain domestic insurgencies. The conflicts in the Darfur region and in Southern Kordofan and Blue Nile states (the “Two Areas”) will likely continue. Sudan will likely continue an offensive military campaign in
the Two Areas that will lead to increased displacement and the continued denial of humanitarian access in the area. Darfur will likely remain unstable as militia forces and the government continue to skirmish, and as internal fighting among local armed groups, general banditry, and insecurity rise.

South Sudan will almost certainly continue to face ethnic conflict, resource constraints, and rampant corruption in 2014. Widespread clashes across South Sudan in late 2013 will make economic recovery difficult. Without a cessation of hostilities and a stable peace process, Juba will also struggle to rebound in 2014 because international partners will be more reluctant to invest after the emergency evacuation of foreign diplomats in December of 2013 and an increasingly precarious security environment across the country. Additionally, President Kiir will likely continue his authoritarian approach to running the country and dealing with opposition groups; any peace process will likely be slow and continue despite continued attacks by anti-government forces. Ethnic conflict in Jonglei will likely continue as the South Sudanese military faces internal divisions and threats from multiple rebel groups. We assess that Juba will continue to rely on assistance from the international community, but might lose donor funding following its heavy-handed approach to suppressing political opposition groups in late 2013 and it might be conditioned on any peace process. The oil fields, South Sudan’s main source of revenue, might be threatened by anti-government forces, thereby decreasing or halting production. The South Sudanese government will also struggle to govern regions outside of the capital and provide basic public goods. South Sudan’s economy suffered significant setbacks after Juba shut down oil production early in 2012.

Nigeria

Rising political tensions and violent internal conflict are likely in the leadup to Nigeria’s 2015 election. Nigeria faces critical terrorism threats from Boko Haram and persistent extremism in the north, simmering ethno-religious conflict in communities in central Nigeria’s “Middle Belt,” and militants who are capable of remobilizing in the Niger Delta and attacking the oil industry. Abuja is in a reactive security posture, and its limited capability will hinder its ability to anticipate and preempt threats. Southern Nigeria’s economy, centered in Lagos, is among the fastest growing in the world but presents a sharp contrast to northern Nigeria, where stagnation and endemic poverty prevail amid insecurity and neglect. Given these domestic challenges, Nigeria’s ability to project leadership across Africa and deploy peacekeepers will probably wane.

Central African Republic

Civilian casualties and humanitarian needs in the Central African Republic (CAR) have been severe since the overthrow of former President Bozize in early 2013 by rebel forces from the largely Muslim northeast. Communal conflict—largely along Muslim-Christian lines—has included formation of Christian militias, reprisal killings, atrocities, burning of homes, and destruction of religious sites across the country. The former rebels have used their de facto political authority to violently monopolize the country’s most lucrative resources and territory, eroding CAR’s historically peaceful Muslim-Christian relations. New interim President Samba Panza is a more unifying figure, but the government has almost no presence outside the capital and much of the country has devolved into lawlessness. In December 2013, the UN Security Council authorized an African Union peacekeeping force, supported by French forces, to restore security and public order and stabilize the country.
Democratic Republic of the Congo

Conflict in the eastern part of the Democratic Republic of the Congo has abated somewhat since the Rwandan-backed M23 rebels suffered a series of setbacks in 2013, gradually losing material support from Rwanda and control of its territorial strongholds. The conflict ended with M23’s military defeat and the signing of an agreement with the DRC government in December 2013. We judge that M23 will probably not reconstitute and pose a significant threat to stability in Congo in 2014 without a substantial influx of troops and other military support from an external partner. However, Rwanda will probably consider supporting other armed groups in Congo to secure areas along the border, threatening attempts by the Congolese Government and UN forces to consolidate control of the territory. Other armed groups, such as the Allied Democratic Forces and the Democratic Forces for the Liberation of Rwanda, continue to pose significant risks to civilians and contribute to instability and violence.

Lord’s Resistance Army

Pursuit operations of the African Union Regional Task Force in central Africa, enabled by US military assistance, has the Lord’s Resistance Army (LRA) on the run and in survival mode, hindering LRA’s recruiting and training. Increased cooperation between partners has facilitated information sharing and, combined with other efforts, enabled an increased operational tempo, leading to a significant number of defections. LRA still raids settlements in the Democratic Republic of the Congo and CAR and periodically abducts civilians. LRA leader Joseph Kony is often on the move and has long been able to elude capture. Getting a “fix” on his location will remain difficult in this very remote part of the world.

EAST ASIA

China

Chinese leaders will try to focus primarily on domestic priorities during 2014 while leveraging China’s growing influence in the region. A new generation led by Xi Jinping is in place and its ambitious policy agenda is coming into focus: accelerate economic reforms, make governance more efficient and accountable, and tighten Communist Party discipline.

China will probably continue its increasingly proactive approach to maritime disputes, including a hardline stance toward Japan over the Senkaku Islands. More broadly, China’s growing confidence, new capabilities, and other perceived challenges to China’s interests or security will drive Beijing to pursue a more active foreign policy.

- Growing regional competition in territorial disputes and competing nationalist fervor increase the risk of escalation and constrain regional cooperation. Sovereignty concerns and resurgent historical resentments will generate friction and occasional incidents between claimants in the East and South China Seas and slow or stall bilateral or multilateral efforts to resolve the disputes.

Beijing has highlighted its pursuit of a “new type of major power relations” with Washington, but China is simultaneously working at least indirectly to counterbalance US influence. Within East Asia, Beijing
seeks to fuel doubts about the sustainability of the US “rebalance” and Washington’s willingness to support its allies and partners in the region.

China is pursuing a long-term comprehensive military modernization designed to enable its armed forces to achieve success on a 21st century battlefield. China’s military investments favor capabilities designed to strengthen its nuclear deterrent and strategic strike options, counter foreign military intervention in a regional crisis, and provide limited, albeit growing, capability for power projection. During 2013, the People’s Liberation Army (PLA) introduced advanced weapons into its inventory and reached milestones in the development of key systems. China’s first domestically developed heavy transport plane, the Y-20, successfully conducted its initial test flight. Additionally, China has continued to develop multiple advanced ballistic and cruise missiles.

- Developments in PLA capabilities support an expansion of operations to secure Chinese interests beyond territorial issues. For example, China is pursuing more effective logistical support arrangements with countries in the Indian Ocean region.

- Elements from China’s army, navy, air force, and strategic missile forces from multiple military regions participated in Mission Action 2013 in September and October 2013. The exercise included two large-scale amphibious landings and coordinated long-range air force and naval air operations in a maritime environment.

North Korea

Two years after taking the helm of North Korea, Kim Jong Un has further solidified his position as unitary leader and final decision authority. He has solidified his control and enforced loyalty through personnel changes and purges. The most prominent was the ouster and execution of his uncle, Jang Song Thaek in December 2013. Kim has elevated the profile of the Workers’ Party of Korea (WPK) through appointments of party operatives to key leadership positions and the convening of party conferences and plenums. Kim and the regime have publicly emphasized his focus on improving the country’s troubled economy and the livelihood of the North Korean people while maintaining the tenets of a command economy. He has codified this approach via his dual-track policy of economic development and advancement of nuclear weapons. (Information on North Korea’s nuclear weapons program and intentions can be found above in the section on WMD and Proliferation.)

RUSSIA AND EURASIA

Russia

Putin’s 2012-2013 crackdown on the opposition defused the popular challenge to his hold on power; however, the Kremlin confronts a growing trend of opposition politicians taking their fight to the local ballot box. This trend was illustrated by the consolidation of support in Moscow around a single opposition leader—Aleksey Navalny—who finished second in Moscow’s mayoral election in September 2013.
The Kremlin also faces a rise in ethno-religious tensions—as underscored by the October 2013 riot in the outskirts of Moscow—which will probably grow as the Muslim population in Russia increases. Moscow must balance an increasing immigrant Muslim population needed to offset its shrinking labor pool against growing nationalist sentiment among the ethnic Russian population.

In February 2014, Russia will host the Winter Olympics in the Black Sea resort of Sochi—an area bordering the turbulent North Caucasus region where Russian security forces have battled a local insurgency for the past 20 years. We have seen an increase in threat reporting just prior to the Olympics, which is not unusual for a major international event, and have offered assistance to the Russian Government.

Putin’s claim to popular support and legitimacy as head of the Russian state has rested in part on a record of economic growth and the promise of stability, increasing prosperity, and relative personal freedom. The Organization for Economic Cooperation and Development (OECD) projects that the Russian economy will grow by 2.3 percent in 2014, putting at risk a number of ambitious Kremlin projects—including the $700 billion defense modernization plan, the 2018 World Cup, and social welfare enhancements pledged by Putin during his 2012 election campaign.

Moscow has hailed its CW initiative in Syria as a major foreign policy accomplishment. It positions Russia to play a major role in any future settlement of the Syrian conflict and adds legitimacy to the Syrian regime. Russia also will almost certainly continue to seek to fill the vacuum it believes is developing between the United States and Egypt.

The campaign to keep Ukraine from signing an Association Agreement (AA) with the European Union (EU) underscores the importance the Kremlin continues to attach to its goal of Eurasian integration. Russia will have to compete for influence with the EU in the West and increasingly with China in Central Asia; both will pose challenges to its pursuit of Eurasian integration.

The bilateral relationship with the United States will remain a priority for Russian foreign policy. We assess that Russia will continue its engagement with the United States on issues that address its priorities—syrian CW as well as Afghanistan, Iran, and North Korea.

The Russian military remains a symbol of Russia’s national power. Following measured improvements to its capabilities in the past year, it is setting its sights on the long-term challenges of professionalization and rearmament. The new leadership that assumed command of the military last November has made many tactical adjustments to the sweeping reforms the military enacted in 2008, but has largely kept the military on the same strategic trajectory.

The military in the past year has taken an increasingly prominent role in out-of-area operations, most notably in the eastern Mediterranean but also in Latin America, the Arctic, and other regions, a trend that will probably continue. Moscow is negotiating a series of agreements that would give it access to military infrastructure across the globe. These bases are generally intended to support “show the flag” and “presence” operations that do not reflect wartime missions or a significant power projection capability.
The Caucasus and Central Asia

Georgia’s new political leaders have inherited pressing domestic and foreign policy problems amid high public expectations for progress. The economy, which has slowed since the Georgian Dream Coalition was elected in October 2012, will be an area of greatest immediate concern. The new government will also continue to balance a series of high-profile legal cases against former government officials for past abuses. The cases, while popular inside Georgia, have generated concerns of political retribution abroad and risk polarizing Georgian politics. Tensions with Russia have eased over the past year, decreasing the risk of renewed conflict. Progress nonetheless remains unlikely on the core disputes between Tbilisi and Moscow.

The standoff between Armenia and Azerbaijan over Nagorno-Karabakh and adjacent territories will remain a potential flashpoint. Neither side will see advantages in deliberately renewing hostilities, but prospects for peaceful resolution are also dim. Azerbaijan is willing to bide its time and wait for stronger economic growth to enable increased military spending to give it a decisive advantage. Armenia has a strong interest in maintaining the status quo because ethnic Armenians already control the separatist region of Nagorno-Karabakh and much of the surrounding territory. Nevertheless, the close proximity of opposing military forces and recurring ceasefire violations along the Line of Contact (LOC) continue to pose a risk of miscalculation.

Central Asia continues to host US supply lines that support operations in Afghanistan, and its leaders remain concerned about regional instability after the Coalition drawdown in 2014. Central Asian militaries fighting in Afghanistan and Pakistan will likely continue to pose a threat, but sources of potential internal instability in Central Asia will probably remain more acute than external threats. Unclear political succession plans, endemic corruption, weak economies, ethnic tensions, and political repression are long-term sources of instability in Central Asia. Relations among the Central Asian states remain tense due to personal rivalries and disputes over water, borders, and energy. However, Central Asian leaders’ focus on internal control reduces the risk of interstate conflict in the region.

Ukraine, Moldova, and Belarus

As Ukraine heads toward the presidential election scheduled to take place in 2015, political developments in Ukraine probably will continue to be shaped by opposition and public anger over the Yanukovych administration’s abuse of power, the need for Yanukovych to maintain the loyalty of key elites, and his efforts to balance Ukraine’s relationship with Russia and the West. Political developments in Ukraine will increasingly be shaped by public protests over Yanukovych’s refusal to sign the Association Agreement (AA) and the presidential election scheduled to take place in 2015. Yanukovych backed away from signing the AA with the EU at the Eastern Partnership Summit in November 2013, probably because Moscow offered the only option for immediate financial support to avert a financial crisis that would threaten his re-election bid. Firmly intent on maintaining his hold on power, Yanukovych will probably resort to coercion, extralegal means, and other tactics to tilt the playing field in his favor and ensure his re-election, threatening a further erosion of democratic norms.

The first tranche of Russia’s $15 billion aid package that Kyiv and Moscow signed in December will allow Kyiv to stave off a fiscal crisis in the short term but risks increasing Ukraine’s economic dependence on Moscow. Russia’s aid package removes incentives for Kyiv to enact painful economic reforms necessary
to spur growth, and the ambiguous terms of the bailout leave Kyiv more vulnerable to Russian pressure, particularly on energy issues.

Moldova will continue to try to deepen its integration with the EU. Chirac visited the EU for the EU Eastern Partnership Summit in November 2013. It is working to formalize the AA, its associated free trade agreement, and an EU visa liberalization agreement before the scheduled November 2014 parliamentary election. However, both the EU and Moldova still need to sign the AA for it to come into full force. Moldova’s pro-European coalition government suffers from low approval ratings after a series of political scandals and coalition infighting; its loss to the opposition Communist Party in the upcoming parliamentary election could delay or derail the country’s EU integration course. A settlement of Moldova’s conflict with its separatist region of Transnistria is highly unlikely during 2014 as they remain far apart on key issues and show no real willingness to compromise. Transnistria and its primary political and financial backer Russia oppose Moldova’s EU integration; they also have little interest in resolving the ongoing conflict because that would remove a key obstacle to Moldova’s European integration and risk reducing the influence Russia retains over Moldova.

In Belarus, the Lukashenko regime has managed to obtain the acquiescence of the Belarusian public, thanks largely to his regime’s clampdown on civil society and also to Russian largesse which has enabled relatively stable standards of living. Lukashenko has done so despite a structurally flawed, centralized economy that leaves Minsk perpetually on the edge of economic crisis and in need of foreign financial assistance to stay afloat. Lukashenko’s economic model has become increasingly unsustainable since his regime’s crackdown on mass protests following the presidential election in December 2010. Continued repression of civil society has left him increasingly isolated from the West and with decreased leverage to resist Moscow’s economic conditions.

**LATIN AMERICA AND THE CARIBBEAN**

**Haiti**

Stability in Haiti will remain fragile due to extreme poverty and weak governing institutions. Meaningful long-term reconstruction and development in Haiti will need to continue for many years. Haiti remains vulnerable to setbacks in its reconstruction and development goals due to the possibility of natural disasters. Food insecurity, although improving, also has the potential to be a destabilizing factor. Periods of political gridlock have resulted due to distrust between President Michel Martelly, in office since May 2011, and opponents in Parliament. Martelly is generally still popular, but politically organized protests, possibly violent, might occur before the elections, scheduled for 2014.

During the next decade, Haiti will remain highly dependent on assistance from the international community for security, in particular during elections. Donor fatigue among contributors to the UN Stabilization Mission in Haiti (MINUSTAH), however, will likely lead to reductions in force, evident by the 2013 mandate which calls for consolidating and downsizing forces. Although the Haitian National Police is making progress on its plans to increase force size from 10,000 in 2011 to 15,000 by 2016, the larger force will probably still need support from MINUSTAH to provide for its own security.
Central America

Central America’s northern tier countries—El Salvador, Guatemala, and Honduras—will likely struggle to overcome the economic and security problems that plague the region. All three countries are facing debt crises and falling government revenues because of slow economic growth, widespread tax evasion, and large informal economies. Entrenched political, economic, and public-sector interests resist reforms. Domestic criminal gangs and transnational organized crime groups, as well as Central America’s status as a major transit area for cocaine from source countries in South America, are fueling record levels of violence in the region. Regional governments have worked to improve citizen security but with little-to-moderate success.

- The gang truce in effect in El Salvador since March 2012 has reduced the homicide rate there, mostly among gang members. However, other crimes such as kidnappings, robberies, and extortion are undermining security for many citizens.

- Guatemala still has one of the world’s highest murder rates despite lesserened impunity for violent crimes during the past several years. Many areas of the country, particularly along the borders, are under the direct influence of drug traffickers.

- The homicide rate in Honduras remains the highest in the world. New Honduran President Juan Orlando Hernandez will likely prioritize security policy and seek to build a coalition within the divided legislature to push his economic reform agenda. However, weak governance, widespread corruption, and debt problems will limit prospects for a turnaround.

EUROPE

Key Partnerships

Ongoing US-EU Transatlantic Trade and Investment Partnership (TTIP) negotiations, European Parliament (EP) elections, the withdrawal of Allied forces from Afghanistan, and new leadership in the EU and NATO will create new dynamics in the transatlantic partnership in 2014.

- Europeans likely recognize the need to isolate the TTIP negotiations from the other issue areas. The TTIP has high potential for generating economic growth for both the United States and Europe and for reinforcing the transatlantic link. However, data privacy will probably become a political issue in the runup to the May 2014 EP elections; some opponents of TTIP might use the unauthorized disclosures of NSA information as political cover for their opposition to the TTIP.

- The NATO Summit in September 2014 will be an opportunity to reinforce NATO’s purpose, as well as announce a new Secretary General.

Imbalances in the eurozone and slow economic growth in Europe are changing the political economy in Europe, potentially spurring support for nationalist and populist political parties.
• Radical nationalist and populist political parties are gaining ground in several western and central European countries and will probably do well in the May 2014 EP elections. In November 2013, two far-right parties—the Dutch Freedom Party and France’s Front National—announced that they would cooperate in the EP elections and hope to form a new Euroskeptic bloc, probably linking up with similar parties in Central Europe. Public fears over immigration and Islam, alienation from EU policies, and perceptions that centrist parties are unable to deal with high unemployment and income inequalities will increase the resonance of the rhetoric of far-right and far-left radical parties.

Turkey

Turkey’s foreign and security policy will be shaped by domestic events, especially the ongoing corruption scandal. Furthermore, the ruling Justice and Development Party (AKP), led by Prime Minister Erdogan, will be in election mode for municipal and presidential elections in 2014 and parliamentary elections in early 2015. The corruption allegations initiated in December 2013, allegedly by elements within the AKP associated with Muslim cleric Fetullah Gulen, represent the greatest challenge to Erdogan. Ankara will continue to pursue foreign policy objectives that maximize economic advantage for Turkey while proceeding with caution on issues that could alienate Turkey’s nationalist voters. Erdogan’s pursuit of a peace deal with the Turkish-Kurdish terrorist group Kurdistan People’s Congress (KPK, formerly PKK) also risks antagonizing Turkish nationalists and neighboring governments. Erdogan is pursuing a multifaceted strategy of promoting domestic reforms and engaging the Kurds to end the armed KPK insurgency in Turkey. The protracted Syrian conflict is generating an increased extremist presence in Turkey, the primary transit country for foreign militants seeking to join the fight in Syria. It is also raising the potential for unsanctioned or opportunistic attacks by supporters of the Bashir al-Assad regime.

The Western Balkans

Despite many positive developments in the Western Balkans in 2013, the region in 2014 will continue to be characterized by deep ethnic and political divisions. The situation in Bosnia-Herzegovina (BiH) and ethnic cleavages in Macedonia are particularly volatile.

• In Bosnia-Herzegovina, different interpretations of the political framework, based on the 1995 Dayton Accords, as well as efforts by Bosniak, Croat, and Serb leaders to maintain control over their political and ethnic fiefdoms will continue to undermine BiH’s central state institutions. Elections in 2014 will not likely bridge these differences, diminishing hopes for BiH’s Euro-Atlantic integration that its neighbors have achieved.

• The Macedonian Government continues to push programs geared to promote ethnic Macedonian nationalism at the expense of the country’s Euro-Atlantic integration. The longer that Macedonia’s EU and NATO membership paths remain stalled over the country’s constitutional name dispute with Greece and poor bilateral relations with Bulgaria, the greater the risk that ethnic tensions will increase.
Chairman Feinstein. Thank you very much Director Clapper, and thank you for being so up front.
I wanted to ask you one question about Syria, and then Mr. Olsen, a question about Sochi.
Your written statement for the record I believe states, Director Clapper, that Syria has become a significant location for independent or al-Qaeda aligned groups to recruit, train and equip a growing number of extremists, some of whom might conduct external attacks.

Could you respond to this, and how concerned should we be also about Europeans or even Americans training in Syria and traveling back to the West to carry out attacks?
Director Clapper. Well we should be very concerned about this, Senator Feinstein. Syria has become a huge magnet for extremists.
First those groups who are engaged in Syria itself, some 1,600 different groups. We estimate somewhere in the neighborhood of between 75,000 and 110,000, of which about 26,000 we grade as extremists. We estimate, at this point, an excess of 7,000 foreign fighters have been attracted from some 50 countries, many of them in Europe and the Mideast.
And this is of great concern not only to us, but to those countries.
And our recent engagements with our foreign interlocutors, and particularly in Europe, tremendous concern here for those extremists who are attracted to Syria, engage in combat, get training, and we're seeing now the appearance of training complexes in Syria to train people to go back to their countries, and, of course, conduct more terrorist acts.
So this is a huge concern to all of us.
Chairman Feinstein. Thank you very much. Mr. Olsen, on Sochi, I'd like to know what your assessment is of the threat to the Olympic Games and whether you believe our athletes will be safe.
And I'd like Director Comey to respond to the level of cooperation between the Russians, and the FBI, with respect to security at the Olympic Games.
Mr. Olsen.
Director Olsen. Yes, thank you very much, Madam Chairman and Vice Chairman.
Let me just say at the outset, I appreciate your leadership, and in particular your focus on terrorism, and leadership of the entire Committee.
And if I may say just as well, I fully agree with Director Clapper's assessment of the situation in Syria. And as you laid out in your opening statement, the combination of a permissive environment, extremist groups like Al Nusra and the number of foreign fighters combine to make Syria a place that we are very concerned about, in particular the potential for terrorist attacks emanating from Syria to the West.
Now, with respect to your question about Sochi, we are very focused on the Sochi Olympics and we have seen an up-tick in the threat reporting regarding Sochi. And this is what we expected given where the Olympics are located.
There are a number of extremists in that area and in particular, a group, Emirate Caucasus, which is probably the most prominent terrorist group in Russia.
The leader of the group, last July, announced in a public message that the group would intend to carry out attacks in Sochi in connection with the Olympics. And we’ve seen a number of attacks stemming from last fall’s suicide bombings in Volgograd that took a number of lives.

So we’re very focused on the problem of terrorism in the run-up to the Olympics. I would add that I traveled to Sochi last December, and met with Russian security officials. They understand the threat. They are very focused on this, and devoting substantial resources.

The biggest issue from my perspective is not the games themselves, the venues themselves. There’s extensive security at those locations, the sites of the events. The greater threat is to softer targets in the greater Sochi area, and in the outskirts beyond Sochi, where there is a substantial potential for a terrorist attack.

Chairman FEINSTEIN. Thank you very much.

Mr. Comey, would you tell us what you can about cooperation between Russia and your organization?

Director COMEY. Certainly. Senator, the cooperation between the FSB and the FBI in particular has been steadily improving over the last year. We’ve had exchanges at all levels, particularly in connection with Sochi, including me directly to my counterpart at FSB. And I think that we have a good level of cooperation there.

It can always improve. We’re looking for ways to improve it, as are they. But this, as Director Olsen said, remains a big focus of the FBI.

Chairman FEINSTEIN. Thank you.

Mr. Vice Chairman.

Vice Chairman CHAMBLISS. Thanks, Madam Chair.

Director Clapper, you assess in your statement for the record that core al-Qaeda has been on a downward trajectory since 2008, and that their ability to conduct complex, sophisticated, and large-scale attacks against the Homeland is significantly degraded.

However, at the same time, you assess that AQAP poses a significant threat and remains intent on targeting the United States and U.S. interests overseas. What I’d like to do is to have you first start off Director Clapper, but I want kind of a general discussion about al-Qaeda, not just core al-Qaeda, but their threat to the United States, both domestically as well as overseas.

And each of you have kind of a different interest there. Even down to you, Director Comey, obviously with respect to homegrown terrorists, and the future there. So these are kind of the questions I’d like for you to address.

One, how would you characterize the probability of an al-Qaeda-sponsored or -inspired attack against U.S. Homeland today, as compared to 2001?

If al-Qaeda is evolving from a centralized core group to a decentralized global movement of multiple organizations, capable of attacking the United States, would you say the threat has decreased or increased?

Third has the terrorist threat against the U.S. interests overseas increased or diminished over the past decade?
And then lastly, what—what is the impact on limitations that are proposed on Sections 215 and 702 likely to have on the future of the Intelligence Community with regard to collection.

Vice Chairman CHAMBLISS. Director Clapper.

Director CLAPPER. Thank you, Vice Chairman Chambliss.

Let me start, and then I'll turn to others.

I think—in fact NCTC probably said it best recently that the—one of—the ideological center of al-Qaeda movement I think still remains in the FATA. The operational locus and the locus for operational planning has dispersed. There are some five different franchises at least, and in 12 countries that this movement has morphed into. And we see sort of chapters of it, of course, in Yemen, Somalia, in North Africa, in Syria, et cetera.

And many of these movements, while essentially locally focused, probably the most—still, I think, the most prominent one that has an external focus and specifically on the Homeland remains AQAP, which I think we—we still continue to view as, of all the franchises, the one that has the most—poses the most immediate threat to—for a potential attack on the Homeland.

The probability of attack now compared to 2001 is, at least for me, a very hard question to answer because—principally because of this very dispersion and diffusion of the threat. Whereas we were very, very focused initially, particularly in that—in that time period on al-Qaeda, al-Qaeda core. Now, we are facing a much more dispersed threat.

The—what we spoke about before in Syria, what's going on there is in maybe some respects a new FATA for us. And the—and what's going on there and the attraction of these foreign fighters is very, very worrisome. Aspirationally, al-Nusra Front, to name one, is—does have aspirations for attacks on the Homeland.

So, I can't say that—that, you know, the threat is any less. I—I think our ability to discern it is much improved over what it was in the—in the early part of—the 2000 period. So, I think that dispersion and decentralization actually creates a different threat and a harder one to watch and detect because of its dispersion.

It's clear as well that our collection capabilities are not as robust, perhaps, as they were because the terrorists—and this is not specifically because of the Snowden revelations—but generally have gotten smarter about how we go about our business and how we use trade-craft to detect them and to thwart them.

As far as what impacts the changes that will accrue, hopefully we can, particularly with respect to 215 and the other tools that we have, we can minimize the threat by—as we make these modifications and alterations. But in general, this is big hand/little map, we are in total going to certainly have less capacity than we had in the past. And that's occasioned by the changes we're going to make, as well as, you know, the significant budget cuts we're taking.

And those two things together, as I alluded to in my oral statement, kind of the perfect storm that we're going to—we're going to contend with. And the bottom line, at least for me, is that we're going to have to identify and—and be eyes wide open—I say “we”—all of us—about identifying risk and managing it.

Let me turn to my colleagues.
Director BRENNAN. Just agree with General Clapper. The diversity and dispersion have made it much more challenging for us. We need to rely heavily on partners and building up capacity in a number of countries throughout the world.

The terrorists are becoming more sophisticated and they’re going to school on the repeated disclosures and leaks so that it has allowed them to burrow in—has made it much more difficult for us to find them and to address the threats that they pose.

So, when I look at the threat relative to 9/11, we as a country have done I think a great job of addressing some of the vulnerabilities that exist in our system and putting together an information-sharing architecture that allows us to move information very quickly, but you never know what you don’t know. And with the increasing diversity of the threat and with the growth, as you pointed out, of terrorist elements in places like Syria and Yemen, we have a number of fronts that we need to confront simultaneously.

Chairman FEINSTEIN. Thank you very much, Vice Chairman.

Senator Heinrich.

Senator HEINRICH. Thank you, Chairman.

Thank you all for joining us today, and I want to thank you for participating in this open hearing on worldwide threats. I know it’s not always easy to talk about some of these things in an unclassified setting, but I certainly appreciate your willingness to try.

I also want to publicly thank the men and women of the Intelligence Community who day-in and day-out dedicate themselves to keeping us all safe. It’s a thankless job that a simple expression of gratitude can’t fully capture, but we deeply appreciate their efforts.

Before I get to my questions today, Mr. Brennan, I just want to publicly note my continued disappointment of how the CIA under your leadership has chosen to engage and interact with this Committee, especially as it relates to the Committee’s study of the CIA’s detention and interrogation program.

Recent efforts undertaken by the CIA, including but not limited to inaccurate public statements about the Committee study, are meant to intimidate, deflect, and thwart legitimate oversight. It only makes me firmer in my conviction that the Committee should release and declassify the full 6,300-page study with minimal redactions so that the public can judge the facts for themselves.

I want to applaud my colleague, Senator Rockefeller, for making significant efforts to bridge the chasm between the Committee and Director Brennan on some of these issues. But it doesn’t appear to be in the director’s nature to accept these overtures, frankly. And I think that’s incredibly unfortunate. I am fully confident in the factual accuracy of the report and nothing in your response so far has persuaded me otherwise.

Director Brennan, let me get to a few questions. On March 16th, 2009, one of your predecessors, CIA Director Leon Panetta, announced the creation of a Director’s Review Group for Rendition, Detention and Interrogation, to be led by a well-respected senior CIA officer and advised by Senator Warren Rudman, who passed away, as you know, in 2012.
According to the press release at the time, the group was tasked with assembling data and formulating positions on the “complex, often controversial questions that define rendition, detention and interrogation.”

Do you know when and why the Panetta review group was disbanded?

Director Brennan. Senator, first of all, I respectfully but vehemently disagree with your characterization of the CIA’s cooperation with this Committee. I am fully prepared to come forward to this Committee at any time that requests my appearance, to talk about that study.

And I think, related to the issue that you just raised in terms of the question, all Committee Members are in receipt of some information that I have provided recently to the chairman and vice chairman on this issue. And I look forward to addressing these matters with the Committee at the appropriate time and not at a threat assessment—

Chairman Feinstein. Thank you, Mr. Brennan. I believe that’s appropriate.

Senator Heinrich. Actually, it doesn’t fully answer the question of whether—and I’m not sure that I do know actually when and why the Panetta review group was disbanded.

Director Brennan [continuing]. I’ll be happy to address that question at the time when the Committee leadership requests that information from me.

Chairman Feinstein. Thank you. I think that’s appropriate, Senator, for a classified session.

Senator Heinrich. OK. Let me move on to Director Clapper and change gears a little bit to Edward Snowden. The revelations by Edward Snowden regarding U.S. intelligence collection have obviously caused some tensions with our European allies. Have our European allies ever collected intelligence against U.S. officials or business people, or those of other allied nations?

Director Clapper. Yes, they have. I could go into more detail on that in a classified session.

Senator Heinrich. That’s fine, Director Clapper.

Russia recently announced that it would extend Edward Snowden’s asylum and not force him to leave their country. Do you believe that the Russians have gained access to the documents that Edward Snowden stole, which obviously—many of which have not been released publicly, fortunately?

Director Clapper. I think this might be best left to a classified session and I don’t want to do any—say or do anything that would jeopardize a current investigation.

Senator Heinrich. That’s fine, Director.

Thank you, Chair.

Chairman Feinstein. Senator Wyden.

Senator Wyden. Thank you very much, Madam Chair.

Let me start by saying that the men and women of America’s intelligence agencies are overwhelmingly dedicated professionals and they deserve to have leadership that is trusted by the American people.

Unfortunately, that trust has been seriously undermined by senior officials’ reckless reliance on secret interpretations of the law
and battered by years of misleading and deceptive statements senior officials made to the American people.

These statements did not protect sources and methods that were useful in fighting terror. Instead, they hid bad policy choices and violations of the liberties of the American people.

For example, the director of the NSA said publicly that the NSA doesn’t hold data on U.S. citizens. That was obviously untrue.

Justice Department officials testified that Section 215 of the PATRIOT Act is analogous to grand jury subpoena authority. And that deceptive statement was made on multiple occasions.

Officials also suggested that the NSA doesn’t have the authority to read Americans’ e-mails without a warrant. But the FISA court opinions declassified last August showed that wasn’t true either.

So, for purposes of trying to move this dialogue along, because I don’t think this culture of misinformation is going to be easily fixed, I’d like to get into several other areas where the government’s interpretation of the law is still unclear.

Director Clapper, law-abiding Americans want to protect the privacy of their communications, and I see a clear need to strengthen protections for information—-for information sent over the web or stored in the cloud.

Declassified court documents show that in 2011, the NSA sought and obtained the authority to go through communications collected with respect to Section 702 of the Foreign Intelligence and Surveillance Act, and conduct warrantless searches for the communications of specific Americans.

Can you tell us today whether any searches have ever been conducted?

Director Clapper. Senator Wyden, I think at a threat hearing this would—I would prefer not to discuss this, and have this as a separate subject that—because there are very complex legal issues here that I just don’t think this is the appropriate time to discuss them.

Senator Wyden. When would that time be? I tried with written questions, Director Clapper, a year ago, to get answers. And we were stonewalled on that. And this Committee can’t do oversight if we can’t get direct answers.

So when will you give the American people a unclassified answer to that question that relates directly to their privacy?

Director Clapper. As soon as we can—soon, sir. I’ll commit to that.

Senator Wyden. What would be wrong with 30 days?

Director Clapper. That’s fine.

Senator Wyden. All right. Thank you. That’s making some progress.

Director Brennan, a question with respect to policy. Does the federal Computer Fraud and Abuse Act apply to the CIA? Seems to me that’s a yes-or-no question.

Director Brennan. I would have to look into what that act actually calls for and its applicability to CIA’s authorities. I’ll be happy to get back to you, Senator, on that.

Senator Wyden. How long would that take?

Director Brennan. I’ll be happy to get back to you as soon as possible. But certainly no longer than—
Senator WYDEN. A week?
Director BRENNAN [continuing]. I think that I could get that back
to you, yes.
Senator WYDEN. Very good.
Let me ask a question of you, then, if I might, Director Comey.
I'd like to ask you about the government's authority to track indi-
viduals using things like cell site location information and
smartphone applications.
Last fall, the NSA director testified that we, the NSA, identify
a number we can give that to the FBI. When they get their prob-
able cause, then they can get the locational information they need.
I've been asking the NSA to publicly clarify these remarks, but
it hasn't happened yet.
So, is the FBI required to have probable cause in order to acquire
Americans' cell site location information for intelligence purposes?
Director COMEY. I don’t believe so, Senator. In almost all cir-
cumstances we have to obtain a court order, but the showing is a
reasonable basis to believe it's relevant to the investigation.
Senator WYDEN. So you don’t have to show probable cause, you
have cited another standard. Is that standard different if the gov-
ernment is collecting the location information from a smartphone
app rather than a cell phone tower?
Director COMEY. I don’t think I know—I probably ought to ask
someone who is a little smarter on what the standard is that gov-
erns those. I don't know the answer sitting here,
Senator WYDEN. My time is up. Can I have an answer to that
within a week?
Director COMEY. You sure can.
Senator WYDEN. All right.
Thank you, Madam Chair.
Chairman FEINSTEIN. Thank you, Senator Wyden.
Senator Udall let me apologize to you, I inadvertently skipped
over your name and called on Senator Wyden, but it's your mo-
ment.
Senator UDALL. No apologies, Madam Chair.
Good morning to all of you. Thank you for being here.
I, too, want to make it clear how much this Committee respects
and admires the hardworking members of the Intelligence Commu-
nity. And I know everyone on this Committee keeps this worldwide
threat assessment handy.
It's not reading that puts you to sleep; it's reading that gets your
attention. I want to thank you and your teams for putting this to-
gether.
I did want to pick up on Senator Heinrich's line of questioning.
Director Brennan, you know the long history of this committee's
study of our detention interrogation programs. I'd like to put my
statement in the record that walks us through that—that record,
but I did want to focus initially on the CIA internal review, some
people call it the Panetta review.
Were you aware of this CIA internal review when you provided
the CIA's official response to this Committee in June of last year?
I don’t have much time, so I'd appreciate a yes-or-no answer.
Director BRENNAN. It wasn't a review, Senator, it was a sum-
mary. And at the time, no, I had not gone through it.
Senator Udall. It strikes me as a bit improbable, given that you knew about the internal review, and you spoke to us and stated that your obligation as the CIA director was to make sure that the CIA's response was as thorough and accurate as possible.

But, in that context, let me move to the next question, does the information in the internal review contradict any of the positions included in your June 2013 response to the Committee?

Director Brennan. Senator, I'd respectfully like to say that I don't think this is the proper format for that discussion, because our responses to your report were in classified form. And I look forward to addressing these questions with the Committee at the appropriate time.

Senator Udall. Let me make sure I understand. Are you saying that the CIA officers who were asked to produce this internal review got it wrong, just like you've said, the Committee got it wrong? We had 6,300 pages, 6 million documents, 35,000 footnotes.

Director Brennan. Senator, as you well know, I didn't say that the Committee got it wrong. I said there were things in that report that I disagreed with, there were things in that report that I agreed with. And I look forward to working with the Committee on the next steps in that report.

And I stand by my statement. I'm prepared to deal with the Committee to make sure that we're able to address the issue of the detention, rendition interrogation program at the appropriate time.

Look forward to it.

Senator Udall. Let me—let me finish on this note; I think we have an important opportunity when it comes to this vital review that we undertook. We can set the record straight.

America is at its best when we acknowledge our mistakes and learn from those mistakes.
It’s clear that the detention, rendition and interrogation programs of the CIA went over the line over last—during the first decade of this century.

Director Brennan, I don’t understand why we can’t work together to clarify the record, to move forward. And, in so doing, acknowledge the tremendous work of those you lead, and those that were tasked on this Committee to oversee.

I’m hopeful that we can find our way forward on this important, important act. Thank you.

Director BRENNAN. I hope we can, too, Senator.

Chairman FEINSTEIN. Thank you, very much.

I want to apologize to Senator Collins, because I didn’t indicate initially that we would go back and forth. So the list is actually who got here first, but it’s Senator Mikulski next, and then Senator Collins.

Senator MIKULSKI. I would be happy to yield to Senator Collins.

Senator COLLINS. The chairman of the Appropriations Committee always goes first.

Chairman FEINSTEIN. Senator, please proceed.

Senator MIKULSKI. First of all, to those here on the panel and other members of agencies representing the Intelligence Community, like Homeland Security, I too, want to echo my thanks and support for all employees who work in the Intelligence Community.

And General Clapper, I want to say to you, I recall in last year’s hearing you asked for flexibility for the Intel Committee as we faced sequester. During this at times even intense hearing today, I want you to know that even the chairman and vice chairman supported by the entire Members of this Committee worked with me to try to get flexibility for you.

We were stopped by the House of Representatives during the CR to get you that flexibility. But I want you to know today, we were united to try to get you, and therefore the Intelligence Community, that.

So we’re on the side of the employees facing furloughs, sequester, and so on. Thanks now to the budget agreement, and what we were able to do in the consolidated appropriations, we think that part is behind. So we look forward to working with you as we listen to those needs.

I want to come, though, to the employees there. And no group of employees has been battered more than the men and women who work at the National Security Agency because of the illegal leaks by Edward Snowden. NSA has been battered, and by de facto, so have the employees of the National Security Agency.

We’re all well aware that the morale is extremely low there because of budget impacts and the impacts of Snowden.

Let me go to my point, though. The men and women who work at the National Security Agency truly believe that what they do, particularly under 215 and 702, is constitutional, is legal, was authorized, and was necessary.

So they felt they were doing a good job defending America. I would like to come to the constitutionality and engage your support and get your reviews.

There are now several legal opinions about the constitutionality of these programs, and now, as we engage upon the reform effort,
which—I support review and reform—being led by many members of this Committee, that we need to determine the constitutionality.

Would you—because if it’s not constitutional, that’s it—General Clapper, would you, consulting with the Department of Justice, the White House, ask for an expedited review by the Supreme Court of the United States to determine the constitutionality of these programs so that we don’t continually shop for the legal opinion that we want, either one side or the other?

Director Clapper. I’ll discuss this with the Attorney General. I am not up on what the protocol is for us seeking a reading by the Supreme Court, but—

Senator Mikulski. Is there a sense of urgency within the administration to seek such a constitutional determination?

Director Clapper [continuing]. I think there’s—well, I can’t speak for the administration. I don’t know. I would think there would be, since we, to your point, think throughout all of this and with all the controversy that we all felt, and still feel, that what we were doing was legal, was oversighted, both by all three branches of the government.

There is a current court ruling on the Fourth Amendment ruling which, of course, if data is provided to a third party, it doesn’t—

Senator Mikulski. General Clapper, there are 36 different legal opinions.

Director Clapper [continuing]. I realize that.

Senator Mikulski. Thirty-six say the program is constitutional.

Director Clapper. And—

Senator Mikulski. Judge Leon said it’s not. I’m not a—

Director Clapper [continuing]. Nor are we.

Senator Mikulski [continuing]. And I respect the appeals process, but I think we’ve got to get a constitutional ruling on this as quickly as possible.

I think the American people are entitled to knowing that, and I think the men and women who work at NSA need to know that. And I think those of you who want final review on reform need to know that.

Director Clapper. I couldn’t agree with you more about the need for clarity on these issues for the women and men of the Intelligence Community who are trying to do the right thing.

Senator Mikulski. Now, I would like to come to cybersecurity. And Director Comey, as you know, Target’s been hit, Neiman Marcus has been hit, Michael’s, who knows what else.

What I find is in the public’s mind there’s confusion now between cybersecurity and surveillance. They’ve kind of comingled these words, but my question to you is two things.

Is the impact of the Snowden affair slowing us down in our work to be more aggressive in the cybersecurity area, particularly as it relates to American people, identity, the safety of their credit cards, our grid, et cetera?

And has the failure of us to pass cybersecurity regulatory efforts really aided and abetted these—has been a contributing factor to the fact that international prime is now targeting us?

Director Comey. Thank you, Senator.

With respect to the work being done by the men and women in law enforcement to respond to cyber threats, especially those
around financial fraud and theft, we're working as hard as ever to try to address those threats.

What the storm around surveillance and the leaks has done is just complicated the discussion about what tools we use to do that. So in that respect, it's made our life more complicated. I think that people need to realize there is threat of fraud and theft, because we've connected our entire lives to the Internet. And that's a place where we, using our law enforcement authorities, have to be able to respond robustly.

Senator MIKULSKI. Do you think Congress needs to pass legislation in this area?

Director COMEY. Yes, I do.

Senator MIKULSKI. Do you feel that there's an urgency around that and we should review those original legislation, even as a starting point for negotiation?

Director COMEY. There is. One of the critical parts of responding to cyber criminals is information sharing. The private sector sees the bad guys coming in. We need to make sure that the private sector understands the rules of the road and how they share that information with the government.

Senator MIKULSKI. My time is up.

I just want to say also, during the sequester and so on, I read these wonderful documents that came from voluntary organizations associated with the FBI. It was called, "Voices from the field." They were quite poignant, and it shows that when they say with sequester they didn't want to exempt the feds, when our first line of defense, in many ways, is what we see at this table.

So would you thank the agents for us?

Director COMEY. I will. Thank you, Senator.

Chairman FEINSTEIN. Senator Collins.

Senator COLLINS. Thank you, Madam Chairman.

General Flynn, thus far in the discussion today and in general, there has been very little focus on the damage that Edwin (sic) Snowden has done to our military. I read the DIA assessment, and it is evident to me that most of the documents stolen by Mr. Snowden have nothing to do with the privacy rights and civil liberties of American citizens, or even the NSA collection programs.

Indeed, these documents—and we've heard the number, 1.7 million documents—are in many cases multipages. If you printed them all and stacked them, they would be more than three miles high.

I say that to give the public more information about how extraordinarily extensive the documents that he stole were. And they don't just pertain to the NSA; they pertain to the entire Intelligence Community and include information about military intelligence, our defense capabilities, the defense industry.

Now, you are the leader of military intelligence. You have also been deployed for extensive periods in Iraq. You know what the impact is on the military.

Could you share with the Committee your assessment of the impact that the damage that Edward Snowden has done to our military? And in particular, has he placed our men and women in uniform at greater risk?

Lt. General FLYNN. Senator Collins, thanks for that question. And on the report that you're—you're indicating or highlighting, we
do have a—I believe a session in about a week for this Committee to go through the entire report.

The—the strongest—the strongest word that I can use to describe, you know, how bad this is, this has caused grave damage to our national security. I think another way to address, you know, your question is, you know, what is—what are the costs that we are going to incur because of the scale and the scope of what has been taken by Snowden.

And I won't put a dollar figure, but I know that the scale or the cost to our nation, you know, obviously in treasure, in capabilities that are going to have to be examined, reexamined and potentially adjusted. But I think that the greatest cost that is unknown today, but we will likely face is the cost in human lives on tomorrow's battlefield or in some place where we will put our military forces, you know, when we ask them to go into harm's way. And I think that's the greatest cost that we face with the disclosures that have been presented so far.

And like I said, the strongest word that I can use is this has caused grave damage to our national security.

Senator COLLINS. So it has caused grave damage to our national security. And you would agree that it puts at risk potentially the lives of our troops. Is that accurate?

Lt. General FLYNN. Yes—yes, ma'am.

Senator COLLINS. Thank you.

Mr. Olsen, it's good to see you again. We've worked extensively when I was on the Homeland Security Committee. I want to turn to the impact of the Snowden leaks on our nation's ability to connect the dots and to protect our citizens from terrorism attacks.

You addressed this issue at a recent conference. Have you seen terrorist groups change their methods as a direct result of the disclosures of the stolen documents that Mr. Snowden has?

Director OLSEN. Senator Collins, the answer to that is yes. As we've been discussing, the terrorist landscape has become increasingly complex. We've seen the geographic diffusion of groups and networks. And that places a premium on our ability to monitor communications. And what we've seen in the last six to eight months is an awareness by these groups, and they're increasingly sophisticated, an awareness of our ability to monitor communications and specific instances where they've changed the ways in which they communicate, to avoid being surveilled or being subject to our surveillance tactics.

Senator COLLINS. And obviously that puts us at greater risk of an attack.

Director OLSEN. It certainly puts us at risk of missing something that we are trying to see, which could lead to putting us at risk of an attack, yes.

Senator COLLINS. And just to quote you back to yourself, you said, “This is not an exaggeration; this is a fact.” And you stand by that.

Director OLSEN. I absolutely do, yes.

Senator COLLINS. Thank you, Madam Chairman.

Chairman FEINSTEIN. Senator Warner.

Senator WARNER. Thank you, Madam Chairman.
And I want to start actually picking up with what Senator Mikulski said. And I think most of us have made these comments, at least at the outset, even if some of our colleagues have very distinct policy differences, which is we need to be, I think, continue to express our support for the men and women of the Intelligence Community who do these jobs in thankless ways—and in dangerous ways.

And they have been under challenge, with concerns about the NSA programs, the Snowden affair, the effects of sequestration. And they’re disproportionately, perhaps, in Virginia and Maryland, but they’re all across the country.

And I know, Director Clapper, we’ve talked about ways to try to get them some of the recognition. They’re not often recognized in State of the Union addresses, but I hope that we’ll continue to find ways that we can, during these tight and challenging times, affirm the very extraordinary work that these men and women do protecting our country.

I want to take a moment, Director Clapper, again, following up on what Senator Mikulski raised, I think the challenges around cyber terrorism and cyber threats grow dramatically. We now know the public report that (inaudible) put out a year ago about challenges disproportionately coming out of China and Russia.

I believe you stated last year that you thought that the effect of cyber attacks on America were estimated to cost close to $300 billion in economic damage, that damage in terms of direct attack.

But I also think we see time and again cases where intellectual property is taken and competitors are able to enter into the marketplace basically leapfrogging over the whole R&D step because they steal our intellectual capital.

We now have seen, I know, a series of committees, including my banking subcommittee, have been looking at the—some of the data breaches that at we’re talking now at 70 million potential loss of data—personal data information just with Target alone. And (inaudible) disproportionately was ill-equipped.

I think this is an indication, though, that, industry by industry, these attackers can find the weakest link. And even companies that are doing the right things; if their colleagues in the industry are not keeping up to standards, there is a challenge.

Do you have any sense of—or would you or anybody else on the panel care to kind of reposit a new number or a different number or a higher number in terms of the economic threat, the intellectual capital threat, and obviously the personal information threat posed by these cyber activists?

Director Clapper. Senator, I think it’s almost incalculable to tote up what the potential costs may be. This starts from the sheer difficulty of ascribing value to intellectual property, particularly over time. So, the potential dollar value is inestimable if you consider it in its totality.

So no, I really can’t give you a good number, and we’d have a hard time coming up with one. Whatever it is, it’s big.

Senator Warner. Anybody else want to add a comment?

I guess the question I would also have, kind of continuing down this lane, though, is that I, as someone that came from the IT and telecom sector, I get the concern about additional government regu-
latory burdens, but—and how you set it, an appropriate standard, something that also is fluid as this field is. But my gosh, not having some standards, not having, again, for the good actors, some safe harbor, seems to me to be a real economic challenge.

And I guess one of the questions I would have for you, in light of the data breaches at Target, Neiman Marcus, now we hear Michael's and others, you know, what does it say about the ability of the private sector to keep its data secure?

Director Clapper. Well, this is a great concern to all of us. And to Senator Mikulski's point earlier when this was discussed a year ago or so, and there was a lot of discussion and debate in the Congress about the need for some cyber legislation.

There has to be, in my view—and I'll ask others to speak to this—a partnership between the government and the private sector, understanding the concerns about burdens being placed, regulatory burdens and all that sort of thing that could be placed on the private sector.

But the government cannot do all this by itself. The private sector, particularly if you're, you know, have a concern about the piece of this that I am, which are foreign nation states, principally China and Russia, which represent the most sophisticated cyber capabilities against us.

And then, you know, the litany of other potential threats—be they nonstate actors, activists, criminal, whether foreign or domestic.

And we need—the civilian sector is kind of our do line, if you will, or our first line of defense. So there—in my opinion, there needs to be some way where we can depend on that sector to report to us, to enable the government to help them. I'd ask Director Comey to speak to this as well.

Director Comey. And, Senator, that's what I meant, to responding to Senator Mikulski about some of the work we have to do to protect the American people in this area, getting all tangled up in controversy around surveillance.

Without the cooperation of the private sector, I think of us as—we're patrolling a street with 50-foot-high walls. We can see that the street is safe. But we're of no use to the folks who need help behind the walls in those neighborhoods.

So we have to find a way for them to tell us what's going on and us to tell them what's going on in order to protect the American people. But it gets caught up in this swirl around, oh, my goodness, the government wants private people to cooperate.

We really do. But we want to do it through clear, lawful guidelines and rules of the road to make those communities safer on the street and in the neighborhoods.

Senator Warner. I know my time is up, and I concur with you in trying to get this collaboration, and information sharing is so critical. And I think, again, the challenge that these retailers saw in terms of them, when do they cross that line to report to the public? Because I think if the public had a full understanding of how often and how many firms are under daily assault, it would, you know, maybe even make pale about some other concerns they have about some of the other activities going on. This is a thorny area
that’s evolving day to day. And, again, I hope the Congress comes back and revisits it.

Thank you, Madam Chair.

Chairman FEINSTEIN. Thanks, Senator Warner.

Senator Rockefeller.

Senator ROCKEFELLER. Thank you, Madam Chair.

I’m going to make a statement. I’m not going to ask a question. I’ll wait for second round. There’s something I feel so strongly about I have to make this statement.

The president announced that Section 215 telephony metadata should no longer be stored by the government and he asks the director of national intelligence to work with the Attorney General to come up with alternative options.

Ultimately the decision rests with Congress and this Senator absolutely opposes contracting out this inherently core governmental function.

What seems to be lost in this conversation is that every day we face a growing and evolving threat from multiple enemies that could cost American lives. The terrorist threat remains real and ongoing. The government’s ability to quickly assess the data has protected Americans from terrorist attack.

The hard fact is that our national security interests do not change just because public opinion on issues fluctuates. The collection and querying of this metadata is not a private sector responsibility. It is a fundamental core government function and should remain that way.

I’m concerned that any change of our current framework would harm both our national security and privacy.

While the President has made it clear that he understands our intelligence need for this data and that we should keep collecting, I do not believe that he came up with a better alternative. In fact, he just threw it to you, and ultimately, to us.

Here is why: Practically, we do not have the technical capacity to do this. And certainly it’s impossible to do so without the possibility of massive mistakes or catastrophic privacy violations.

There are hundreds and hundreds of telecommunication companies in this country. They each have their own initiatives. So you can’t just talk about one or two big ones. They’re all—they got niches. They’re all going to have to go into this protocol.

Prospects are just daunting and, to me, ridiculous. They do not want to become agents of the government. They do not want to become the government’s guardians of a vast amount of intelligence data. They stress that.

The telecom providers themselves do not want to do this, and for good reason. Telecom companies do not take an oath of allegiance to protect domestically and internationally.

Small matter? No, it isn’t. It’s a big matter. They are neither counterterrorist agencies nor privacy protection organizations. They are businesses. They are interested in the bottom line. And they are focused on rewarding their shareholders, not protecting privacy or national security.

I have served on the Commerce Committee for 30 years and I know the telephone companies sometimes make empty promises about consumer protection and transparency.
I’ve been through many iterations of this and it’s not happy. Corporations’ core profit motives can and sometimes have trumped their holding to their own public commitments.

My concerns about private providers retaining this data for national security purposes are only heightened by the advent of the multi-billion-dollar data broker industry that mines troves of data, including telephone numbers, which it uses to determine our most personal inclinations.

One data broker holds as much as 75,000 different data points about each one of us, including our health and financial status. This is staggering.

Further involving the telecom providers in the extended storage of this data for intelligence purposes would not only make the data subject to discovery in civil lawsuits but it would also make it more vulnerable to theft by hackers or foreign intelligence organizations, another powerful reason to be against private companies taking responsibility for an inherently government function, core government function.

Additionally Target’s recent loss of 110 million American consumers’ personal information hackers—to hackers does not reassure me at all that moving this sensitive data to the private sector for intelligence purposes would adequately protect its consumers’ privacy.

Moving this data weighs in a stringent audits and oversight mechanism that this Committee has worked over the years to put in place and now has added on 20 more amendments to do more.

It makes it less vulnerable to abuse. And I want to reiterate, the team—the telecom providers want no part of it. They say so; they never have. They didn’t under FISA, but they had to.

Blanket liability probably did the trick but that’s a very different situation. This is not a foundation for a good partnership.

In fact, for context, under the existing system there are only 22 supervisors in the intelligence directorate, highly trained and skilled, and 33 intelligence analysts who work specifically in the intelligence directorate.

These are professionals. They’ve spent their careers preparing to do this job and to do it well. They work in an extremely controlled environment with anonymized data. Their queries are subject to multiple overlapping checks, audits and inspections, and keeping in mind that these queries involve only anonymous numbers, no name, no content, no location, unlike many private companies, no one is listening to your private conversations or reading your e-mail.

The data is highly secure. It’s secure. And the queries of the data are conducted only by highly trained professionals, which the telecom companies do not have and could not be trained to have for a very long period of time, plus they don’t want any part of it.

Last year this Committee worked to significantly strengthen 215 oversight with the adoptions of 20 major reforms, making the telecom providers keep the metadata for intelligence purposes where it will be needed to be searched, or introduced a whole new range of privacy and security concerns.
I think going down this path will threaten, not strengthen, our ability to protect this country and the American people from a terrorist attack and massive invasions of their privacy.

OK. I used my time. But I can't tell you how strongly I feel about this.

The President left us in a very interesting position. He said, I want to keep collecting. I want to keep collecting. But I don’t want the—I don’t want the government to maintain—NSA to maintain the metadata.

And then he started talking about another entity, private entity. I think we all agree long hence that that’s an impossibility, not yet created, no experience, does not exist.

So what does that leave? That leaves the telecommunications companies and they don’t want it. And they shouldn’t have it, in the interest of national security.

Thank you, Madam Chair.

Chairman FEINSTEIN. Thank you very much for that, Senator Rockefeller.

I would like to point out, so the public knows, Senator Rockefeller is chairman of the Commerce Committee and, in my view, he knows what he’s talking about.

Chairman FEINSTEIN. Senator Burr.

Senator BURR. Thank you, Chairman.

Gentlemen, welcome. Thank you for what you do day-in and day-out. And thank your colleagues for us. As the vice chairman said, he and I had the opportunity to be in Afghanistan for part of last week and we met with many people who work for you and are doing a great job in a very challenging and difficult area of the world, and we’re grateful for that.

Director Clapper, over the last several years, the committee’s had some difficulty receiving timely briefings after significant events or terrorist attacks, despite the commitment we had from you that those briefings would happen within 24 hours.

Moving forward, will you renew your commitment to the Committee to brief us on those events in a timely fashion?

Director CLAPPER. Yes, sir. We always strive to do that.

Senator BURR. Director Olsen, without getting into sensitive sources and methods, how would you characterize the intelligence community’s ability to provide tactical warnings of terrorist attacks that are on U.S. interests?

Director OLSEN. It’s a complicated question. I mean, obviously it’s a focus of ours to be able to provide that level of tactical warning. As we’ve discussed, the nature of the threat has become significantly more geographically spread out. And that challenges the Community in collecting the kinds of information that would provide that type of tactical warning.

And we’ve seen the types of smaller-scale attacks, particularly on soft targets. I think, for example, of the attack at the Westgate Mall in Nairobi. That type of attack, using small arms, a small number of individuals, puts a great deal of pressure on us in order to provide the type of tactical warning that would save lives under those circumstances.

So it’s a focus of ours. We have increased our cooperation and interaction in particular with the State Department and diplomatic
security as a community. We come together as a community to do that. But as I’ve said, it’s difficult to provide the level of tactical warning that would provide, you know, the advance warning necessary to preserve lives under those circumstances.

Senator Burr. Thank you.

Director Brennan, without getting into sensitive sources and methods, how would you assess the counterintelligence capabilities of al-Qaeda and its affiliates?

Director Brennan. Increasingly good. And unfortunately, I think they just have to pick up the papers sometimes or do some Google searches for what has been disclosed and leaked. And they really go to school on that. And they adapt their practices accordingly. And they take steps to protect their ability to communicate, to move and to operate.

And so, we are giving them, I think, the substance for their counterintelligence programs.

Senator Burr. Thank you.

Director Comey, can you assure this Committee, the Congress and the American people that the FBI has and will continue to pursue the individuals who killed four Americans in Benghazi?

Director Comey. Absolutely, Senator, you have that commitment. It remains one of our very top priorities. I have a lot of people working very hard on it right now.

Senator Burr. We realize that the ability to share actions that the bureau might have taken in this case are limited. But I think I speak for the entire Committee that anytime we can be briefed on progress, I hope you will do so.

Director Comey. Yes, sir.

Senator Burr. General Flynn, when I saw one of my colleagues ask about cybersecurity, it seemed like you had something you wanted to contribute to that. Let me give you this opportunity, because I think you’re in a unique position to comment on it.

Lt. General Flynn. Well, I would just offer on cybersecurity, one of the other aspects, you know, Director Clapper mentioned state actors. I think what is a serious threat that we are paying very close attention to are these non-nation-state groups and actors, al-Qaeda being among them, as one organization among many others, are what I would just describe as in the transnational organized criminal elements that are also operating in the cyber domain. And they have no rules that they have to adhere to. And they are increasingly adapting to an environment that is actually benefiting them.

And so I think that we—while we definitely need to pay attention to those nation-states that have, you know, that in some cases have parity with us, we also have to pay very close attention to the non-nation-state actors that are out there that are doing things like we see—that have already been described here today. And that, to me, is an increasingly growing threat.

Senator Burr. Great. I thank, once again, all of you for your willingness to be here.

I thank the chairman, and yield the time.

Chairman Feinstein. Thank you, Senator Burr.

Senator King.

Senator King. Thank you, Madam Chairman.
Director Clapper, do you have an intelligence assessment of the impact of the interim agreement on Iran’s nuclear program? Does it slow it down, pause it? The requirements, as you know, about dilution and limitations of centrifuges and those kinds of things, is this going to have a real impact on the progress of nuclear capability in Iran?

Director Clapper. Yes, it will, Senator King. Clearly, it gets at the key thing we’re interested in and most concerned about is the more highly enriched uranium—the 20 percent enriched uranium. So, yes, it does.

Senator King. Second question. You told us back on the 20th, quote, “We judge that the new—that new sanctions would undermine the prospects of a successful comprehensive nuclear agreement with Iran.” Iranian Foreign Minister Zarif in early December said that the entire deal would be, quote, “dead” if the international community imposed new sanctions.

Is that still your view?

Director Clapper. Yes, sir. It would be good to have them in reserve if we need them, but I think right now the imposition of more sanctions would be counterproductive.

Senator King. How do you mean “in reserve”? If the Congress passed them, would you consider—

Director Clapper. Well, obviously, the Iranians understand our system. And the point there is that if the—if we had additional sanctions right now, I think this would, you know, the Iranians would live up to their word and it would jeopardize the agreement. But they understand that this is a subject of great interest in the U.S. Congress. And to me, just that fact alone is a great incentive to ensure compliance with the bargain.

Senator King [continuing]. So what you’re suggesting is we don’t need new sanctions. Even those that have a delayed trigger, it’s the knowledge that Congress can impose them that provides the impec-

Director Clapper. That would be my view, yes, sir.

Senator King. Thank you.

Another question for you, Director Clapper. There have been suggestions from outside groups, and we hear it all the time, that section 215 really doesn’t produce anything useful. And we’ve had testimony about plots thwarted. In order for us to assess this difficult issue, which as Senator Rockefeller pointed out, the President sort of tossed back in our laps.

On the one hand, we want to weigh national security concerns and the importance and significance of the program, against privacy rights and the concerns of the public about having large amounts of telephony—telephonic data in the government’s hands.

Is the program effective? Does it make a difference? Is it an important tool? Or is it just something that’s nice to have?

Director Clapper. I think it’s an important tool. And I also think, and I said this before, that simply using the metric of plots foiled is not necessarily a way to get at the value of the program. What it does is allows us to eliminate the possibility of a terrorist nexus in a domestic context.

So, for example, last summer when I think 20 or so diplomatic facilities in the Mideast were closed because of various threat con-
ditions, and in the course of that we came across nine selectors that pointed—indicated—pointed to the United States. So the use of this tool, of the 215 tool, enabled us to quickly eliminate the possibility of a domestic nexus. So, to me, that’s another important way of considering the value of the 215 program.

Senator King. Director Comey, do you have views on the significance of 215? You understand that this is not easy for this Committee. The public is very skeptical. And in order for us to continue to maintain it, we have to be convinced that it is in fact effective and not just something that the Intelligence Community thinks is nice to have in their toolkit.

Director Comey. Yes, I totally understand people’s concerns and questions about them. They’re reasonable questions. I believe it’s a useful tool. For the FBI, its primary value is agility. That is, it allows us to do in minutes what would otherwise take us hours. And I’ll explain what I mean by that.

If a terrorist is identified in the United States or something blows up in the United States, we want to understand, OK, is there a network that we’re facing here? And we take any telephone numbers connected to that terrorist, that attack.

And what I would do in the absence of 215, is use the legal process that we use every day, either grand jury subpoenas or national security letters. And by subpoenaing each of the telephone companies I would assemble a picture of whether there’s a network connected to that terrorist.

That would take hours. What this tool allows us to do is do that in minutes. Now, in most circumstances the difference between hours and minutes isn’t gonna be material, except when it matters most.

And so, it’s a useful tool to me because of the agility it offers. And so, I think it’s a healthy discussion to discuss, so what might replace it and how would we change it?

I would just want folks to understand what the trade-offs would be in any diminution in that agility. But that’s where it matters most to the FBI.

Senator King. Thank you.

Thank you, Madam Chair.

Chairman Feinstein. Thank you. That’s very helpful to the dialogue. Thank you very much, Senator King.

Senator Risch.

Senator Risch. Thank you, Madam Chairman.

Director Clapper, I want to compliment you for how you put together your statement here in putting cybersecurity at the top. This is the one open hearing we have every year. And those of us sitting in this panel spend most of a couple afternoons a week going through this stuff.

I think the American public really does not have an understanding of how important this threat is. I notice you put it ahead of terrorism. You put it ahead of weapons of mass destruction. You put it ahead of proliferation. And I think you wisely did that.

You said that the industrial control systems and supervisory control and data acquisition systems used in water management, oil and gas pipelines, electrical power distribution and mass transit provides an enticing target to malicious actors.
And I couldn't agree with you more, except I think that that is a real understatement of what the situation is out there. Certainly they are attractive targets.

But, more importantly than that, we've got chinks in our armor, as you know. And although we do our best with firewalls and what have you, this is something we've got to get more diligent at.

I bring this up because in my state, in Idaho Falls, Idaho, at the Idaho National Laboratory, there's nobody doing more on supervisory control and data acquisition matters. And we also have the isolatable transmission and distribution system we call the loop, and a very important wireless test bed, national user facility at the Idaho National Laboratory.

The problem I have is this. I've spent a lot of time there. I've spent a lot of time with the people there. And they are grossly underfunded in what they're doing.

Now, that's true in all areas of government spending, and we're all under tremendous pressure. I know that. Everybody in this room knows that. And there's no bigger advocate for cutting than I am.

But, inasmuch as you have put this at the top of your priorities, what I would urge you to do is review our priorities of spending and look at these particular operations at the Idaho National Laboratory. They're doing a lot of good work in this. And this is an area that we truly do need to be more vigilant on.

And it's unfortunate that Americans can't hear the kinds of things that we hear that are really quite frightening as far as what the possibilities are if we are subject to a cyber attack in this and many other areas.

So I'd urge you to consider that, Director Clapper, and appreciate your bringing this to the forefront and to the focus.

Director Brennan and Director Flynn, these next remarks are directed to you. I have a constituent, Sergeant Beau Bergdahl, who's being held captive. And I want to publicly thank you for the exchanges, the information and the frequent interchange between both myself and your office and my staff and your office staff.

It's impossible to sit here and convey to you what this family is going through. We all say we can't understand, and we really can't.

And, obviously, without getting into the classified material or saying something unintentionally that would impact his safety, I think we'd go a long ways to helping his family have some peace if you would reiterate publicly, as you have to me privately, about
what a high area of concern this is for the United States government to return Sergeant Beau Bergdahl to us personally.

Lt. General FLYNN. Yes. And Senator, thanks. Thanks for reminding the American public about Beau and his plight right now.

I would tell you that every soldier that we have on the battlefield that is in a situation like that is—becomes our number one priority. There are, 24 hours a day, seven days a week, there are dedicated resources to doing everything we can to bring him home safe and sound.

And I would just say to the family, I can’t imagine what they go through, but they have our absolute commitment from the—all the leadership, and I know I can speak for this table here from the Intelligence Community, but definitely all the leadership inside of the Department of Defense to bring him home safe and sound.

And I told them then that we would do everything possible to bring their son home safely. He is somebody who was on the front lines, keeping this country safe. And I know that we are doing that on a regular basis. And so we—our thoughts and prayers are with the family as well as with Sergeant Bergdahl.

Senator RISCH. Thank you from the bottom of our hearts for your efforts in that regard.

Chairman FEINSTEIN. Thanks, Senator Risch.

Senator RUBIO. Thank you.

Thank you all for being here today.

I wanted to touch on something that was actually touched upon last night in the State of the Union and may have been addressed earlier before I came.

And it’s this; on the one hand we keep hearing how the core of al-Qaeda has been significantly degraded, particularly in its presence in the FATA, et cetera, and in Afghanistan before that.

But on the other hand, we see that their power is now growing in a diffuse way. We see it in North Africa, Lebanon, Syria, Iraq. And, of course, there’s still a presence in Afghanistan and Pakistan. There’s the concern about fighters from Syria returning to Europe and other countries.

Isn’t this diffusion of their presence and power, isn’t this an even bigger and more complex challenge than when they were, than when their core was centralized in one place?

Director CLAPP. Senator, let me start. Senator Rubio, actually, it is, because of the dispersal and the growth of the so-called franchises into many other areas of the world; much more globally dispersed.

That, plus the fact that, as we’ve also discussed here today, they’ve gone to school us on how we try to track them. So the combination of those factors, the geographic dispersal and the increasing challenges in collecting against them, makes al-Qaeda, in all of its forms, a very—in total, a very formidable threat.

Matt.
Director Olsen. Senator, yes, I agree wholeheartedly with Director Clapper. I think it is important to think about the threat in a number of different ways. So there is a group core al-Qaeda. And, as the President said last night, that group is on the path to defeat. That is the group that brought forward 9/11, led by Zawahiri. Operationally, that group is not what it was 10 years ago. It is the ideological leader of a movement that has spread. And that movement has spread both in terms of the geographic presence in a number of different countries across the Middle East and North Africa. It's spread in terms of the diversity of actors. A number of those actors have a largely local or regional agenda. In other words, they don't necessarily pose a threat to us here at home, at least not now. And it's also changed in the way Director Clapper has said, in that they've innovated and they've—sought out ways to carry out attacks that are not as complicated, that—and they've promoted the idea of lone attacks or smaller-scale attacks that would be harder for us to detect. So, in all of those ways, it's a more complicated and more challenging threat.

Senator Rubio. Thank you.

The second issue I wanted to focus on that really bothers me sometimes is these romanticized notions about who Edward Snowden is and what he's done to this country. You know, all the reporting's been centered on things we've read in the papers about the 215 programs, but his revelations go far beyond that. Is it safe to say that he has not just compromised operations, but there are Americans and allies who are at risk because of the actions of this individual?

Director Clapper. Absolutely, sir. That's—yes.

Senator Rubio. And, is it also safe to say that General Flynn, I would ask you this. Are there men and women in uniform who are potentially in harm's way because of what this individual has done?

Lt. General Flynn. Senator, I believe there are.

Senator Rubio. All right.

Is it safe to say that the revelations that he has made, what this individual has done is perhaps the gravest violation and most significant, most harmful revelation of American intelligence secrets in our history?

Lt. General Flynn. Yes, sir. As I stated at the outset, that's how I would characterize it.

Senator Rubio. I wanted to ask you quickly about Asia.

I just returned from a trip to Japan. I know that they've recently made changes to their intelligence—the laws governing their intelligence programs.

Could you comment, whoever would be appropriate, briefly on how that's increased our ability to partner with them, and how you see the opportunities to more fully engage with the Japanese in intelligence sharing, given their increased capacity and the protections now afforded?
Director Clapper. Yes, sir. I was aware of your visit and appreciate your engagement with some of our intel people.

Senator Rubio. Are you following me? No, I'm kidding.

Director Clapper. The Japanese are emerging as great partners. They—and the passage of this Secrets Protection Laws, as it's called, are going to do just as you inferred, enable us (sic) to do more sharing with us.

We are in—have agreed on a recent—recently on an intelligence sharing arrangement where they will be sharing with us. I would be happy to go into more detail about this. But really emerging as great intelligence partners and this extends to the prime minister.

Senator Rubio. Thank you.

Chairman Feinstein. Thank you very much, Senator Rubio.

That completes the round. It's my understanding that Members do not request a second round with one exception, and that is Senator Wyden, who would like to ask a ten-second question.

Questions will be sent to the panel and hopefully, you will respond to them rather promptly.

Your ten seconds are upon you.

Senator Wyden. Thank you, Madam Chair. This is a request for the record. General Clapper, and it's apropos good point that Senator King meant. He asked you and General Comey whether bulk collection of all these phone records on law-abiding Americans were necessary to prevent terror, and you all said it was because of timeliness.

As you know, the Independent Review Commission at page 104 of their report said that was not the case. They could get the data in a timely way without collecting all of these millions of phone records on law-abiding Americans.

So if you all would, for the record—and I've asked this as well before, give us an example of a time you need a record that was so old that the relevant phone company no longer had it.

And I'm going to say, Mr. Director, I think that's possible, within 30 days, to have an answer to that. Since I've asked it repeatedly if there's some reason you can't do it, let me know.

Thank you, Madam Chair.

Chairman Feinstein. Thank you.

And you had a long ten seconds. Be grateful.

Ladies and gentlemen, thank you. And, gentlemen, thank you very much and the people that you represent. This Committee appreciates their service and your service.

So the hearing is adjourned.

[Whereupon, at 11:43 a.m., the Committee adjourned.]
Supplemental Material
The Honorable Ron Wyden  
Select Committee on Intelligence  
United States Senate  
Washington, D.C. 20510

Dear Senator Wyden:

I am writing in response to the question you asked of me at the "World-Wide Threats" hearing on 29 January 2014. You asked whether the Computer Crimes and Abuse Act, codified at 18 U.S.C. § 1030, applies to the Central Intelligence Agency. The answer is the statute does apply. The Act, however, expressly "does not prohibit any lawfully authorized investigative, protective, or intelligence activity . . . of an intelligence agency of the United States." 18 U.S.C. § 1030(f).

Sincerely,

[Signature]

John O. Brennan

Co: Chairman Dianne Feinstein  
Vice Chairman Saxby Chambliss
Central Intelligence Agency
Office of Congressional Affairs
Classified Fax Cover Sheet

DATE: 3 February 2014

TO:    The Honorable Ron Wyden
OFFICE: SSCI
FAX: 202-267-1771

FROM: Director Brennan, CIA
PHONE: 703-482-6122

SUBJECT: Response to Question from 29 January 2014 Hearing
PAGES (including cover): 2
MESSAGE: Please deliver to Senator Wyden immediately.
          Hard copy to follow via courier.

UNCLASSIFIED