WORLDWIDE THREATS

HEARING
BEFORE THE

COMMITTEE ON ARMED SERVICES
UNITED STATES SENATE

ONE HUNDRED FIFTEENTH CONGRESS
SECOND SESSION

MARCH 6, 2018

Printed for the use of the Committee on Armed Services

Available via the World Wide Web: http://www.govinfo.gov/
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OPENING STATEMENT OF SENATOR JAMES M. INHOFE

Senator Inhofe. The committee will meet to hear testimony of the—on Worldwide Threats.

We're pleased to welcome our distinguished witnesses: Dan Coats—we all know Dan very well—and, of course, General Ashley. It's nice to have you here.

It's particularly timely that we are here with our Nation's top intelligence officials in the context of the administration's newly released National Defense Strategy. I just returned from a CODEL [Congressional Delegation], with Senators Rounds, Ernst, Sullivan, and a member of the House Armed Services Committee, where we visited the Philippines, Taiwan, Korea, Japan, with the new threat that we're faced with in the South China Sea. Senior military and civilian defense leaders have long warned that our competitive advantage is eroding. We remember General Dunford said—just the other day, he said that we are losing our qualitative and quantitative edge that we've enjoyed for such a long period of time.

Rising powers, like Russia and China, have been investing in military modernization and developing capabilities specifically targeted to contest America's overmatched capabilities. In fact, China is increasing its spending in fiscal [year] 2018 by 8.1 percent over the last year, the third straight year in a row that they've had massive increases in their military spending. It's important to point out that Russia has made some advances in weapon systems, in clear violation of the INF [Intermediate-Range Nuclear Forces Treaty] Treaty, which Putin touted during his presentation of the Russian State of the Union, just last week. The INF Treaty doesn't apply to China.

While our response here at home during the last administration was to provide our military with inadequate funding, budget uncertainty, and readiness crises, now, in a new era of great power com-
petition of Russia and China—China, which we witnessed during our CODEL last week, and what they’re doing in reclaiming land and—to be used for the wrong purposes—it’s a pretty scary thing.

Director Coats, you summed up the gravity of the current threat environment when you wrote, in your prepared statement, “The risk of interstate conflict, including among the world’s great powers, is higher than at any time since the end of the Cold War.”

So, on that happy note, I thank you very much, both, for being here.

Senator Reed.

STATEMENT OF SENATOR JACK REED

Senator REED. Thank you very much, Mr. Chairman.

And I’d like to welcome back our former colleague, Director Dan Coats, and also General Ashley. Thank you, sir. You’re making your first appearance before the committee. Welcome.

The new National Defense Strategy states that the central challenge facing the Nation is the reemergence of long-term strategic competition with Russia and China, and that this competition replaces terrorism as the primary concern in U.S. national security. Without question, both Russia and China pose a serious threat to our national security. In order to counter these threats, we must better understand their objectives and the means through which they will seek to achieve them. In doing so, we must consider the full spectrum of capabilities of our potential adversaries, from high-end platforms to low-end, hybrid, or irregular approaches.

The Kremlin is aggressively pursuing strategic competition across the full range of capabilities, from nuclear and conventional military modernization to asymmetric operations below the level of military conflict, intended to undermine the foundations of our democracy and inflame social divisions. We need a clear-eyed understanding of President Putin’s intentions asserting Russia’s claim to great power status and using every tool at his disposal to destabilize the rules-based international order that has promoted strategic stability for decades.

Most pressing is that the intelligence community fully agrees that Russia is already launching an assault on the U.S. midterm elections later this year, yet we have repeatedly heard from administrative officials that the White House has not directed the intelligence agencies or the relevant DOD [Department of Defense] components to disrupt or blunt Russian cyber and other attacks against the fundamental institutions of our society.

In the case of China, we need a whole-of-government approach that counters the economic, diplomatic, and military competition we face. In other words, a military response alone will not be successful. China is a large entrepreneurial country with a long-term vision. We must also endeavor to ensure that China adheres to the rules-based order from which it has benefited so greatly.

I am deeply concerned about the continued militarization of the territorial features of the South China Sea, its illicit theft of U.S. technology and intellectual property, and its coercive activities against its neighbors, including the economic retaliation against South Korea for accepting the THAAD [Terminal High Altitude Area Defense] deployment necessary to defend itself from North
Korea. China should work with its neighbors, instead of destabilizing the regions through its actions, to resolve its disputes peacefully and through the legal mechanisms that exist.

Great power competition may be the current geostrategic reality, but we must not neglect other equally complicated challenges. I believe it would be harmful to our national security if we exclusively focused on great power competition at the expense of the ongoing threats posed by rogue regimes, terrorist organizations, and other nonstate actors and criminal organizations.

For example, we face a clear and present threat from North Korea that must be contained and deterred. A preemptive war with North Korea would be a catastrophic event for the people of South Korea and the region. Instead, we must come up with a robust deterrence strategy that lay a strong missile defense with strict sanctions and sustained diplomatic effort. We must also pursue a robust counterproliferation effort. Our strategy must be multilaterally and globally coordinated. We can contain the threat that North Korea poses without going to war if we engage in a consistent strategy and adequately resource our government agencies, especially the State Department, in the coming years.

According to all reports, Iran is complying with its obligations under the Joint Comprehensive Plan of Action. However, Iran continues to play a destabilizing role in the Middle East through its development of ballistic missiles and support of proxy groups, particularly in Syria and Yemen.

While the so-called physical caliphate previously enjoyed by ISIS [Islamic State of Iraq and Syria] has been dismantled, the group has not been defeated. ISIS-directed and inspired attacks will remain a persistent threat for some time to come.

Likewise, al Qaeda has proven resilient and continues to seek new sanctuaries from which it can launch spectacular attacks against the West.

In Afghanistan, the coalition continues to confront a variety of threats, from the Taliban-led insurgency as well as the variety of militant groups that call South Asia home, many of which have proven resilient in the face of significant military pressure. The National Defense Strategy calls for more resource-sustainable approach to efforts in Afghanistan. However, the administration is set to increase the number of troops in country, which follows on the heels of last year's increase. At the same time, we hear reports that countries like Russia may be seeking to expand efforts to engage with our adversaries in the Taliban, possibly to play a spoiler to our efforts.

It is clear that we are living in complex times. I look forward to your testimony on these issues and thank you for your service.

Senator INHOFE. Thank you, Senator Reed.

Since a quorum is now present, I ask the committee to consider Lieutenant General Paul Nakasone, who appeared before this Committee this last week, to be General and Director, National Security Agency; and Chief, Central Security Service; Commander, U.S. State—United States Cyber Command; and Dr. Brett Park, to be Deputy Administrator for the Defense Nuclear Nonproliferation, National Nuclear Security Administration.

Is there a motion?
Senator REED. I so move.

Senator INHOFE. Second?

Senator FISCHER. Second.

Senator INHOFE. All in favor, say aye.

[A chorus of ayes.]

Senator INHOFE. Opposed, no.

[No response.]

Senator INHOFE. The ayes have it.

[The list of nominees follows:]

**MILITARY NOMINATIONS PENDING WITH THE SENATE ARMED SERVICES COMMITTEE WHICH ARE PROPOSED FOR THE COMMITTEE’S CONSIDERATION ON MARCH 6, 2018.**

1. LTG Paul M. Nakasone, USA to be general and Director, National Security Agency/Chief, Central Security Service/Commander, US Cyber Command (Reference No. 1594).

TOTAL: 1

Director Coats, we appreciate your being here, back with your—all of your friends. We would like to hear from both of you. And if you can confine your statements to around five minutes, that would be helpful. We have a lot of questions. We have a well-attended meeting here.

Senator Coats—or Director Coats.

**STATEMENT OF HONORABLE DANIEL R. COATS, DIRECTOR OF NATIONAL INTELLIGENCE**

Director Coats. Well, Mr. Chairman, thank you—and Ranking Member Reed—thank you and members of the committee. It’s an honor for me to be here today alongside General Ashley to represent the men and women of the intelligence community whose hard work is reflected in the testimony that we are about to provide.

As you will hear during my remarks, we currently face the most complex, volatile, and challenging threat environment in modern times. The risk of interstate conflict is higher than any time since the end of the Cold War, and we have entered a period that can best be described as a race for technological superiority against our adversaries, who seek to sow division in the United States and weaken U.S. leadership. Thus, it is evermore important that we remain vigilant to the range of threats worldwide as we seek to do all we can to provide security to the American people.

I’ll provide a brief overview of some of the top threats, starting with the functional topics and then moving to regional threats. Much of what has been said by the Chairman and the Ranking Member has—will be reaffirmed and reflected in what I say, and so I’ll try to keep this as brief as possible.

Let me begin, however, with the cyberthreat, which is one of my greatest concerns and top priorities of our office. From U.S. businesses to the Federal Government to State and local governments, we are under cyberattack. While state actors pose the greatest cyberthreats, the democratization of cyber capabilities worldwide has enabled and emboldened a broader range of actors to pursue their malign activities against us. We assess that Russia is likely to continue to pursue even more aggressive cyberattacks, with the
intent of degrading our democratic values and weakening our alliances. Persistent and disruptive cyber and influence operations will continue against the United States and European countries and other allies, urging elections—using elections—excuse me—as opportunities to undermine democracy and sow discord and undermine our values. In addition to Russian actors, we will see Chinese, Iranian, and North Korean cyberactors continue to build off past successes to improve the scope and scale of their cyber capabilities.

Quickly, let me talk about weapons of mass destruction. Overall, the state efforts to modernize, develop, or acquire WMD [weapons of mass destruction], their delivery systems, or the underlying technologies constitute a major threat to the United States and our allies. North Korea will be the most volatile and confrontational WMD threat this year, and Russia will remain the most capable WMD power, and is currently expanding its nuclear-weapons capabilities.

State and nonstate actors, including the Syrian regime and ISIS, possess and, in some cases, have used chemical weapons in Syria and Iraq, and we continue to be concerned about other actors’ pursuit of biological weapons.

My third topic is the ongoing terrorist threat, which spans the sectarian gamut from ISIS and al Qaeda to Lebanese Hezbollah to state-sponsored activities of Iran and other affiliated and non-affiliated terrorist organizations. United States-based homegrown violent extremists remain the primary and the most difficult-to-detect Sunni terrorist threat in the United States.

ISIS remains a threat to United States interests in Iraq and Syria, despite territorial losses, and will likely focus on rebuilding in the region, enhancing its global presence, and planning and inspiring attacks worldwide.

Al Qaeda will remain a major actor in global terrorism as it continues to prioritize a long-term strategy and remains intent on attacking the United States and U.S. interests abroad.

And Lebanese Hezbollah, with the support of Iran, will continue to foment regional instability through its involvement in Syria and direction to other Shiite’s militant groups.

Mr. Chairman and Ranking Member, both of you touched on the various regional issues. We saw the news this morning relative to North Korea. Hope springs eternal, but we need to learn a lot more, relative to these talks. We will. The IC [intelligence community] will continue to do every possible collection and assessment we can, relative to the situation that exists in North Korea. I know we’ll be talking about that issue.

I want to note, China will increasingly seek to expand its regional influence and shape events and outcomes globally. It will
take a firm stance on its regional claims, and intends to use its One Belt, One Road Initiative to increase its reach to geostrategic locations across Eurasia, Africa, and the Pacific.

In looking at South Asia and Afghanistan, we assess the overall security picture will modestly deteriorate in the coming year, and Kabul will continue to bear the brunt of Taliban-led insurgency. Afghan National Security Forces face unsteady performance, but, with coalition support, probably will maintain control of most major population centers. Complicating the Afghan situation is our assessment that Pakistan-based militant groups continue to take advantage of their safe haven to conduct attacks, including against United States interests.

Moving now to Russia, we assess President Putin will continue to apply assertive foreign policies to shape outcomes beyond Russia’s borders while constraining his domestic opposition in the runup to next month’s presidential elections. We also assess that Putin will resort to more authoritarian tactics to remain in control amid challenges to his rule.

With respect to Russian influence efforts, Russia perceives its past efforts as successful, and views the 2018 United States mid-term elections as a potential target. We continue to see Russian activities designed to exacerbate social and political fissures in the United States. In the next year, we assess Russia will continue to use propaganda, social media, false-flag personas, sympathetic spokesmen, and other means of influence to try to build on its wide range of disruptive operations. We expect Russian influence efforts to continue in other locations, as well. For example, we assess Russian aggression in the Ukraine will persist, even as we seek to bolster Ukraine’s ability to defend its territorial integrity.

Let me turn now to the final regional plan that I’ve—that I plan to talk about today, the Middle East and North Africa. This region will be characterized by political turmoil, economic fragility, and civil and proxy wars in the coming year. Iran will remain the most prominent state sponsor of terrorism and an adversary in the Middle East. Its provocative and assertive behavior increases the potential for escalatory actions, especially in Iraq, Syria, and Yemen, that threatens United States forces and allies in the region.

Turkey is seeking to thwart Kurdish ambitions in the Middle East, and the ongoing Turkish incursion into northern Syria is complicating counter-ISIS activities in the region and increases the risk of United States forces located in the area. Syria will face continued unrest in fighting throughout 2018, with spikes in violence occurring as Damascus attempts to recapture urban areas, as we are now witnessing.

I will pass over, in the interest of time, our assessments on Iraq, the situation in Yemen, and some other conflicts. Let me note that the conflicts at—around the world today have displaced more people since World War II, and these present major social and humanitarian challenges.

Finally, just let me add one additional thought to our Nation that I would like to present. It is deeply concerning that our increasingly fractious political process, particularly with respect to Federal spending, is threatening our ability to properly defend our Nation. The failure to address our long-term fiscal situation has in-
creased the national debt to, as you know, over $20 trillion and growing. Our continued plunge into debt is unsustainable and represents a dire future threat to our economy and to our national security. From a national security perspective, it was then former Chairman Joint Chiefs Mike Mullen who first identified the national debt as the greatest threat to our national security. Since then, he has been joined by numerous respected national security leaders of both parties, including our current Defense Secretary, Jim Mattis. I believe it’s vitally important for all of us to recognize the need to address this challenge and to take action as soon as possible before a fiscal crisis occurs that truly undermines our ability to ensure our national security.

With that, I will turn this over to General Ashley, and then we will be ready—for his remarks—and we’ll be ready to take your questions.

Thank you.

[The prepared statement of Mr. Coats follows:]
STATEMENT FOR THE RECORD

WORLDWIDE THREAT ASSESSMENT
of the
US INTELLIGENCE COMMUNITY

March 6, 2018

INTRODUCTION

Chairman McCain, Ranking Member Reed, Members of the Committee, thank you for the invitation to offer the United States Intelligence Community’s 2018 assessment of threats to US national security. My statement reflects the collective insights of the Intelligence Community’s extraordinary women and men, whom I am privileged and honored to lead. We in the Intelligence Community are committed every day to providing the nuanced, independent, and unvarnished intelligence that policymakers, warfighters, and domestic law enforcement personnel need to protect American lives and America’s interests anywhere in the world.

The order of the topics presented in this statement does not necessarily indicate the relative importance or magnitude of the threat in the view of the Intelligence Community.

Information available as of 8 February 2018 was used in the preparation of this assessment.
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FOREWORD

Competition among countries will increase in the coming year as major powers and regional aggressors exploit complex global trends while adjusting to new priorities in US foreign policy. The risk of interstate conflict, including among great powers, is higher than at any time since the end of the Cold War. The most immediate threats of regional interstate conflict in the next year come from North Korea and from Saudi-Iranian use of proxies in their rivalry. At the same time, the threat of state and nonstate use of weapons of mass destruction will continue to grow.

- Adversaries and malign actors will use all instruments of national power—including information and cyber means—to shape societies and markets, international rules and institutions, and international hot spots to their advantage.

- China and Russia will seek spheres of influence and to check US appeal and influence in their regions. Meanwhile, US allies’ and partners’ uncertainty about the willingness and capability of the United States to maintain its international commitments may drive them to consider reorienting their policies, particularly regarding trade, away from Washington.

- Forces for geopolitical order and stability will continue to fray, as will the rules-based international order. New alignments and informal networks—outside traditional power blocs and national governments—will increasingly strain international cooperation.

Tension within many countries will rise, and the threat from Sunni violent extremist groups will evolve as they recoup after battlefield losses in the Middle East.

- Slow economic growth and technology-induced disruptions in job markets are fueling populism within advanced industrial countries and the very nationalism that contributes to tension among countries.

- Developing countries in Latin America and Sub-Saharan Africa face economic challenges, and many states struggle with reforms to tamp down corruption. Terrorists and criminal groups will continue to exploit weak state capacity in Africa, the Middle East, and Asia.

- Challenges from urbanization and migration will persist, while the effects of air pollution, inadequate water, and climate change on human health and livelihood will become more noticeable. Domestic policy responses to such issues will become more difficult—especially for democracies—as publics become less trusting of authoritative information sources.
GLOBAL THREATS

CYBER THREATS

The potential for surprise in the cyber realm will increase in the next year and beyond as billions more digital devices are connected—along with relatively little built-in security—and both nation states and malign actors become more emboldened and better equipped in the use of increasingly widespread cyber tools. The risk is growing that some adversaries will conduct cyber attacks—such as data deletion or localized and temporary disruptions of critical infrastructure—against the United States in a crisis short of war.

- In 2016 and 2017, state-sponsored cyber attacks against Ukraine and Saudi Arabia targeted multiple sectors across critical infrastructure, government, and commercial networks.

- Ransomware and malware attacks have spread globally, disrupting global shipping and production lines of US companies. The availability of criminal and commercial malware is creating opportunities for new actors to launch cyber operations.

- We assess that concerns about US retaliation and still developing adversary capabilities will mitigate the probability of attacks aimed at causing major disruptions of US critical infrastructure, but we remain concerned by the increasingly damaging effects of cyber operations and the apparent acceptance by adversaries of collateral damage.

Adversaries and Malign Actors Pooled for Aggression

Russia, China, Iran, and North Korea will pose the greatest cyber threats to the United States during the next year. These states are using cyber operations as a low-cost tool of statecraft, and we assess that they will work to use cyber operations to achieve strategic objectives unless they face clear repercussions for their cyber operations. Nonstate actors will continue to use cyber operations for financial crime and to enable propaganda and messaging.

- The use of cyber attacks as a foreign policy tool outside of military conflict has been mostly limited to sporadic lower-level attacks. Russia, Iran, and North Korea, however, are testing more aggressive cyber attacks that pose growing threats to the United States and US partners.
Russia. We expect that Russia will conduct bolder and more disruptive cyber operations during the next year, most likely using new capabilities against Ukraine. The Russian Government is likely to build on the wide range of operations it is already conducting, including disruption of Ukrainian energy-distribution networks, hack-and-leak influence operations, distributed denial-of-service attacks, and false flag operations. In the next year, Russian intelligence and security services will continue to probe US and allied critical infrastructures, as well as target the United States, NATO, and allies for insights into US policy.

China. China will continue to use cyber espionage and bolster cyber attack capabilities to support national security priorities. The IC and private-sector security experts continue to identify ongoing cyber activity from China, although at volumes significantly lower than before the bilateral US-China cyber commitments of September 2015. Most detected Chinese cyber operations against US private industry are focused on cleared defense contractors or IT and communications firms whose products and services support government and private sector networks worldwide. China since 2015 has been advancing its cyber attack capabilities by integrating its military cyber attack and espionage resources in the Strategic Support Force, which it established in 2015.

Iran. We assess that Iran will continue working to penetrate US and Allied networks for espionage and to position itself for potential future cyber attacks, although its intelligence services primarily focus on Middle Eastern adversaries—especially Saudi Arabia and Israel. Tehran probably views cyberattacks as a versatile tool to respond to perceived provocations, despite Iran’s recent restraint from conducting cyber attacks on the United States or Western allies. Iran’s cyber attacks against Saudi Arabia in late 2016 and early 2017 involved data deletion on dozens of networks across government and the private sector.

North Korea. We expect the heavily sanctioned North Korea to use cyber operations to raise funds and to gather intelligence or launch attacks on South Korea and the United States. Pyongyang has a number of techniques and tools it can use to achieve a range of offensive effects with little or no warning, including distributed denial of service attacks, data deletion, and deployment of ransomware.

- North Korean actors developed and launched the WannaCry ransomware in May 2017, judging from technical links to previously identified North Korean cyber tools, tradecraft, and operational infrastructure. We also assess that these actors conducted the cyber theft of $81 million from the Bank of Bangladesh in 2016.

Terrorists and Criminals. Terrorist groups will continue to use the Internet to organize, recruit, spread propaganda, raise funds, collect intelligence, inspire action by followers, and coordinate operations. Given their current capabilities, cyber operations by terrorist groups mostly likely would result in personally identifiable information (PII) disclosures, website defacements, and denial-of-service attacks against poorly protected networks. Transnational criminals will continue to conduct for-profit cyber-enabled crimes, such as theft and extortion against US networks. We expect the line between criminal and nation-state activity to become increasingly blurred as states view cyber criminal tools as a relatively inexpensive and deniable means to enable their operations.
WEAPONS OF MASS DESTRUCTION AND PROLIFERATION

State efforts to modernize, develop, or acquire weapons of mass destruction (WMD), their delivery systems, or their underlying technologies constitute a major threat to the security of the United States, its deployed troops, and its allies. Both state and nonstate actors have already demonstrated the use of chemical weapons in Iraq and Syria. Biological and chemical materials and technologies—almost always dual-use—move easily in the globalized economy, as do personnel with the scientific expertise to design and use them for legitimate and illegitimate purposes. Information about the latest discoveries in the life sciences also diffuses rapidly around the globe, widening the accessibility of knowledge and tools for beneficial purposes and for potentially nefarious applications.

Russia

Russia has developed a ground-launched cruise missile (GLCM) that the United States has declared is in violation of the Intermediate-Range Nuclear Forces (INF) Treaty. Despite Russia’s ongoing development of other Treaty-compliant missiles with intermediate ranges, Moscow probably believes that the new GLCM provides sufficient military advantages to make it worth risking the political repercussions of violating the INF Treaty. In 2013, a senior Russian administration official stated publicly that the world had changed since the INF Treaty was signed in 1987. Other Russian officials have made statements complaining that the Treaty prohibits Russia, but not some of its neighbors, from developing and possessing ground-launched missiles with ranges between 500 and 5,500 kilometers.

China

The Chinese People’s Liberation Army (PLA) continues to modernize its nuclear missile force by adding more survivable road-mobile systems and enhancing its silo-based systems. This new generation of missiles is intended to ensure the viability of China’s strategic deterrent by providing a second-strike capability. China also has tested a hypersonic glide vehicle. In addition, the PLA Navy continues to develop the JL-2 submarine-launched ballistic missile (SLBM) and might produce additional JIN-class nuclear-powered ballistic missile submarines. The JIN-class submarines—armed with JL-2 SLBMs—give the PLA Navy its first long-range, sea-based nuclear capability. The Chinese have also publicized their intent to form a triad by developing a nuclear-capable next-generation bomber.

Iran and the Joint Comprehensive Plan of Action

Tehran’s public statements suggest that it wants to preserve the Joint Comprehensive Plan of Action because it views the JCPOA as a means to remove sanctions while preserving some nuclear capabilities. Iran recognizes that the US Administration has concerns about the deal but expects the other participants—China, the EU, France, Germany, Russia, and the United Kingdom—to honor their commitments. Iran’s implementation of the JCPOA has extended the amount of time Iran would need to produce enough fissile material for a nuclear weapon from a few months to about one year, provided Iran continues to adhere to the deal’s major provisions. The JCPOA has also enhanced the transparency of Iran’s nuclear activities, mainly by fostering improved access to Iranian nuclear facilities for the IAEA and its investigative authorities under the Additional Protocol to its Comprehensive Safeguards Agreement.
Iran’s ballistic missile programs give it the potential to hold targets at risk across the region, and Tehran already has the largest inventory of ballistic missiles in the Middle East. Tehran’s desire to deter the United States might drive it to field an ICBM. Progress on Iran’s space program, such as the launch of the Simorgh SLV in July 2017, could shorten a pathway to an ICBM because space launch vehicles use similar technologies.

North Korea

North Korea will be among the most volatile and confrontational WMD threats to the United States over the next year. North Korea’s history of exporting ballistic missile technology to several countries, including Iran and Syria, and its assistance during Syria’s construction of a nuclear reactor—destroyed in 2007—illustrate its willingness to proliferate dangerous technologies.

In 2017 North Korea, for the second straight year, conducted a large number of ballistic missile tests, including its first ICBM tests. Pyongyang is committed to developing a long-range, nuclear-armed missile that is capable of posing a direct threat to the United States. It also conducted its sixth and highest yield nuclear test to date.

We assess that North Korea has a long-standing BW capability and biotechnology infrastructure that could support a BW program. We also assess that North Korea has a CW program and probably could employ these agents by modifying conventional munitions or with unconventional, targeted methods.

Pakistan

Pakistan continues to produce nuclear weapons and develop new types of nuclear weapons, including short-range tactical weapons, sea-based cruise missiles, air-launched cruise missiles, and longer-range ballistic missiles. These new types of nuclear weapons will introduce new risks for escalation dynamics and security in the region.

Syria

We assess that the Syrian regime used the nerve agent sarin in an attack against the opposition in Khan Shaykhun on 4 April 2017, in what is probably the largest chemical weapons attack since August 2013. We continue to assess that Syria has not declared all the elements of its chemical weapons program to the Chemical Weapons Convention (CWC) and that it has the capability to conduct further attacks. Despite the creation of a specialized team and years of work by the Organization for the Prohibition of Chemical Weapons (OPCW) to address gaps and inconsistencies in Syria’s declaration, numerous issues remain unresolved. The OPCW-UN Joint Investigative Mechanism (JIM) has attributed the 4 April 2017 sarin attack and three chlorine attacks in 2014 and 2015 to the Syrian regime. Even after the attack on Khan Shaykhun, we have continued to observe allegations that the regime has used chemicals against the opposition.

ISIS

We assess that ISIS is also using chemicals as a means of warfare. The OPCW-UN JIM concluded that ISIS used sulfur mustard in two attacks in 2015 and 2016, and we assess that it has used chemical weapons in numerous other attacks in Iraq and Syria.
TERRORISM

Sunni violent extremists—most notably ISIS and al-Qa’ida—pose continuing terrorist threats to US interests and partners worldwide, while US-based homegrown violent extremists (HVEs) will remain the most prevalent Sunni violent extremist threat in the United States. Iran and its strategic partner Lebanese Hezbollah also pose a persistent threat to the United States and its partners worldwide.

Sunni Violent Extremism

Sunni violent extremists are still intent on attacking the US homeland and US interests overseas, but their attacks will be most frequent in or near conflict zones or against enemies that are more easily accessible.

- Sunni violent extremist groups are geographically diverse; they are likely to exploit conflict zones in the Middle East, Africa, and Asia, where they can co-mingle terrorism and insurgency.
- ISIS and al-Qa’ida and their respective networks will be persistent threats, as will groups not subordinate to them, such as the Haqqani Taliban Network.

Sunni Violent Extremists’ Primary Operating Areas as of 2017

ISIS

Over the next year, we expect that ISIS is likely to focus on regrouping in Iraq and Syria, enhancing its global presence, championing its cause, planning international attacks, and encouraging its members and sympathizers to attack in their home countries. ISIS’s claim of having a functioning caliphate that governs populations is all but thwarted.

- ISIS core has started—and probably will maintain—a robust insurgency in Iraq and Syria as part of a long-term strategy to ultimately enable the reemergence of its so-called caliphate. This activity will challenge local CT efforts against the group and threaten US interests in the region.
• ISIS almost certainly will continue to give priority to transnational terrorist attacks. Its leadership probably assesses that, if ISIS-linked attacks continue to dominate public discourse, the group’s narrative will be buoyed, it will be difficult for the counter-ISIS coalition to portray the group as defeated, and the coalition’s will to fight will ultimately weaken.

• Outside Iraq and Syria, ISIS’s goal of fostering interconnectivity and resiliency among its global branches and networks probably will result in local and, in some cases, regional attack plans.

Al-Qaeda

Al-Qaeda almost certainly will remain a major actor in global terrorism because of the combined staying power of its five affiliates. The primary threat to US and Western interests from al-Qaeda’s global network through 2018 will be in or near affiliates’ operating areas. Not all affiliates will have the intent and capability to pursue or inspire attacks in the US homeland or elsewhere in the West.

• Al-Qaeda’s affiliates probably will continue to dedicate most of their resources to local activity, including participating in ongoing conflicts in Afghanistan, Somalia, Syria, and Yemen, as well as attacking regional actors and populations in other parts of Africa, Asia, and the Middle East.

• Al-Qaeda leaders and affiliate media platforms almost certainly will call for followers to carry out attacks in the West, but their appeals probably will not create a spike in inspired attacks. The group’s messaging since at least 2010 has produced few such attacks.

Homegrown Violent Extremists

Homegrown violent extremists (HVEs) will remain the most prevalent and difficult-to-detect Sunni terrorist threat at home, despite a drop in the number of attacks in 2017. HVE attacks are likely to continue to occur with little or no warning because the perpetrators often strike soft targets and use simple tactics that do not require advanced skills or outside training.

• HVEs almost certainly will continue to be inspired by a variety of sources, including terrorist propaganda as well as in response to perceived grievances related to US Government actions.

Iran and Lebanese Hizballah

Iran remains the most prominent state sponsor of terrorism, providing financial aid, advanced weapons and tactics, and direction to militant and terrorist groups across the Middle East and cultivating a network of operatives across the globe as a contingency to enable potential terrorist attacks.

Lebanese Hizballah has demonstrated its intent to foment regional instability by deploying thousands of fighters to Syria and by providing weapons, tactics, and direction to militant and terrorist groups. Hizballah probably also emphasizes its capability to attack US, Israeli, and Saudi Arabian interests.
COUNTERINTELLIGENCE AND FOREIGN DENIAL AND DECEPTION

The United States will face a complex global intelligence threat environment in 2018. We assess that the leading state intelligence threats to US interests will continue to be Russia and China, based on their services’ capabilities, intent, and broad operational scope. Other states in the Near East, South Asia, East Asia, and Latin America will pose local and regional intelligence threats to US interests. For example, Iranian and Cuban intelligence and security services continue to view the United States as a primary threat.

Penetrating the US national decisionmaking apparatus and the Intelligence Community will remain primary objectives for numerous foreign intelligence entities. Additionally, the targeting of national security information and proprietary information from US companies and research institutions involved with defense, energy, finance, dual-use technology, and other areas will remain a persistent threat to US interests.

Nonstate entities, including international terrorists and transnational organized crime groups, are likely to continue to employ and improve their intelligence capabilities, including human, technical, and cyber means. As with state intelligence services, these nonstate entities recruit sources and perform physical and technical surveillance to facilitate their illicit activities and to avoid detection and capture.

Trusted insiders who disclose sensitive or classified US Government information without authorization will remain a significant threat in 2018 and beyond. The sophistication and availability of information technology that increases the scope and impact of unauthorized disclosures exacerbate this threat.

Russia and Influence Campaigns

Influence operations, especially through cyber means, will remain a significant threat to US interests as they are low-cost, relatively low-risk, and deniable ways to retaliate against adversaries, to shape foreign perceptions, and to influence populations. Russia probably will be the most capable and aggressive source of this threat in 2018, although many countries and some nonstate actors are exploring ways to use influence operations, both domestically and abroad.

We assess that the Russian intelligence services will continue their efforts to disseminate false information via Russian state-controlled media and covert online personas about US activities to encourage anti-US political views. Moscow seeks to create wedges that reduce trust and confidence in democratic processes, degrade democratization efforts, weaken US partnerships with European allies, undermine Western sanctions, encourage anti-US political views, and counter efforts to bring Ukraine and other former Soviet states into European institutions.

- Foreign elections are critical inflection points that offer opportunities for Russia to advance its interests both overtly and covertly. The 2018 US mid-term elections are a potential target for Russian influence operations.

- At a minimum, we expect Russia to continue using propaganda, social media, false-flag personas, sympathetic spokespeople, and other means of influence to try to exacerbate social and political fissures in the United States.
EMERGING AND DISRUPTIVE TECHNOLOGY

New technologies and novel applications of existing technologies have the potential to disrupt labor markets and alter health, energy, and transportation systems. We assess that technology developments—in the biotechnology and communications sectors, for example—are likely to outpace regulation, which could create international norms that are contrary to US interests and increase the likelihood of technology surprise. Emerging technology and new applications of existing technology will also allow our adversaries to more readily develop weapon systems that can strike farther, faster, and harder and challenge the United States in all warfare domains, including space.

- The widespread proliferation of artificial intelligence (AI)—the field of computer science encompassing systems that seek to imitate aspects of human cognition by learning and making decisions based on accumulated knowledge—is likely to prompt new national security concerns; existing machine learning technology, for example, could enable high degrees of automation in labor-intensive activities such as satellite imagery analysis and cyber defense. Increasingly capable AI tools, which are often enabled by large amounts of data, are also likely to present socioeconomic challenges, including impacts on employment and privacy.

- New biotechnologies are leading to improvements in agriculture, health care, and manufacturing. However, some applications of biotechnologies may lead to unintentional negative health effects, biological accidents, or deliberate misuse.

- The global shift to advanced information and communications technologies (ICT) will increasingly test US competitiveness because aspiring suppliers around the world will play a larger role in developing new technologies and products. These technologies include next-generation, or 5G, wireless technology; the internet of things; new financial technologies; and enabling AI and big data for predictive analysis. Differences in regulatory and policy approaches to ICT-related issues could impede growth and innovation globally and for US companies.

- Advanced materials could disrupt the economies of some commodities-dependent exporting countries while providing a competitive edge to developed and developing countries that create the capacity to produce and use the new materials. New materials, such as nanomaterials, are often developed faster than their health and environmental effects can be assessed. Advances in manufacturing, particularly the development of 3D printing, almost certainly will become even more accessible to a variety of state and nonstate actors and be used in ways contrary to our interests.

TECHNOLOGY ACQUISITIONS AND STRATEGIC ECONOMIC COMPETITION

Persistent trade imbalances, trade barriers, and a lack of market-friendly policies in some countries probably will continue to challenge US economic security. Some countries almost certainly will continue to acquire US intellectual property and propriety information illicitly to advance their own economic and national security objectives.

- China, for example, has acquired proprietary technology and early-stage ideas through cyber-enabled means. At the same time, some actors use largely legitimate, legal transfers and
relationships to gain access to research fields, experts, and key enabling industrial processes that could, over time, erode America’s long-term competitive advantages.

SPACE AND COUNTERSPACE

Continued global space industry expansion will further extend space-enabled capabilities and space situational awareness to nation-state, nonstate, and commercial space actors in the coming years, enabled by the increased availability of technology, private-sector investment, and growing international partnerships for shared production and operation. All actors will increasingly have access to space-derived information services, such as imagery, weather, communications, and positioning, navigation, and timing for intelligence, military, scientific, or business purposes. Foreign countries—particularly China and Russia—will continue to expand their space-based reconnaissance, communications, and navigation systems in terms of the numbers of satellites, the breadth of their capability, and the applications for use.

Both Russia and China continue to pursue antisatellite (ASAT) weapons as a means to reduce US and allied military effectiveness. Russia and China aim to have nondestructive and destructive counterspace weapons available for use during a potential future conflict. We assess that, if a future conflict were to occur involving Russia or China, either country would justify attacks against US and allied satellites as necessary to offset any perceived US military advantage derived from military, civil, or commercial space systems. Military reforms in both countries in the past few years indicate an increased focus on establishing operational forces designed to integrate attacks against space systems and services with military operations in other domains.

Russian and Chinese destructive ASAT weapons probably will reach initial operational capability in the next few years. China's PLA has formed military units and begun initial operational training with counterspace capabilities that it has been developing, such as ground-launched ASAT missiles. Russia probably has a similar class of system in development. Both countries are also advancing directed-energy weapons technologies for the purpose of fielding ASAT weapons that could blind or damage sensitive space-based optical sensors, such as those used for remote sensing or missile defense.

Of particular concern, Russia and China continue to launch “experimental” satellites that conduct sophisticated on-orbit activities, at least some of which are intended to advance counterspace capabilities. Some technologies with peaceful applications—such as satellite inspection, refueling, and repair—can also be used against adversary spacecraft.

Russia and China continue to publicly and diplomatically promote international agreements on the nonweaponization of space and “no first placement” of weapons in space. However, many classes of weapons would not be addressed by such proposals, allowing them to continue their pursuit of space warfare capabilities while publicly maintaining that space must be a peaceful domain.

TRANSNATIONAL ORGANIZED CRIME

Transnational organized criminal groups and networks will pose serious and growing threats to the security and health of US citizens, as well as to global human rights, ecological integrity, government revenues, and efforts to deal with adversaries and terrorists. In the most severe cases abroad, criminal enterprises will
contribute to increased social violence, erode governments’ authorities, undermine the integrity of international financial systems, and harm critical infrastructure.

Drug Trafficking

Transnational organized criminal groups supply the dominant share of illicit drugs consumed in the United States, fueling high mortality rates among US citizens.

- Americans in 2016 died in record numbers from drug overdoses, 21 percent more than in 2015.
- Worldwide production of cocaine, heroin, and methamphetamine is at record levels. US mortality from potent synthetic opioids doubled in 2016, and synthetic opioids have become a key cause of US drug deaths.
- Mexican criminal groups will continue to supply much of the heroin, methamphetamine, cocaine, and marijuana that cross the US-Mexico border, while China-based suppliers ship fentanyl and fentanyl precursors to Mexico-, Canada-, and US-based distributors or sell directly to consumers via the Internet.

Broader Threats From Transnational Crime

Transnational organized criminal groups, in addition to engaging in violence, will continue to traffic in human beings, deplete natural resources, and siphon money from governments and the global economy.

- Human trafficking will continue in virtually every country. International organizations estimate that about 25 million people are victims.
- The FBI assesses that US losses from cybercrime in 2016 exceeded $1.3 billion, and some industry experts predict such losses could cost the global economy $6 trillion by 2021.
- Criminal wildlife poaching, illegal fishing, illicit mining, and drug-crop production will continue to threaten economies, biodiversity, food supply security, and human health. For example, academic studies show that illicit mining alone adds some 650 to 1,000 tons of toxic mercury to the ecosystem each year.
- Transnational organized criminal groups probably will generate more revenue from illicit activity in the coming year, which the UN last estimated at $1.6-$2.2 trillion for 2014.
ECONOMICS AND ENERGY

Global growth in 2018—projected by the IMF to rise to 3.9 percent—is likely to become more broadly based, but growth remains weak in many countries, and inflation is below target in most advanced economies. The relatively favorable outlook for real economic growth suggests little near-term risk of unfavorable deficit-debt dynamics among the advanced economies. Supportive financial conditions and improving business sentiment will help to drive economic activity in advanced countries. China’s growth may decelerate as the property sector cools and if Beijing accelerates economic reforms. India’s economy is expected to rebound after headwinds from taxation changes and demonetization, and the continuing upswing in emerging and developing economies could be tempered by capital outflows from a stronger dollar and monetary policy normalization in the United States and Europe.

Oil-exporting countries continue to suffer from the late-2014 oil price drop, and their economic woes are likely to continue, with broader negative implications. Subdued economic growth, combined with sharp increases in North American oil and gas production, probably will continue putting downward pressure on global energy prices, harming oil-exporting economies. The US Energy Information Administration forecasts that 2018 West Texas Intermediate and Brent prices will average $58 and $62 per barrel, respectively, far below the average annual prices of $98 and $109 in 2013.

- Low oil prices and production declines—along with poor economic policies—have pushed Venezuela and the state-owned oil company, Petroleos de Venezuela, to miss debt payments, putting them in selective default.
- Saudi Arabia and other Persian Gulf oil exporters have experienced sharp increases in budget deficits, forcing governments to issue debt and enact politically unpopular fiscal reforms, such as cuts to subsidies, social programs, and government jobs.
- In Africa, declining oil revenue, mismanagement, and inadequate policy responses to oil price shocks have contributed to Angolan and Nigerian fiscal problems, currency strains, and deteriorating foreign exchange reserves.
- OPEC member countries and select non-OPEC producers, including Russia, in early 2017 committed to cut oil production in order to lift prices, with compliance likely to be offset somewhat as Libya or Nigeria—both are exempt from the deal—are able to resume production.
HUMAN SECURITY

Governance shortfalls, violent conflict, environmental stresses, and increased potential for a global health crisis will create significant risks to human security, including high levels of human displacement and migration flows.

Governance and Political Turbulence

Domestic and foreign challenges to democracy and institutional capacity will test governance quality globally in 2018, especially as competitors manipulate social media to shape opinion. Freedom House reported the 11th consecutive year of decline in “global freedom” in 2017, and nearly one-quarter of the countries registering declines were in Europe.

- While the number of democracies has remained steady for the past decade, some scholars suggest the quality of democracy has declined.
- We note that more governments are using propaganda and misinformation in social media to influence foreign and domestic audiences.
- The number and sophistication of government efforts to shape domestic views of politics have increased dramatically in the past 10 years. In 2016, Freedom House identified 30 countries, including the Philippines, Turkey, and Venezuela, whose governments used social media to spread government views, to drive agendas, and to counter criticism of the government online.

Poor governance, weak national political institutions, economic inequality, and the rise of violent nonstate actors all undermine states’ abilities to project authority and elevate the risk of violent—even regime-threatening—instability and mass atrocities.

Environment and Climate Change

The impacts of the long-term trends toward a warming climate, more air pollution, biodiversity loss, and water scarcity are likely to fuel economic and social discontent—and possibly upheaval—through 2018.

- The past 115 years have been the warmest period in the history of modern civilization, and the past few years have been the warmest years on record. Extreme weather events in a warmer world have the potential for greater impacts and can compound with other drivers to raise the risk of humanitarian disasters, conflict, water and food shortages, population migration, labor shortfalls, price shocks, and power outages. Research has not identified indicators of tipping points in climate-linked earth systems, suggesting a possibility of abrupt climate change.
- Worsening air pollution from forest burning, agricultural waste incineration, urbanization, and rapid industrialization—with increasing public awareness—might drive protests against authorities, such as those recently in China, India, and Iran.
- Accelerating biodiversity and species loss—driven by pollution, warming, unsustainable fishing, and acidifying oceans—will jeopardize vital ecosystems that support critical human systems. Recent estimates suggest that the current extinction rate is 100 to 1,000 times the natural extinction rate.
• Water scarcity, compounded by gaps in cooperative management agreements for nearly half of the world’s international river basins, and new unilateral dam development are likely to heighten tension between countries.

**Human Displacement**

Global displacement almost certainly will remain near record highs during the next year, raising the risk of disease outbreaks, recruitment by armed groups, political upheaval, and reduced economic productivity. Conflicts will keep many of the world’s refugees and internally displaced persons from returning home.

**Health**

The increase in frequency and diversity of reported disease outbreaks—such as dengue and Zika—probably will continue through 2018, including the potential for a severe global health emergency that could lead to major economic and societal disruptions, strain governmental and international resources, and increase calls on the United States for support. A novel strain of a virulent microbe that is easily transmissible between humans continues to be a major threat, with pathogens such as H5N1 and H7N9 influenza and Middle East Respiratory Syndrome Coronavirus having pandemic potential if they were to acquire efficient human-to-human transmissibility.

• The frequency and diversity of disease outbreaks have increased at a steady rate since 1980, probably fueled by population growth, travel and trade patterns, and rapid urbanization. Ongoing global epidemics of HIV/AIDS, malaria, and tuberculosis continue to kill millions of people annually.

• Increasing antimicrobial resistance, the ability of pathogens—including viruses, fungi, and bacteria—to resist drug treatment, is likely to outpace the development of new antimicrobial drugs, leading to infections that are no longer treatable.

• The areas affected by vector-borne diseases, including dengue, are likely to expand, especially as changes in climatological patterns increase the reach of the mosquito.

• The World Bank has estimated that a severe global influenza pandemic could cost the equivalent of 4.8 percent of global GDP—more than $3 trillion—and cause more than 100 million deaths.
REGIONAL THREATS

EAST ASIA

China

China will continue to pursue an active foreign policy—especially in the Asia Pacific region—highlighted by a firm stance on its sovereignty claims in the East China Sea (ECS) and South China Sea (SCS), its relations with Taiwan, and its pursuit of economic engagement across the region. Regional tension will persist due to North Korea’s nuclear and missile programs and simmering tension over territorial and maritime disputes in the ECS and SCS. China will also pursue efforts aimed at fulfilling its ambitious Belt and Road Initiative to expand China’s economic reach and political influence across Eurasia, Africa, and the Pacific through infrastructure projects.

North Korea

North Korea’s weapons of mass destruction program, public threats, defiance of the international community, confrontational military posturing, cyber activities, and potential for internal instability pose a complex and increasing threat to US national security and interests.

In the wake of accelerated missile testing since 2016, North Korea is likely to press ahead with more tests in 2018, and its Foreign Minister said that Kim may be considering conducting an atmospheric nuclear test over the Pacific Ocean. Pyongyang’s commitment to possessing nuclear weapons and fielding capable long-range missiles, all while repeatedly stating that nuclear weapons are the basis for its survival, suggests that the regime does not intend to negotiate them away.

Ongoing, modest improvements to North Korea’s conventional capabilities continue to pose a serious and growing threat to South Korea and Japan. Despite the North Korean military’s many internal challenges and shortcomings, Kim Jong Un continues to expand the regime’s conventional strike options with more realistic training, artillery upgrades, and close-range ballistic missiles that improve North Korea’s ability to strike regional US and allied targets with little warning.

Southeast Asia

Democracy and human rights in many Southeast Asian countries will remain fragile in 2018 as autocratic tendencies deepen in some regimes and rampant corruption and cronyism undermine democratic values. Countries in the region will struggle to preserve foreign policy autonomy in the face of Chinese economic and diplomatic coercion.

- Cambodian leader Hun Sen will repress democratic institutions and civil society, manipulate government and judicial institutions, and use patronage and political violence to guarantee his rule beyond the 2018 national election. Having alienated Western partners, Hun Sen will rely on Beijing’s political and financial support, drawing Cambodia closer to China as a result.
- The crisis resulting from the exodus of more than 600,000 Rohingya from Burma to Bangladesh will threaten Burma’s fledgling democracy, increase the risk of violent extremism, and provide openings for Beijing to expand its influence.
• In the Philippines, President Duterte will continue to wage his signature campaign against drugs, corruption, and crime. Duterte has suggested he could suspend the Constitution, declare a “revolutionary government,” and impose nationwide martial law. His declaration of martial law in Mindanao, responding to the ISIS-inspired siege of Marawi City, has been extended through the end of 2018.

• Thailand’s leaders have pledged to hold elections in late 2018, but the new Constitution will institutionalize the military’s influence.

MIDDLE EAST AND NORTH AFRICA

Iran

Iran will seek to expand its influence in Iraq, Syria, and Yemen, where it sees conflicts generally trending in Tehran’s favor, and it will exploit the fight against ISIS to solidify partnerships and translate its battlefield gains into political, security, and economic agreements.

• Iran’s support for the Popular Mobilization Committee (PMC) and Shia militants remains the primary threat to US personnel in Iraq. We assess that this threat will increase as the threat from ISIS recedes, especially given calls from some Iranian-backed groups for the United States to withdraw and growing tension between Iran and the United States.

• In Syria, Iran is working to consolidate its influence while trying to prevent US forces from gaining a foothold. Iranian-backed forces are seizing routes and border crossings to secure the Iraq-Syria border and deploying proregime elements and Iraqi allies to the area. Iran’s retaliatory missile strikes on ISIS targets in Syria following ISIS attacks in Tehran in June were probably intended in part to send a message to the United States and its allies about Iran’s improving military capabilities. Iran is pursuing permanent military bases in Syria and probably wants to maintain a network of Shia foreign fighters in Syria to counter future threats to Iran. Iran also seeks economic deals with Damascus, including deals on telecommunications, mining, and electric power repairs.

• In Yemen, Iran’s support to the Huthis further escalates the conflict and poses a serious threat to US partners and interests in the region. Iran continues to provide support that enables Huthi attacks against shipping near the Bab al Mandeb Strait and land-based targets deep inside Saudi Arabia and the UAE, such as the 4 November and 19 December ballistic missile attacks on Riyadh and an attempted 3 December cruise missile attack on an unfinished nuclear reactor in Abu Dhabi.

Iran will develop military capabilities that threaten US forces and US allies in the region, and its unsafe and unprofessional interactions will pose a risk to US Navy operations in the Persian Gulf.

Iran continues to develop and improve a range of new military capabilities to target US and allied military assets in the region, including armed UAVs, ballistic missiles, advanced naval mines, unmanned explosive boats, submarines and advanced torpedoes, and antiship and land-attack cruise missiles. Iran has the largest ballistic missile force in the Middle East and can strike targets up to 2,000 kilometers from Iran’s borders. Russia’s delivery of the SA-20c SAM system in 2016 has provided Iran with its most advanced long-range air defense system.
• Islamic Revolutionary Guard Corps (IRGC) Navy forces operating aggressively in the Persian Gulf and Strait of Hormuz pose a risk to the US Navy. Most IRGC interactions with US ships are professional, but as of mid-October, the Navy had recorded 14 instances of what it describes as “unsafe and/or unprofessional” interactions with Iranian forces during 2017, the most recent interaction occurring last August, when an unarmed Iranian drone flew close to the aircraft carrier USS Nimitz as fighter jets landed at night. The Navy recorded 36 such incidents in 2016 and 22 in 2015. Most involved the IRGC Navy. We assess that these interactions, although less frequent, will continue and that they are probably intended to project an image of strength and, possibly, to gauge US responses.

Iranian centrist and hardline politicians increasingly will clash as they attempt to implement competing visions for Iran’s future. This contest will be a key driver in determining whether Iran changes its behavior in ways favorable to US interests.

• Centrists led by President Hasan Ruhani will continue to advocate greater social progress, privatization, and more global integration, while hardliners will view this agenda as a threat to their political and economic interests and to Iran’s revolutionary and Islamic character.

• Supreme Leader Ali Khamenei’s views are closer to those of the hardliners, but he has supported some of Ruhani’s efforts to engage Western countries and to promote economic growth. The Iranian economy’s prospects—still driven heavily by petroleum revenue—will depend on reforms to attract investment, strengthen privatization, and grow nonoil industries, which Ruhani will continue pursuing. Much to the dismay of hardliners, National protests over economic grievances in Iran earlier this year have drawn more attention to the need for major reforms, but Ruhani and his critics are likely to use the protests to advance their political agendas.

• Khamenei has experienced health problems in the past few years, and, in an effort to preserve his legacy, he probably opposes moving Iran toward greater political and economic openness. As their relationship has deteriorated since the presidential election last June, Ruhani has tried to mend relations with Khamenei as well as his allies, but, in doing so, he risks failing to make progress on reforms in the near-term.

Syria

The conflict has decisively shifted in the Syrian regime’s favor, enabling Russia and Iran to further entrench themselves inside the country. Syria is likely to experience episodic conflict through 2018, even as Damascus recaptures most of the urban terrain and the overall level of violence decreases.

• The Syrian opposition’s seven-year insurgency is probably no longer capable of overthrowing President Bashar al-Assad or overcoming a growing military disadvantage. Rebels probably retain the resources to sustain the conflict for at least the next year.

• ISIS is likely on a downward trajectory in Syria; yet, despite territorial losses, it probably possesses sufficient resources, and a clandestine network in Syria, to sustain insurgency operations through 2018.
• Moscow probably cannot force President Asad to agree to a political settlement that he believes significantly weakens him, unless Moscow is willing to remove Asad by force. While Asad may engage in peace talks, he is unlikely to negotiate himself from power or offer meaningful concessions to the opposition.

• Russia and Iran are planning for a long-term presence, securing military basing rights and contracts for reconstruction and oil and gas exploitation. Iran is also seeking to establish a land corridor from Iran through Syria to Lebanon. The Kurdish People’s Protection Unit—the Syrian militia of the Kurdistan Workers’ Party (PKK)—probably will seek some form of autonomy but will face resistance from Russia, Iran, and Turkey.

• As of October 2017, there were more than 5 million Syrian refugees in neighboring countries, and an estimated 6.3 million internally displaced. Reconstruction could cost at least $100 billion and take at least 10 years to complete. Asad’s battered economy will likely continue to require significant subsidies from Iran and Russia to meet basic expenses.

Iraq

Iraq is likely to face a lengthy period of political turmoil and conflict as it struggles to rebuild, reconstitute the Iraqi state, maintain pressure on ISIS, and rein in the Iranian-backed Shia militias that pose an enduring threat to US personnel.

• The Iraqi Government, which has accrued $120 billion in debt, requires substantial external assistance to cover hundreds of millions of dollars in humanitarian-aid shortfalls and a World Bank estimated $80.2 billion to restore heavily damaged infrastructure, industry, and service sectors in areas retaken from ISIS.

• Prime Minister Haydar al-Abadi’s forcible reassertion of Baghdad’s authority after the Kurdistan Regional Government’s (KRG) independence referendum in September illustrates the divisions among Iraqi leaders over the future of the state. The move to curb Kurdish autonomy was popular among many Arab Shia and Sunnis and may prompt Iraqi leaders to be uncompromising in political reconciliation discussions in order to consolidate votes in the run-up to elections planned for next spring.

• ISIS will remain a terrorist and insurgent threat, and the group will seek to exploit Sunni discontent to conduct attacks and try to regain Iraqi territory. Baghdad will struggle to reassert the Iraqi Security Forces (ISF) from conventional warfare to counterinsurgency and counterterrorism against ISIS while consolidating state control of territory and integrating the Iranian-backed and Shia-dominated Popular Mobilization Committee (PMC).

• There is an increasing risk that some Shia militias will seek to attack US targets in Iraq because they believe that the US security presence is no longer needed, want to reassert Iraqi sovereignty, and support Iran’s goal of reducing US influence in Iraq.

Baghdad will have to contend with longstanding and war-hardened ethnosectarian divisions between Shia, Sunnis, and Kurds that were kept in check by the threat from ISIS. Despite ISIS’s loss of territory, the social and political challenges that gave rise to the group remain and threaten the cohesion of the Iraqi state.
Yemen

The war in Yemen is likely to continue for the foreseeable future because the Iranian-backed Huthis and the Saudi-led coalition remain far apart on terms for ending the conflict. The death of former Yemeni President Ali Abdullah Saleh is only likely to further complicate the conflict as the Huthis and others scramble to win over those who previously backed Saleh. We assess that the Huthis will continue to pursue their goals militarily and that, as a result, US allies and interests on the Arabian Peninsula will remain at risk of Huthi missile attacks until the conflict is resolved.

- Continued fighting almost certainly will worsen the vast humanitarian crisis, which has left more than 70 percent of the population—about 20 million people—in need of assistance and aggravated a cholera outbreak that has reached nearly 1 million confirmed cases. Relief operations are hindered by security and bureaucratic constraints established by both the Huthi-Saleh alliance and the Saudi-led coalition and by international funding shortages.

SOUTH ASIA

Afghanistan

The overall situation in Afghanistan probably will deteriorate modestly this year in the face of persistent political instability, sustained attacks by the Taliban-led insurgency, unsteady Afghan National Security Forces (ANSF) performance, and chronic financial shortfalls. The National Unity Government probably will struggle to hold long-delayed parliamentary elections, currently scheduled for July 2018, and to prepare for a presidential election in 2019. The ANSF probably will maintain control of most major population centers with coalition force support, but the intensity and geographic scope of Taliban activities will put those centers under continued strain. Afghanistan’s economic growth will stagnate at around 2.5 percent per year, and Kabul will remain reliant on international donors for the great majority of its funding well beyond 2018.

Pakistan

Pakistan will continue to threaten US interests by deploying new nuclear weapons capabilities, maintaining its ties to militants, restricting counterterrorism cooperation, and drawing closer to China. Militant groups supported by Islamabad will continue to take advantage of their safe haven in Pakistan to plan and conduct attacks in India and Afghanistan, including against US interests. Pakistan’s perception of its eroding position relative to India, reinforced by endemic economic weakness and domestic security issues, almost certainly will exacerbate long-held fears of isolation and drive Islamabad’s pursuit of actions that run counter to US goals for the region.
India-Pakistan Tension

Relations between India and Pakistan are likely to remain tense, with continued violence on the Line of Control and the risk of escalation if there is another high-profile terrorist attack in India or an uptick in violence on the Line of Control.

India-China Tension

We expect relations between India and China to remain tense and possibly to deteriorate further, despite the negotiated settlement to their three-month border standoff in August, elevating the risk of unintentional escalation.

Bangladesh-Burma Rohingya Crisis

The turmoil resulting from more than 600,000 Rohingyas fleeing from Burma to Bangladesh increases regional tension and may expand opportunities for terrorist recruitment in South and Southeast Asia. Further operations by Burmese security forces against Rohingya insurgents or sustained violence by ethnic Rakhine militias probably would make it difficult to repatriate Burmese from Bangladesh.

RUSSIA AND EURASIA

Russia

In his probable next term in office, President Vladimir Putin will rely on assertive and opportunistic foreign policies to shape outcomes beyond Russia’s borders. He will also resort to more authoritarian tactics to maintain control amid challenges to his rule.

Moscow will seek cooperation with the United States in areas that advance its interests. Simultaneously, Moscow will employ a variety of aggressive tactics to bolster its standing as a great power, secure a “sphere of influence” in the post-Soviet space, weaken the United States, and undermine Euro-Atlantic unity. The highly personalized nature of the Russian political system will enable Putin to act decisively to defend Russian interests or to pursue opportunities he views as enhancing Russian prestige and power abroad.

Russia will compete with the United States most aggressively in Europe and Eurasia, while applying less intense pressure in “outer areas” and cultivating partnerships with US rivals and adversaries—as well as with traditional US partners—to constrain US power and accelerate a shift toward a “multipolar” world. Moscow will use a range of relatively low-cost tools to advance its foreign policy objectives, including influence campaigns, economic coercion, cyber operations, multilateral forums, and measured military force. Russia’s slow

Economic and Military Affiliations in Russia’s Neighborhood

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23
economic growth is unlikely to constrain Russian foreign policy or by itself trigger concessions from Moscow in Ukraine, Syria, or elsewhere in the next year.

President Putin is likely to increase his use of repression and intimidation to contend with domestic discontent over corruption, poor social services, and a sluggish economy with structural deficiencies. He will continue to manipulate the media, distribute perks to maintain elite support, and elevate younger officials to convey an image of renewal. He is also likely to expand the government’s legal basis for repression and to enhance his capacity to intimidate and monitor political threats, perhaps using the threat of “extremism” or the 2018 World Cup to justify his actions.

In 2018, Russia will continue to modernize, develop, and field a wide range of advanced nuclear, conventional, and asymmetric capabilities to balance its perception of a strategic military inferiority vis-a-vis the United States.

Ukraine

Ukraine remains at risk of domestic turmoil, which Russia could exploit to undermine Kyiv’s pro-West orientation. These factors will threaten Ukraine’s nascent economic recovery and potentially lead to changes in its foreign policy that further inflame tension between Russia and the West.

- Popular frustrations with the pace of reforms, depressed standards of living, perceptions of worsening corruption, and political polarization ahead of scheduled presidential and legislative elections in 2019 could prompt early elections.

- Opposition leaders will seek to capitalize on popular discontent to weaken President Petro Poroshenko and the ruling coalition ahead of elections in 2019.

The conflict in eastern Ukraine is likely to remain stalemated and marked by fluctuating levels of violence. A major offensive by either side is unlikely in 2018, although each side’s calculus could change if it sees the other as seriously challenging the status quo. Russia will continue its military, political, and economic destabilization campaign against Ukraine to stymie and, where possible, reverse Kyiv’s efforts to integrate with the EU and strengthen ties to NATO. Kyiv will strongly resist concessions to Moscow but almost certainly will not regain control of Russian-controlled areas of eastern Ukraine in 2018. Russia will modulate levels of violence to pressure Kyiv and shape negotiations in Moscow’s favor.

- Russia will work to erode Western unity on sanctions and support for Kyiv, but the Kremlin is coping with sanctions at existing levels.

Belarus, the Caucasus, Central Asia, Moldova

The Kremlin will seek to maintain and, where possible, expand its influence throughout the former Soviet countries that it asserts are in its self-described sphere of influence.

Russia views Belarus as a critical buffer between itself and NATO and will seek to spoil any potential warming between Minsk and the West. Belarus President Aleksandr Lukashenko will continue close security cooperation with Moscow but will continue to aim for normalized relations with the West as a check on Russia’s influence.
Russia’s continued occupation of 20 percent of Georgia’s territory and efforts to undermine its Western integration will remain the primary sources of Tbilisi’s insecurity. The ruling Georgian Dream party is likely to seek to stymie the opposition and reduce institutional constraints on its power.

Tension over the disputed region of Nagorno-Karabakh could devolve into a large-scale military conflict between Armenia and Azerbaijan, which could draw in Russia to support its regional ally. Both sides’ reluctance to compromise, mounting domestic pressures, Azerbaijan’s steady military modernization, and Armenia’s acquisition of new Russian equipment sustain the risk of large-scale hostilities in 2018.

Russia will pressure Central Asia’s leaders to reduce engagement with Washington and support Russian-led economic and security initiatives, while concerns about ISIS in Afghanistan will push Moscow to strengthen its security posture in the region. Poor governance and weak economies raise the risk of radicalization—especially among the many Central Asians who travel to Russia or other countries for work—presenting a threat to Central Asia, Russia, and Western societies. China will probably continue to expand outreach to Central Asia—while deferring to Russia on security and political matters—because of concern that regional instability could undermine China’s economic interests and create a permissive environment for extremists, which, in Beijing’s view, could enable Uighur militant attacks in China.

Moldova’s ostensibly pro-European ruling coalition—unless it is defeated in elections planned for November—probably will seek to curb Russian influence and maintain a veneer of European reform while avoiding changes that would damage the coalition’s grip on power. The current Moldovan Government probably will move forward on implementing Moldova’s EU Association Agreement against the will of openly pro-Russian and Russian-backed President Igor Dodon. Settlement talks over the breakaway region of Transnistria will continue, but progress likely will be limited to small issues.

EUROPE

The European Union and European national governments will struggle to develop common approaches to counter a variety of security challenges, including instability on their periphery, irregular migration to their region, heightened terrorist threats, and Russian influence campaigns, undercutting Western cohesion.

- These concerns are spurring many countries to increase defense spending and enhance capabilities.

- European governments will need to strengthen their counterterrorism regimes to deal with a diverse threat, including ISIS aspirants and returning foreign fighters.

Turkey’s counterrorism cooperation with the United States against ISIS is likely to continue, but thwarting Kurdish regional ambitions will be a foreign policy priority. President Recep Tayyip Erdogan is likely to employ polarizing rhetoric, straining bilateral relations and cooperation on shared regional goals.
AFRICA

Nigeria—the continent’s largest economy—will face a security threat from Boko Haram and ISIS West Africa (ISIS-WA) while battling internal challenges from criminal, militant, and secessionist groups. ISIS-WA and Boko Haram are regional menaces, conducting cross-border attacks in Nigeria, Cameroon, Chad, and Niger and posing a threat to Western interests. Meanwhile, militant and secessionist groups in the southern and central areas of Nigeria are capitalizing on longstanding social and economic grievances as the country nears the 2019 presidential election.

Politically fragile governments in Africa’s Sahel region will remain vulnerable to terror attacks in 2018, despite efforts to coordinate their counterterror operations. ISIS and al-Qaida-allied groups, along with other violent extremists, will attempt to target Western and local government interests in the region, and a stalled peace process is likely to undercut the presidential election in Mali.

The Ethiopian and Kenyan Governments are likely to face opposition from publics agitating for redress of political grievances. Somalia’s recently elected government probably will struggle to project its authority and implement security reforms amid the drawdown of African Union forces in 2018, while al-Shabaab—the most potent terrorist threat to US interests in East Africa—probably will increase attacks.

Clashes between the South Sudanese Government and armed opposition groups will continue, raising the risk of additional mass atrocities as both sides use ethnic militias and hate speech and the government continues its crackdown on ethnic minorities. The South Sudanese are the world’s fastest growing refugee population, and the significant humanitarian challenges stemming from the conflict, including severe food insecurity, will strain the resources of neighboring countries hosting refugees.

Sudan is likely to continue some aspects of its constructive engagement with the United States following the suspension of sanctions because it has given priority to shedding its international pariah status and reviving its economy. Khartoum probably will acquiesce to some US requests, such as increasing counterterrorism cooperation and improving humanitarian access, but will be reluctant to take any steps that it perceives jeopardize its national security interests.

Political unrest and security threats across the region are likely to intensify as the Presidents of Burundi and the Democratic Republic of the Congo (DRC) face public and armed opposition to their rule and the Central African Republic (CAR) struggles to cope with a nationwide surge in conflict. Over-stretched UN missions in CAR and DRC are unlikely to stem the rising challenges from their concurrent humanitarian and security crises.
THE WESTERN HEMISPHERE

A key feature of the 2018 political environment in Latin America almost certainly will be popular frustrations with low economic growth, corruption scandals, and the specter of endemic criminal activity in some countries. Larger and increasingly sophisticated middle classes— with greater access to social media—are demanding more accountability from their governments. Presidential elections, including those in Mexico and Colombia, will occur at a time when support for political parties and governing institutions is at record lows and could bolster the appeal of outsider candidates.

Mexico

Mexicans are focused on presidential and legislative elections scheduled for July 2018, in which corruption, high violence, and a tepid economy will be key issues. The Mexican Government has made slow progress implementing rule-of-law reforms and will continue to rely on the military to lead counternarcotics efforts. Mexico’s $1.1 trillion economy benefits from strong economic fundamentals, but uncertainty over trade relationships and higher-than-expected inflation could further slow economic growth. President Enrique Pena Nieto is focusing on domestic priorities, including recovery from the September 2017 earthquakes and managing impacts from potential US policy shifts ahead of the election. In recent years, Mexican US-bound migration has been net negative but might increase if economic opportunity at home declined.

Central America

Insecurity and lack of economic opportunities likely will remain the principal drivers of irregular migration from the Northern Triangle countries of El Salvador, Guatemala, and Honduras. Homicide rates in these countries remain high, and gang-related violence is still prompting Central Americans to flee.

Venezuela

Economic woes and international diplomatic pressure probably will put political pressure on the Venezuelan Government in 2018. Living standards have declined and shortages of basic goods are driving the increase in Venezuelans seeking asylum in the United States and the region. Venezuela’s negotiations with creditors probably will lead to messy legal battles. Venezuela almost certainly will seek to minimize further disruptions to oil production and exports to maintain its critical oil export earnings. Oil prices have increased slightly this year, but crude oil production continues to decline.

Colombia

President Juan Manuel Santos will seek to cement implementation of the Revolutionary Armed Forces of Colombia (FARC) peace accord, as campaigning intensifies for the May 2018 presidential election. The FARC’s new political-party status and the uncertainty around the transitional justice reforms will be a factor in the political environment ahead of elections. Substantial budget constraints will slow major programs or policy changes. The influx of FARC dissidents, drug traffickers, and other illegal actors into remote areas will challenge security forces during the next 12 months. Cocaine production in Colombia is at an all-time high, and crop substitution and eradication programs are facing stiff local resistance.
Senator INHOFE. Thank you, Director Coats.
General Ashley.

STATEMENT OF LIEUTENANT GENERAL ROBERT P. ASHLEY,
JR., USA, DIRECTOR, DEFENSE INTELLIGENCE AGENCY

Lieutenant General Ashley, Chairman Inhofe, Ranking Member Reed, and members of the committee, thank you for the opportunity to provide the Defense Intelligence Agency’s assessment of a global security environment and address the threats confronting the Nation.

Cuba
Havana will seek to manage President Raul Castro’s planned retirement in April 2018. Castro’s successor will inherit a stagnant economy and a stalled economic reform process.

Haiti
As President Jovenel Moïse begins his second year in office, he will confront competing interests within his government, a vocal opposition, and a fragile economy. Crime and protest activity will test the Haitian National Police following the departure of the UN Stabilization Mission in October 2017 and the transition to a police-only UN mission.
My statement for the record details a range of challenges, competitors, threats, foreign military capabilities, and transnational terrorist networks. In my opening remarks, I’d like to just briefly address a few of these areas.

North Korea. North Korea is a critical threat to the United States and our allies in Northeast Asia. North Korea leader Kim Jong-un has pressed his nation down a path to develop nuclear weapons and deliver them with ballistic missiles that can reach South Korea, Japan, Guam, and the United States. He has instituted a rapid missile development and flight testing program that has, over the last two years, brought North Korea closer to its goals. Moreover, North Korea conducted its sixth nuclear test, in September of last year, which generated a much larger seismic signature than previous tests. Concurrently, Pyongyang has invested in conventional systems and training designed to increase the threat to South Korea. North Korea’s nuclear and missile testing has deepened the regime’s isolation. While the United Nations has imposed additional sanctions on North Korea, Kim shows no interest in walking away from his nuclear or ballistic missile programs. Additional missile launches are near certainty, and further nuclear tests are possible as Pyongyang seeks to refine its weapons design and its reliability.

China. In 2017, China armed forces continued implementing sweeping organizational reforms to enhance the ability of the People’s Liberation Army to conduct joint operations, fight short-duration, high-intensity regional conflicts at greater distances from the Chinese mainland. China’s military modernization plan includes the development of capabilities for long-range attacks against adversary forces that might deploy or operate in the western Pacific Ocean. China is leveraging its growing power to assert sovereignty claims over features in the east, the South China Seas, and the China-India border region. Beijing’s military modernization program is expanding in concert with an intent to invest in a range of missions beyond China’s periphery. China’s increasingly lethal joint force will be capable of holding United States and allied forces at risk at greater distances from the Chinese mainland.

Russia. Russia views the United States as the primary threat to its national security and its geopolitical ambitions. The Kremlin seeks to establish a sphere of influence over former Soviet Union states, prevent further eastward expansion of NATO [North Atlantic Treaty Organization], and ensure that no major international issues are addressed without Russia’s input or at its expense. The Kremlin views the powerful survivable strategic nuclear force as a foundation of Russia’s national security, and sees modernized general-purpose and nonstrategic nuclear forces as critical to meeting its conventional military threats. Russia’s aggressive actions abroad over the last several years, its military interventions in Syria and Ukraine, have boosted Russia’s confidence in its military and increased Moscow’s geopolitical profile.

Afghanistan. In South Asia during the past year, Afghan National Defense and Security Forces, ANDSF, protected major population centers and denied the Taliban strategic gains while combating ISIS in the Khorasan Province, as well as al Qaeda. The ANDSF will build on its incremental success by continuing to de-
velop offensive capabilities while the Taliban will threaten Afghan stability, undermine public confidence by conducting intermittent high-profile attacks in urban areas, increasing influence in rural terrain, threatening district centers, and challenging vulnerable ANDSF locations.

Iran. Iran remains the primary nation-state challenger to United States interests and security within the Middle East. Iran continues to improve its conventional capabilities to deter adversaries and defend its homeland. Iran has regions—has the region’s largest ballistic military arsenal that can strike targets throughout the region, up to 2,000 kilometers from their borders. Following Iran’s implementation of the Joint Comprehensive Plan of Action in January of 2016, the International Atomic Energy Agency continues to report that Iran has not enriched uranium beyond allowable levels, and maintains limits on centrifuge numbers, and allows monitoring of nuclear fuel and heavy water stocks. Iran remains committed to modernizing its military, building the capability of its partners in the region, while balancing a desire to gain from its integration into the global economic system.

Cyber. Our top competitors are developing and using cyberspace to increase their operational reach into our military and civilian systems, exploiting our vulnerabilities and challenging the adequacy of our defense.

Terrorism. ISIS suffered significant setbacks in 2017. Territorial losses in Iraq and Syria and persistent counterterrorism operations against ISIS global network have impeded its ability to exploit instability in the region where it operates. ISIS members are dispersing and prioritizing clandestine networks to preserve their core capabilities. While ISIS capabilities have been degraded in numerous countries, it remains a significant threat and continues to inspire more attacks throughout the West than any other terrorist organization. Al Qaeda also remains a serious and persistent threat to United States interests worldwide.

Finally, advanced technological threats. Our competitors are working to develop more advanced technologies, which pose an increasing challenge to our warfighters, our decisionmakers, and the intelligence community. Developments in hypersonics will provide the ability to strike targets more quickly and at a greater distance. The development of quantum technologies, supercomputers, artificial intelligence is enabling new military capabilities, and competitors are prioritizing research in quantum-enabled communications and quantum computing, which could supply the means to field highly secure communications systems and eventually break encryption algorithms.

With this brief overview, Mr. Chairman, I look forward to the committee’s questions.

[The prepared statement of Lieutenant General Ashley follows:]
STATEMENT FOR THE RECORD

WORLDWIDE THREAT ASSESSMENT

ARMED SERVICES COMMITTEE

UNITED STATES SENATE

Robert Ashley, Lieutenant General, U.S. Army

Director, Defense Intelligence Agency

6 March 2018

Information available as of March 2, 2018 was used in the preparation of this assessment.
INTRODUCTION

Chairman McCain, Ranking Member Reed, and members of the committee, thank you for the invitation to provide the Defense Intelligence Agency’s assessment of the global security environment and to address the threats confronting the Nation.

The United States faces an increasingly complex array of challenges to its national security. The military environment has shifted from the existence of the United States as the single power able to dominate challengers and to deter aggression through conventional means to one in which foreign militaries are emerging with near-peer and, in some areas, peer capabilities. Adversaries have studied the American way of conflict and have developed, and will continue to develop, capabilities to mitigate or upend longstanding U.S. military dominance in all warfighting domains—terrestrial, maritime, air, space, and cyber—raising the complexity of the threat environment and risk to the United States. Competitor states will employ all diplomatic, economic, political, and covert mechanisms of influence and coercion available to advance their agendas. Many states will continue to view nuclear weapons as both the guarantor of regime survival and a critical capability in a conflict with a conventionally superior adversary. This threat environment highlights the need for us to operate in close collaboration with our Five Eyes partners, NATO, and other allies across the globe. This Statement for the Record is organized regionally, followed by transnational issues. Taken together, these issues reflect the complexity, diversity, and scope of today’s challenges to our national security.

The men and women of DIA lead the Intelligence Community in providing strategic, operational, and tactical Defense Intelligence. They deliver decision advantage to warfighters, defense planners, the defense acquisition community, and policymakers. I am privileged to serve with them and present their analysis to you. My hope in this hearing is to help the Nation—through the important oversight role of Congress—to better understand these global challenges and to support this committee in identifying
opportunities and possible responses to these threats. On behalf of the entire Defense Intelligence
Enterprise, thank you for your continued confidence. Your support is vital to us.

REGIONAL THREATS

EAST ASIA

North Korea

North Korea is a critical threat to the United States and our allies in Northeast Asia and is our hardest
intelligence collection target. North Korean leader Kim Jong Un has pressed his nation down a path to
develop nuclear weapons and deliver them with ballistic missiles that can reach South Korea, Japan, and
the United States. In pursuit of this objective, he has instituted a rapid, ambitious missile development
and flight-testing program that has, over the past 2 years, brought North Korea closer than ever before
to its goals. Concurrently, Pyongyang has attempted to reinvigorate its conventional military, investing
in select weapon systems and in improvements to training designed to bolster the threat against South
Korea.

Since 2014, North Korea has accelerated the pace of its ballistic missile testing. In 2016 and 2017, over
40 launches of short-, medium-, intermediate-, intercontinental-range, and submarine-launched systems
were conducted. Although flight tests on longer range missiles in 2016 were marked by multiple failures
and setbacks, 2017 saw Pyongyang making advancements. Specifically:

- North Korea flight-tested two Hwasong-14 intercontinental ballistic missiles (ICBMs) in July. In
  their tested configuration, these missiles are capable of reaching North America. In late
  November, North Korea launched what it described as a new ICBM—the Hwasong-15—which
  also demonstrated a capability to reach the United States.
• Pyongyang flew two Hwasong-12 intermediate-range missiles over Japan last year, placing our
allies at potential risk from missile debris. The second of these tests demonstrated a capability
to range more than 3,700 kilometers, which can reach beyond Guam.

• The North twice flight-tested a solid-propellant medium-range missile capable of reaching
Japan. Based on North Korea’s developmental submarine-launched ballistic missile, this
system—the Pukguksong-2—is the North’s longest range solid-propellant missile. This
advancement is significant because solid-propellant missiles can be prepared for launch more
rapidly than liquid-propellant systems.

North Korea conducted a nuclear test, its sixth overall, in September. The test generated a much larger
seismic signature than had previous events, and North Korea announced that this was a test of a
“hydrogen bomb” for use on an ICBM. North Korea has demonstrated the capability to produce
kilogram quantities of plutonium for nuclear weapons and has claimed to possess the ability to produce
enriched uranium for nuclear weapons. We judge that North Korea continues to generate fissile
material for nuclear weapons. Pyongyang has publicly showcased two weapon designs, claiming both as
missile deliverable. We also remain concerned about North Korea’s proliferation activities in
contravention of multiple UN Security Council resolutions, most recently Resolutions 2356 (June), 2371
(August), and 2375 (September).

North Korea has a longstanding biological warfare (BW) capability and biotechnology infrastructure that
could support a BW program. Pyongyang is a signatory to the Biological and Toxin Weapons Convention
(BWC) but has yet to declare any relevant developments and has failed to provide a BWC confidence-
building measure declaration since 1990. Pyongyang may consider using biological weapons during
wartime or as a clandestine attack option.
North Korea probably has a chemical warfare (CW) program with up to several thousand metric tons of chemical warfare agents and the capability to produce nerve, blister, blood, and choking agents. It is not a party to the Chemical Weapons Convention. North Korea probably could employ CW agents by modifying a variety of conventional munitions, including artillery and ballistic missiles, or by using unconventional, targeted methods.

Although resource shortages and aging equipment continue to hamper North Korea, its conventional military remains a major threat to South Korea. The Korean People's Army (KPA) Ground Forces operate thousands of long-range artillery and rocket systems along the entire demilitarized zone. These weapons include close-range mortars, guns, and multiple rocket launcher systems trained on South Korean military forces north of Seoul; the North is bolstering this threat with longer range self-propelled guns, rockets, and close-range ballistic missiles (CRBMs) that can reach Seoul and some points south of the capital. A new CRBM that is probably close to fielding is capable of reaching Seoul and major U.S. air and ground bases farther south.

In addition, Kim Jong Un has emphasized a need for more realistic military training across the force and has overseen high-profile training events in artillery, air, and special operations forces. The training events we have observed seem largely designed for public messaging and are probably not sufficient to compensate for years of neglect in some sectors of the military. The KPA lacks the operational capability to forcibly reunify the Korean Peninsula, but North Korea's military is capable of a full range of armed provocations and lethal, limited-objective attacks. With its large artillery and infantry force forward-deployed, the KPA can mount an attack on South Korean and U.S. forces with little or no warning.

North Korea continues intense efforts to deny us information about its capabilities and intentions. North Korea's underground facility program is the largest in the world, and its primary function is to protect and conceal regime leaders, weapons of mass destruction (WMD), ballistic missiles, military
forces, and defense industries. The military relies on thousands of underground facilities distributed throughout the country to conceal and protect key command and control (C2) nodes, forces, warfighting stores, and other significant infrastructure. North Korea has learned and adapted the use of deception in its defenses after observing U.S. conflicts in Vietnam, Kosovo, and the Middle East. North Korea exploits its mountainous terrain to fortify its military installations and will continue to improve and construct hardened bunkers and underground facilities to protect its forces.

North Korea’s nuclear and missile testing has deepened the Kim regime’s isolation. The United Nations has imposed additional sanctions on North Korea through new Security Council resolutions. The North’s relations with China are at their lowest ebb in years, and military and security cooperation remains officially suspended. Chinese leaders, in response to North Korea’s actions, have publicly committed China to supporting international efforts to strengthen sanctions. However, Beijing is attempting to balance incremental increases in pressure with avoiding actions that Chinese officials fear could destabilize North Korea and place China’s strategic buffer against the U.S. alliance system in Northeast Asia at risk.

Despite external pressure, Kim shows no interest in voluntarily walking away from his nuclear or missile programs, which he has made central to his security strategy. Additional missile launches—from short range to intercontinental range—are a near certainty, and further nuclear tests are possible as Pyongyang seeks to refine its weapon designs. In addition to further testing, North Korea has announced that it will focus on producing and deploying nuclear weapons and ballistic missiles in 2018. We also expect the Kim regime to consider launching cyberattacks, similar to the WannaCry ransomware attack conducted in mid-2017, and the possibility for limited-scale military action against South Korea remains on the table. The North Korean regime appears stable, and Kim will continue to actively manage regime elites and the populace through indoctrination, inducement, and intimidation. In the coming year, international sanctions are likely to strain foreign currency earnings by some elites
and may limit availability of refined fuels nationwide. The elites and general public, accustomed to scarcity, are likely to try to cope with decreasing resources and are unlikely to challenge the regime in the near term; however, our ability to discern dissent is limited.

China

In 2017, China’s armed forces continued implementing sweeping organizational reforms that President Xi Jinping and other Chinese leaders unveiled in 2015. This reorganization is the latest phase in China’s long-term military modernization program, which the country’s leaders have characterized as essential to achieving great-power status and what Xi calls the “China Dream of national rejuvenation.” The leadership portrays a strong military as critical to advancing China’s interests and ensuring that China can defend itself and its sovereignty claims.

These military reforms seek to enhance the ability of the People’s Liberation Army (PLA) to conduct joint operations; improve its ability to fight short-duration, high-intensity regional conflicts at greater distances from the Chinese mainland; and strengthen the Chinese Communist Party’s control over the military. The changes instituted during the past year and codified in the 19th Party Congress reduced the size of the Central Military Commission, streamlined its control over the PLA, and propagated reform to corps-level units and below, transforming ground and air combat units with foundational improvements, including modern C2 and the abilities to conduct more effective joint operations. The PLA also is strengthening its joint operational command system and developing its new Strategic Support Force, which consolidates cyber, electronic warfare, and space capabilities.

In early 2017, China announced a 6.5-percent inflation-adjusted increase in its annual military budget, to $154.3 billion, second only to the United States and about 1.3 percent of China’s GDP. Since China omits several major categories of expenditure from its published military budget, we estimate its actual
military-related spending to be over $190 billion. This budget extends more than two decades of annual defense spending increases, which we expect China to sustain for the foreseeable future.

Chinese military forces continue to develop capabilities to dissuade, deter, or defeat potential third-party intervention during a large-scale theater campaign, such as a Taiwan contingency. China’s military modernization plan includes the development of capabilities to conduct long-range attacks against adversary forces that might deploy or operate in the western Pacific Ocean. These capabilities, spanning the air, maritime, space, electromagnetic, and information domains, are most robust within the first island chain, but China is rapidly extending capabilities farther into the Pacific Ocean.

The PLA Rocket Force is bolstering its medium-range DF-21 antiship ballistic missile with the DF-26 intermediate-range ballistic missile, capable of conducting precision conventional or nuclear strikes against targets as far away as Guam. The PLA is also developing and fielding numerous advanced, long-range land-attack and antiship cruise missiles, some capable of reaching supersonic speeds, and operated from ground, air, ship, and submarine platforms. These capabilities are being augmented with two new air-launched ballistic missiles, one of which may include a nuclear payload. The PLA Air Force is fielding modern fighters and extending the range and capabilities of its bomber force. During the PLA’s 90th anniversary parade in July, the Air Force conducted high-profile public flybys of its developmental, fifth-generation J-20 stealth fighter and debuted advanced variants of fourth-generation fighters with upgraded weapons. The PLA Navy is developing into a global force, gradually extending its ability to sustain its operational reach beyond East Asia. Its latest naval platforms enable combat operations beyond the reach of China’s land-based defenses. In particular, China’s aircraft carrier and planned follow-on carriers, once operational, will extend air defense umbrellas beyond the range of coastal and shipboard missile systems and help enable task group operations at increasingly greater distances.
The ongoing modernization of the PLA’s nuclear force is focused on mobility, survivability, and effectiveness intended to ensure the viability of China’s strategic deterrent in the face of perceived advances in U.S. and, to a lesser extent, Russian offensive and defensive capabilities. China is developing a range of technologies, such as multiple independently targetable reentry vehicles (MIRVs), maneuvering warheads, decoys, chaff, jamming, thermal shielding, and hypersonic glide vehicles, in an attempt to counter ballistic missile defense systems. These technologies will be incorporated into China’s silo and road-mobile ICBMs while Beijing expands the force in the size and types of missiles and the number of warheads capable of striking the United States over the next 15 years. The PLA Navy’s four Jin class nuclear-powered ballistic missile submarines, armed with the JL-2 submarine-launched ballistic missile, provide China its first viable sea-based nuclear deterrent. The PLA Air Force is developing a strategic bomber that we expect to have a nuclear mission; when combined with Rocket Force and Navy capabilities, this bomber would complete China’s first credible nuclear “triad.”

Strategists in the PLA regard the ability to use space-based systems—and to deny them to adversaries—as central to enabling modern warfare. As a result, the PLA continues to strengthen its military space capabilities despite its public stance against the weaponization of space. Beijing has invested in space system improvements, with an emphasis on intelligence, surveillance, and reconnaissance systems, satellite communications, satellite navigation, meteorology, and human spaceflight and interplanetary exploration. China also continues to develop a variety of counterspace capabilities designed to limit or prevent an adversary’s use of space-based assets during crisis or conflict. Space and counterspace capabilities, like missile forces, advanced air and sea power, and cyber capabilities, are critical for China to fight and win modern military engagements.

China has long identified the protection of its sovereignty and territorial integrity as a “core interest” and is leveraging its growing power to assert sovereignty claims over features in the East and South China Seas and the China-India border region. Despite a tribunal’s ruling in 2016 that China’s “nine-dash
line” is not a lawful maritime claim, China is using coercive tactics, such as employing law enforcement vessels and its maritime militia, to enforce maritime claims and advance its interests in ways that are calculated to fall below the threshold of provoking conflict. In the East China Sea, China persists in its use of maritime law enforcement ships and aircraft to patrol near the Senkaku Islands and challenge Japan’s claim. In the South China Sea, China sustained construction at its Spratly Islands military outposts in 2017 and employed diplomatic and economic pressure to persuade the Philippines to curtail construction activity and coerce Vietnam to abandon drilling operations.

China’s expanding global footprint and international interests are reflected in its Belt and Road Initiative of economic, commercial, and infrastructure projects in Asia, Africa, the Middle East, and Europe. Beijing’s military modernization program is expanding in concert with this initiative to include investments and infrastructure to support a range of missions beyond China’s periphery, including power projection, sea lane security, counterpiracy, peacekeeping, and humanitarian assistance and disaster relief. China’s most recent white papers and doctrinal writings emphasize the requirement for a PLA able to secure expanding Chinese national interests overseas, including a growing emphasis on the importance of the maritime domain, offensive air operations, long-distance mobility operations, space operations, and cyberoperations. In August, following more than a year of construction, China officially opened a military base in Djibouti and deployed a company of marines and equipment to the facility. China probably will seek to establish additional military logistics facilities in countries with which it has longstanding, friendly relationships and similar strategic interests.

Looking forward, sustained year-over-year spending increases will enable the PLA to realize its goals for military modernization and reform. An increasingly lethal joint force will be capable of holding U.S. and allied forces at risk at greater distances from the Chinese mainland, and the PLA will use new bases and military logistics facilities to extend its operational reach well beyond East Asia. A modern, effective nuclear deterrent and substantial investment in advanced cyber, electronic warfare, and space
capabilities will bolster China’s ability to fight and win modern military engagement across multiple military domains.

EURASIA

RUSSIA

Russia views the United States as the primary threat to its national security and geopolitical ambitions and is developing a modern military designed to defeat all potential threats to the Russian homeland and accomplish its larger foreign policy objectives. The Kremlin’s objectives include establishing a sphere of influence over the states of the former Soviet Union, preventing further eastward expansion of NATO, and ensuring that no major international issues are resolved without Russia’s input or at its expense. The Kremlin views a powerful, survivable strategic nuclear force as the foundation of Russia’s national security and sees modernized general purpose and nonstrategic nuclear forces as critical for meeting conventional military threats. At the same time, Russia increasingly considers the information sphere as a new domain for modern military conflict. Moscow is honing its cyber capabilities and its ability to spread disinformation in order to advance its own agenda, sow future discord in the West, undermine faith in democratic norms and processes, and discredit Western institutions.

Russia’s desire to be recognized as a great power requires a modern, proficient military, and Moscow has devoted significant attention and resources toward improving its military equipment and command capabilities. The Kremlin continues to place top priority on modernizing Russian strategic nuclear forces, seeking to replace Soviet-era legacy systems, maintain rough nuclear parity with the United States, and improve the survivability of Russia’s nuclear weapons and critical national leadership facilities in the event of a precision strike or nuclear attack. New systems under development include a heavy, liquid-propellant ICBM and mobile ICBMs that are designed to challenge missile defense and enhance survivability. In addition, the Kremlin claims that a new class of hypersonic glide vehicle under
development will allow Russian strategic missiles to penetrate missile defense systems. Moscow is improving its strategic naval forces by building and deploying the Dolgoruky class nuclear-powered ballistic missile submarine with the SS-N-32 Bulava submarine-launched ballistic missile. Russia is also refurbishing its long-range strategic bombers to carry the newest air-launched cruise missiles, the AS-23a conventional variant and the AS-23b nuclear variant. These missiles are the follow-on system to the AS-15, the main armament of Russia’s Tu-95 and Tu-160 bombers.

Russia developed a ground-launched cruise missile (GLCM) that the United States has declared is in violation of the Intermediate-Range Nuclear Forces (INF) Treaty. Despite Russia’s ongoing development of other treaty-compliant missiles with intermediate ranges, Moscow probably believes that the new GLCM provides sufficient advantages that make it worth the risk of violating the INF Treaty. Russian officials have previously complained that the treaty prohibits Russia, but not some of its neighbors, from developing and possessing ground-launched missiles with ranges between 500 and 5,500 kilometers.

According to New START Treaty statements on 5 February 2018, Russia declared 1,444 warheads on 527 deployed ICBMs, SLBMs, and heavy bombers. Russia has an active stockpile of up to 2,000 nonstrategic nuclear weapons. These include air-to-surface missiles, short-range ballistic missiles, gravity bombs, and depth charges for medium-range bombers, tactical bombers, and naval aviation; antiship, antisubmarine, and antiaircraft missiles; and torpedoes for surface ships and submarines. Russia may also have warheads for surface-to-air and other aerospace defense missile systems.

Russia is a state party to the Chemical Weapons Convention and had completed destruction of its nearly 40,000-ton declared chemical weapons stockpile as of 27 September. Russia maintains a robust commercial chemical industry that is capable of producing chemical warfare agent precursors. The country’s industrial base, coupled with knowledge from the historical chemical weapons program, suggests that Moscow has the capability to produce chemical weapons.
Moscow has concluded that gaining and maintaining supremacy in space will have a decisive impact on the outcome of future conflicts and is developing counterspace systems to hold U.S. space assets at risk. Russia will continue to pursue the development of a full range of ground-, air-, or space-based antisatellite weapons as a means to reduce U.S. military effectiveness and control the escalation of conflict if deterrence fails.

Russia’s forcewide conventional modernization continued in 2017, driven by improving import-substitution efforts designed to eliminate military-related imports from NATO countries and Ukraine. State deliveries to the Aerospace Forces have included new Su-34 strike fighters, Su-35 fighters, and modernized Tu-160 and Tu-22M3 bombers. Naval forces are expanding with launches of multirole corvettes and frigates that provide air defense and strike capabilities, along with nuclear- and diesel-powered missile submarines. The Ground Forces have received modernized T-72B3 tanks and BMP-3 infantry fighting vehicles, while development of the T-14 Armata tank, Kurganets and Bumerang armored vehicles, and Koalitsiya self-propelled howitzers have continued.

Moscow will continue to conduct large-scale regional military exercises as the capstone event of its annual military training cycle. Last year, Moscow held ZAPAD 2017 in northwestern Russia and Belarus, arousing concerns in states along Russia’s borders. The exercise tested and demonstrated the readiness of the participating forces to respond to a sudden attack, and it rehearsed a rapid transition from peacetime to a wartime footing focusing on logistics, command, control, communications, computers, intelligence, surveillance, and reconnaissance and the preparation of the state and society for wartime mobilization. Moscow will hold a similar exercise, VOSTOK 2018, in the Pacific theater in September.

Russian intelligence services, including Russian military intelligence (GRU), have been increasingly involved in carrying out cyberoperations abroad, as we have seen in the United States, in efforts to sway the 2017 French presidential election, and in attacks against Ukraine’s power grid. The Kremlin is
further developing these capabilities and its capacity to carry out information warfare, or what it calls “information confrontation.” Moscow views control over the information sphere as crucial to influencing, confusing, and demoralizing an adversary, and the weaponization of information is a key element in Russian strategy. Russia employs a full range of capabilities, including pro-Kremlin media outlets and websites, bots and trolls on social media, search engine manipulation, and paid journalists in foreign media, to sway Western attitudes toward Russia and in favor of Russian governmental objectives.

Russia believes it has benefited from its military interventions in Syria and Ukraine, which have boosted the Kremlin’s confidence in its military and increased Moscow’s geopolitical profile. In Syria, Russia’s military intervention changed the dynamic of the conflict, bolstering the Assad regime and posturing Moscow as a credible regional power broker in the Middle East. As operations against the Islamic State of Iraq and ash-Sham (ISIS) in Syria ease, Russia is seeking a political settlement to the conflict that will allow it to reduce its direct combat role and preserve Syria as its military and geopolitical stronghold in the Middle East.

Russia’s engagement with the Turkish government of President Erdogan, military sales to Turkey, and deepening interest in and involvement with Egypt and Libya illustrate Russia’s strategic objective to strengthen its ability to project power into the Mediterranean and along NATO’s southern flank, expand its influence in the region, and exacerbate existing friction in NATO.

In eastern Ukraine, Russia has steadily lowered the level of violence along the Line of Contact and has proposed the deployment of a UN peacekeeping mission to protect Organization for Security and Cooperation in Europe observers in an effort to break Western solidarity and secure sanctions relief. Nevertheless, the Kremlin shows few indications that it is prepared to reverse course on Ukraine or make any new compromises—short of Kyiv’s capitulation to Moscow’s efforts to institutionalize a de
facto veto over Ukrainian decisionmaking—and is under little pressure to do so. The Russian armed
forces remain deeply involved in eastern Ukraine, where Russian military officers command the
Kremlin’s separatist proxies down to the battalion level. Moscow retains the ability to reescalate the
conflict as it deems necessary.

Russia is concerned about growing U.S.-North Korean tension and seeks to carve out a role as a
mediator befitting its position as a great power and to ensure that its regional interests are protected.
Moscow remains frustrated by Pyongyang’s ballistic missile and nuclear provocations but continues to
emphasize the need for a diplomatic resolution to the standoff while rejecting all military solutions and
providing only partial support for UN sanctions. Russia is likely to take advantage of opportunities to
improve its leverage with North Korea, making use of even small steps, such as the October provision of
an internet connection by a Russian state-owned company, reducing North Korea’s dependence on
China and separately enabling oil transfers to North Korea despite UN sanctions.

Russia views the Arctic as vital to its national security and economic prosperity. Over the past 5 years,
Russia has strengthened its military presence in the Arctic, refurbishing once-abandoned Soviet-era
installations and developing new dual-use facilities to support civilian and military operations. These
efforts include construction of airfields, naval ports, search and rescue centers, and radar installations.
Russia has also created new Ground Forces units, air defense units, and coastal missile units to improve
security of Russia’s northern border. The majority of Russian deployments at this point are defensive
systems and provide little in terms of force projection capability.

Over the coming year, we expect that Russia will seek opportunities to reestablish itself as a regional
security broker and alternative to the United States. It will seek opportunities to strengthen its great-
power bona fides and overturn the post–Cold War international order that it believes is tilted too
heavily in favor of the United States. Moscow’s strategy is to force the United States and U.S. allies to
acknowledge Russia’s security interests and recognize its importance as a global actor whose interests cannot be summarily dismissed without consequence. Although Russia repeatedly emphasizes that it is not interested in a new Cold War with the United States, it has also made clear that it will no longer reconcile with the West through concessions or a policy of appeasement.

SOUTH ASIA

Afghanistan

In South Asia during the past year, Afghan national defense and security forces (ANDSF) protected major population centers and denied the Taliban strategic gains while combating ISIS-Khorasan. ISIS-Khorasan intends to expand ISIS’s self-declared caliphate and compete with the Taliban for recognition as the dominant militant group in the region. Although degraded, al-Qaeda in the Indian Subcontinent, which represents al-Qaeda’s primary geographic and ideological presence in South Asia, has retained the intent and limited capability to threaten coalition and Afghan forces and interests in the region.

We assess that the ANDSF will build on incremental successes from the previous year by developing additional offensive capabilities and setting conditions for major military operations. We expect the Taliban to threaten Afghan stability and undermine public confidence by conducting intermittent high-profile attacks in urban areas, increasing influence in rural terrain, threatening district centers, and challenging vulnerable ANDSF locations. Rural areas will remain contested between the Taliban and the ANDSF over the next year as the Taliban consolidates control in these areas and attempts to pressure provincial capitals, predominantly in the south and northwest.

The ANDSF will almost certainly need to focus on increasing its fighting capability, improving its leadership development and unity of command, and countering corruption to further develop a sustainable security solution in Afghanistan that would compel the Taliban to seek negotiations to end the conflict. Continued coalition airstrikes as well as train, advise, and assist efforts this year will remain
critical enablers to improving the ANSF’s ability to forestall Taliban advances beyond rural areas and in extending security and governance.

Pakistan

Islamabad is likely to proceed with its counterinsurgency operations and border management efforts along its western border while sustaining counterterrorism and paramilitary operations throughout the country. These efforts have had some success in reducing violence from militant, sectarian, terrorist, and separatist groups, but Pakistan will look to the United States and the Afghan government for support against anti-Pakistan fighters in Afghanistan. Pakistan is increasing its nuclear stockpile and developing tactical nuclear weapons and new ballistic missile systems. In January 2017, Pakistan conducted the first test launch of its nuclear-capable Ababeel ballistic missile, demonstrating South Asia’s first MIRV payload, and in early July, Pakistan demonstrated an expanded-range Nasr CRBM.

India

New Delhi seeks status as a global power and perceives its strategic forces as necessary elements to achieve that goal. India has put its first domestically built nuclear submarine, the INS Arihant, into service, and is set to take delivery of its second nuclear submarine, the INS Arihant, in 2018. India continues to modernize its military to better posture itself to defend its interests at home and in the broader Indian Ocean region while reinforcing its diplomatic and economic outreach across Asia. Continued exchange of heavy fire between Indian and Pakistani forces along the Line of Control poses a risk of inadvertent or gradual escalation of hostilities. In 2017, the lengthy standoff between Indian and Chinese forces along the Bhutan-China border heightened tension between India and China and prompted both sides to increase their forces near the Line of Actual Control. We expect that both sides will maintain this elevated force posture along disputed border areas through the remainder of 2018.
MIDDLE EAST

The Middle East faces multiple, simultaneous challenges. ISIS has been largely defeated as a semiconventional battlefield force that controls territory, yet the group retains key leaders and the ability to attack civilians and security forces in Iraq and Syria even without control of territory. ISIS is transitioning to a clandestine posture to ensure its survival and preserve attack capabilities, and the group remains the most significant terrorist threat to the United States and our allies in the region. Traditional drivers of unrest—authoritarian leaders, civil conflict, ungoverned spaces, insufficient economic opportunity, and corruption—are compounded by terrorism, conventional military threats, and growing Iranian involvement. My comments on this volatile and important region will focus on Syria and Iraq, related ISIS developments, Iran, and Yemen.

Syria

Syrian President Bashar al-Assad’s regime has strengthened its military momentum against the armed opposition during the past year with continued support from Russia and Iran is poised to wield the most power in a postconflict environment. Since recapturing the strategic city of Aleppo in late 2016, proregime forces have largely contained opposition forces in western Syria and seized large swaths of territory from ISIS in eastern Syria. However, a lack of progress in political negotiations, along with President Assad’s pursuit of decisive military victory, will continue to challenge the durability of these zones. Iranian-affiliated fighters, including Lebanese Hezbollah, serve as critical force multipliers for the Syrian regime and will look for opportunities to solidify their influence in the coming years. Syria’s fragmented opposition, demoralized and suffering from severe resource shortages compounded by heavy infighting, is on the defensive with little prospect of reversing its decline. The al-Qa’ida-affiliated al-Nusra Front overran its main opposition rivals last summer and solidified its position as the most
dominant opposition group in northwestern Syria, further complicating efforts to deescalate the conflict.

As concluded by the UN Organization for the Prohibition of Chemical Weapons (OPCW) Joint Investigative Mechanism (JIM), the Syrian regime probably conducted a chemical weapons attack using the nerve agent sarin against the opposition on 4 April 2017 in Idlib Province, killing over 100 civilians. The chemical agent was delivered by regime Su-22 aircraft, which we assess took off from the regime-controlled Shayrat Airfield. This was the fourth time the JIM found the Syrian regime to be culpable for CW use in Syria. We further assess that the Syrian regime has not declared all the elements of its chemical warfare program to the OPCW and judge that the regime continues to use chemicals as a means of warfare, as it has every year since acceding to the Chemical Weapons Convention in 2013.

Despite the work of the OPCW’s Declaration Assessment Team to address gaps and inconsistencies in Syria’s Chemical Weapons Convention declaration, numerous issues remain unresolved, and a recent OPCW Executive Council draft decision noted that Syria’s use of CW on April 4, 2017, indicates its CWC declaration is inaccurate and incomplete.

Although Russia is likely to reduce its direct military role in Syria as counteropposition and counter-ISIS operations diminish, Moscow will provide further military support to the regime and will probably continue to help Damascus train and equip Syrian forces. Russia has become the primary interlocutor between Damascus and the broader international community, a role we expect it to try to preserve in a postconflict environment, including involvement in forging a diplomatic resolution to the conflict and limited humanitarian aid and reconstruction projects.

Turkey continues to work with multiple Syrian opposition elements to help achieve Ankara’s objectives in Syria, and it is also engaged with Russia and Iran through the Astana process. In addition to holding territory in northern Syria it gained during Operation EUPHRATES SHIELD, Turkey expanded its footprint
In Syria in October when it deployed forces as part of the Idlib deescalation zone, under the auspices of Astana talks. On 20 January 2018, Turkey also began military operations in Afrin, called Operation OLIVE BRANCH, which appear designed to surround territory and isolate Syrian Kurdish People’s Protection Unit (YPG) forces there. Turkish officials have said the ultimate goal of Operation OLIVE BRANCH is to completely remove the YPG from Afrin. Turkey is methodically capturing territory on the Syria side of its border with Afrin, forcing the YPG to move forces to the Afrin area from elsewhere in Syria. Turkish objectives include securing its southern border from Kurdistan Worker’s Party (PKK)-affiliated elements, repatriating Syrian refugees from Turkish territory, and rolling back YPG control in northern Syria.

Iraq

In November 2017, after 3 years of major combat operations against ISIS, the Iraqi security forces (ISF) reclaimed areas in and around Al Qaim, Anbar Province, regaining control of ISIS’s last strongholds in populated areas in Iraq. Throughout the defeat-ISIS campaign, the ISF has been aided by assistance from the coalition. Separately, the Iraqi government also used Popular Mobilization Forces (PMF), including Iranian-supported Shia militias, to retake territory from ISIS in light of enduring ISF institutional problems and deficiencies in Iraq’s conventional forces. Iraq’s most professional and capable security force—the Counterterrorism Service (CTS)—experienced heavy losses during the defeat-ISIS fight, and its focus on conventional operations has degraded its precision counterterrorism capability. This will necessitate significant retraining and other force-generation efforts, assisted by the coalition, to rebuild and refocus the CTS on its mission of effectively and independently neutralizing future terrorist threats in Iraq.

The PMF continues to assist in the final operations against ISIS, as it did in the more recent Iraqi government efforts to reassert federal control over disputed territories in northern Iraq. The PMF is still being finalized as a permanent Iraqi security institution based on the passage of “the PMF law” in 2016, which brought the PMF under the control of the prime minister’s office. The upcoming Iraqi
elections will allow some leaders of these groups to tout their role in the defeat-ISIS campaign, attempting to transition battlefield success into political victories.

Iraq’s Kurdistan Regional Government (KRG) suffered significant backlash following the Kurds’ independence referendum in late September. The Iraqi government reasserted federal control over territory that the Kurds had occupied in the security vacuum created by early ISIS victories, which included the loss of lucrative oil-rich territory and related oil revenues that were vital to the KRG’s independence aspirations. The nonpartisan Regional Guard Brigades largely dissolved following the independence referendum as the two main Kurdish political parties sought to place blame on each other for the failures of the Kurdistan Regional Government. The Kurdish security forces are likely to struggle defending Kurdish-controlled territory from insurgent attacks while maintaining a large defensive line against Baghdad’s forces. Financial shortcomings and institutional limitations of the Kurdistan Regional Government will also continue to limit Kurdish forces’ military and counterterrorism capabilities.

Shia militia groups, including those loyal to Iran, are likely to pose an increasing threat to U.S. forces, especially in Iraq, as the ISIS territorial threat recedes. The ISF very likely will require significant foreign assistance to bolster its security performance throughout 2018 and beyond, yet systemic problems will undermine coalition efforts to build partner capacity.

ISIS Developments in Syria and Iraq

Since last summer, ISIS has lost key strongholds as accelerated anti-ISIS campaigns by both proregime forces and the Kurdish-led Syrian Democratic Forces have reclaimed territory across Iraq and Syria. ISIS has lost nearly all of its territory in Iraq and over 90 percent of its territory in Syria since the peak of its control in August 2014. In October 2017, the coalition-backed Syrian Democratic Forces secured ISIS’s former de facto Syrian capital of Ar Raqqah after 4 months of operations. In early September, Russian-backed Syrian proregime forces launched operations into ISIS’s last remaining core territory along the
Middle Euphrates River Valley in eastern Syria. Syrian forces broke ISIS's 3-year-long siege of Dayr az Zawr in mid-September. In early October, Syrian proregime forces rapidly encircled ISIS's then--de facto capital of Al Mayadin, capturing the city by mid-October. By the end of 2017, with the fall of the Syrian border town of Albu Kamal and the Iraqi towns of Al Qaim and Rawah, ISIS had lost all of its significant urban holdings in the Middle Euphrates River Valley.

We estimate ISIS lacks the capability to stop anti-ISIS forces from seizing its remaining territory, and the group will accelerate its transition to a clandestine insurgency, as it was prior to 2014.

The loss of oil- and gas-producing territory in central and eastern Syria in 2017 severely undermined ISIS's finances. The group probably has stockpiled some cash reserves from funds obtained since 2014, which will underpin its financial viability as it adapts to reduced revenues.

ISIS will remain an enduring threat to coalition interests and Iraqi and Syrian stability, and the group remains capable of executing complex, destabilizing terrorist attacks despite losing territorial holdings. For example, in November ISIS fighters infiltrated the Dayr az Zawr airfield and destroyed several Syrian regime aircraft almost 2 weeks after the regime declared the city cleared. ISIS will attempt to exploit longstanding Iraqi and Syrian Sunni grievances and the continued civil war in Syria. Coalition airstrikes are degrading the group's ability to support its operations, but the enduring undergoverned territory and security challenges in western Iraq, as well as the unresolved conflict in Syria, could provide ISIS opportunities to rebound and regain influence in 2018.

Iran

Iran remains a primary nation-state challenger to U.S. interests and security within the Middle East and Southwest Asia. Iran's national security strategy focuses on deterring and, if necessary, defending against external threats, securing Iran's position as a dominant regional power, and ensuring continuity of clerical rule, economic prosperity, and domestic security. Iran is engaged in the region's conflicts to
further its security goals and expand its influence with neighboring countries, at the expense of the United States and U.S.-aligned regional partners.

Following Iran’s implementation of the Joint Comprehensive Plan of Action (JCPOA) in January 2016, the International Atomic Energy Agency continues to verify and report that Iran has not enriched uranium above allowable levels, maintains limits on centrifuge numbers, and allows monitoring of nuclear fuel and heavy water stocks. We expect that the regime has distributed some financial gains resulting from the JCPOA to its security forces, although we believe domestic social and economic expenditures will remain the priority for Tehran in the near term, particularly in the wake of recent unrest sparked by economic conditions.

UN Security Council Resolution 2231, which endorses the JCPOA, established benchmarks for lifting UN restrictions on the import and export of certain advanced conventional weapons and ballistic missiles through 2020 and 2023, respectively—pending Iran’s continued compliance. Iran will look to Resolution 2231 dates as opportunities to expand its military modernization, and we believe Iranian military leaders are preparing their forces to begin receiving some advanced conventional weapons once UN restrictions are lifted by 2020.

Iran’s conventional military strategy is based primarily on deterrence and—if deterrence fails—the ability to retaliate. We believe that Iran’s military forces are incorporating lessons learned from operations in Syria and Iraq to refine some of their tactics, which could improve Tehran’s ability to combat terrorism and domestic insurgencies.

Iran continues to improve its conventional capabilities to deter adversaries, defend its homeland, and control avenues of approach—including the Strait of Hormuz—in the event of a military conflict. We expect Iran’s modernization priorities to remain its ballistic missile, naval, and air defense forces, with new emphasis on the need for more robust combat air capabilities. In 2017, Iran tested and fielded its
Russian-made SA-20c surface-to-air missile (SAM) system, providing Iran the flexibility of a highly mobile, long-range, strategic SAM with a generational improvement in capabilities over its other legacy air defense systems. Both Iran’s regular Navy and Islamic Revolutionary Guard Corps Navy will field increasingly lethal platforms and weapons—including more advanced mines, small submarines, fast-attack craft, and ship- and shore-based antiship cruise missiles—which further complicate U.S. freedom of navigation throughout Iran’s littoral.

Iran has the region’s largest ballistic missile arsenal, consisting of close-, short-, and medium-range systems that can strike targets throughout the region up to 2,000 kilometers from Iran’s border. Iran continues to improve the range, lethality, and accuracy of its missile systems to increase the systems’ effectiveness, which Iran probably believes enhances their deterrent and operational value. Tehran is pursuing long-range, precision land-attack cruise missiles, which present a new type of threat in the region. Iran is also developing more powerful space launch vehicles—boosters that would be capable of ICBM ranges if configured for that purpose—and technologies that enable development of long-range missile subsystems.

As Iran perceives that the threat to its allies is diminishing and Damascus and Baghdad consolidate control over their respective countries, we expect Iran to transition to efforts that secure and increase its long-term influence and to look for new opportunities to challenge its regional adversaries. In Iraq, Iran will leverage its aligned PMF and Shia militia groups as well as its longstanding political and societal ties as its main avenues of influence to pressure Baghdad to expel U.S. and coalition forces and prevent Kurdish separatism. In Syria, Iran will continue to work with Russia to administer deescalation zones while simultaneously supporting Syrian regime operations on the peripheries of these zones. Iran’s presence in Syria not only benefits the Assad regime, it represents a key step toward Iran’s goal of a land bridge from Tehran through Iraq and Syria into Lebanon. This increases Iran’s operational reach in the
region, enabling greater support to its proxies. Increased lethal support to Lebanese Hizballah in particular is likely to amplify tension with Israel.

In Yemen, Iran will proceed with its low-cost, high-payoff support of the Huthis against the Saudi-led coalition, including through the provision of lethal aid, to expand Iranian influence while also indirectly confronting Saudi Arabia. Iran has helped the Huthis improve their military and missile capabilities, demonstrated through Huthi missile launches against targets in Saudi Arabia and Saudi-led coalition ships in the Red Sea. We expect Tehran will refocus on stabilizing its allies and look for new opportunities to challenge its regional adversaries, such as Israel and Saudi Arabia.

Iran remains committed to modernizing its military; building the capacity of its partners across the region; and forging new partnerships, while balancing a desire to gain from its reintegration into the global economic system.

**Yemen**

Fighting in Yemen will persist along the major battlefronts between Huthi-aligned forces, backed by Iran, and remnants of the Yemeni government, backed by a Saudi-led coalition that includes the United Arab Emirates (UAE). Neither the Huthis nor the government of Yemeni President Abd Rabuh Mansur Hadi, backed by the Arab coalition, has been able to achieve decisive results through military force. Efforts at peace talks are stalled, and the Huthis are unwilling to cede territory or disarm, and Saudi Arabia is unwilling to accept a perceived Iranian proxy on its southern border and weapons in the hands of nonstate actors. We do not expect a significant shift in 2018.

The Huthis continue to launch ballistic missiles into Saudi Arabia and have improved their missile capabilities with Iranian assistance. The Huthis launched Iranian-origin missiles with an estimated range of 900 kilometers at Riyadh in November and December and at the Yanbu oil refinery in July 2017, illustrating Huthi intent to strike economic and infrastructure facilities as well as military targets in Saudi
Arabia. Saudi Arabia threatened Iran with retaliation should a Huthi missile strike a high-value Saudi target. The Huthis have repeatedly threatened the UAE with a missile strike, which suggests they are in the final stages of acquiring a longer range missile, probably with help from Iran. With Iranian support, the Huthis have improved their maritime capabilities—which include antiship missiles, explosive-laden boats, and mines—and consequently, the conflict remains a threat to vital international shipping lanes through the Red Sea.

Terrorist groups have exploited the conflict, and the absence of government authority has allowed al-Qa’ida in the Arabian Peninsula and ISIS in Yemen to gain new recruits and allies, especially in southern Yemen. Both groups threaten Western interests in Yemen and have conducted attacks on Huthi, Yemeni government, and Saudi-led coalition targets.

The fighting has displaced more than 2 million people and has left more than 80 percent of Yemen’s population of 27 million in need of humanitarian aid. Relief operations are hindered by insecurity, ineffective and corrupt distribution practices, and funding shortages. Health agencies have recorded over 1 million cases of cholera in Yemen since April, according to the World Health Organization. Some humanitarian aid deliveries do get through; most Yemenis will rely on such aid for survival, even in a postconflict Yemen.

AFRICA

African governments are struggling to respond to an array of internal and external threats, including insurgencies, civil disorder, humanitarian crises, and transnational criminal and terrorist networks. The relatively low price of global commodities has persisted, forcing African economies that depend on extractive industries to make deeper cuts to services, increasing socioeconomic stressors. Support to regional security organizations has been particularly affected; an increasing number of governments
have had to choose between countering proximate internal security threats and sustaining their commitments to African Union and UN missions.

**North Africa**

The inability of rival Libyan governments to unify, coupled with a reduced but still active terrorist presence, poses the greatest security challenge to the North African region. International efforts to reconcile differences between government leaders have made limited progress. ISIS-Libya remains a formidable regional terrorist threat but is probably incapable of seizing major population centers in Libya or neighboring countries as long as international actors continue counterterrorism actions. Al-Qa’ida affiliates in Libya are spreading their influence, particularly in the ungoverned southern region. Extremism has also undermined North African states’ efforts to address illegal migration, corruption, and smuggling. Algeria and Tunisia are reacting to the spread of regional extremist groups by seeking increased support from Western partners to train, equip, and advise their counterterrorism forces.

**West Africa and the Sahel**

Terrorism and general insecurity are on the rise in the Sahel region of West Africa, presenting an increasing threat to regional governments, despite international peacekeeping and counterterrorism efforts. In Mali, a stalled peace process has given space to extremist groups to expand their influence and has undermined Malian and international efforts to advance government control of northern and central Mali. In March 2017 several Mali-based al-Qa’ida–affiliated terrorist groups merged to form Jama’at Nusrat al-Islam wal-Muslimin (JNIM), a move that unified and strengthened their capacity to threaten the region. Extremist groups based in Libya, Mali, and Nigeria—including ISIS’s Mali-based affiliate, ISIS in the Greater Sahara—threaten Niger. ISIS in the Greater Sahara probably conducted the October ambush of a joint U.S. and Nigerien patrol, marking the first attack against U.S. forces in the region. Mali, Niger, Chad, Burkina Faso, and Mauritania are seeking to implement a “GS Sahel”
combined force to counter threats from JNIM and ISIS in the Greater Sahara. This initiative could improve military cooperation among partner nations and help secure key areas along Mali’s borders, but progress is very likely to be slow and uneven. In the Lake Chad Basin region, military operations by Cameroon, Chad, Niger, and Nigeria to counter ISIS-West Africa and Boko Haram have stalled, giving these groups time and space to reconstitute for operations in northeastern Nigeria and across neighboring borders, where both groups still carry out attacks.

East Africa

East Africa remains at risk for instability over the next year as enduring conflicts, entrenched extremism, and political volatility strain the already fragile security environment. One of the world’s worst humanitarian crises will continue in South Sudan as the government attempts to violently quell the proliferation of opposition groups. ISIS in Somalia is attempting to claim a foothold in the country’s north, and al-Qa’ida’s affiliate al-Shabaab is posturing to exploit the drawdown of international peacekeeping forces in southern Somalia.

Central/Southern Africa

The risk of a return to regional conflict in Central Africa is increasing despite international peace and stability efforts. Armed groups in the Central African Republic are exploiting domestic and UN security force limitations and posing an expanded threat to the government and the civilian population. In the Democratic Republic of the Congo (DRC), President Kabila’s decision to remain in power past his constitutionally mandated term probably will trigger additional protests that threaten stability. ISIS networks may be exploiting security gaps in eastern DRC to establish a new presence, heightening instability in the restive eastern regions. In Burundi, opposition to President Nkurunziza’s efforts to consolidate control and amend the constitution to remain in power may further jeopardize internal and regional stability.
LATIN AMERICA

Positive events in 2017 included the signing of a historic peace agreement in Colombia and orderly democratic transitions in some parts of the region. At the same time, the flouting of democratic norms in certain other countries persists, while illegal trafficking remains endemic; both pose significant challenges to regional security and stability.

Venezuela

Political tensions in Venezuela are likely to remain heightened in the lead-up to the late-May presidential election. In the event of renewed protests, Venezuela's security services may respond aggressively, as they did during 4 months of violent demonstrations in summer 2017, which resulted in more than 125 deaths. The country's deteriorating economy—marked by quadruple-digit inflation and continued shortages of food and medicine—is fueling a sustained flow of outbound migration that could overwhelm neighboring countries. Regional governments are concerned about accommodating growing numbers of Venezuelan migrants. Defense Minister Padrino Lopez and other senior officers have confirmed their support for President Nicolas Maduro and endorsed his increasingly authoritarian measures, including his ongoing efforts to rewrite the country's constitution and sideline the opposition-led legislature. Widespread corruption among Venezuelan security forces is facilitating U.S.-bound cocaine trafficking. Some reports suggest Russia and China remain supportive of the ruling party, partly to protect their investments in Venezuela's economy but also to sustain their security-related influence in Venezuela.

Cuba

Although 2018 may herald the first non-Castro government in Cuba since 1959, Havana will remain a significant foreign intelligence threat, with Cuban services focusing their robust intelligence collection
infrastructure on the United States. Still-unattributed attacks against U.S. diplomats highlight the challenging environment our personnel face.

**Transnational Organized Crime in the Region**

Countries throughout the region face steep challenges in stemming drug production and illicit trafficking, as well as the ever-adapting networks that enable these flows. Competition between drug trafficking organizations has led Mexico, the principal vector for U.S.-bound cocaine and the primary source of heroin and methamphetamine, to its most violent year in decades. In the past year, Mexican criminal groups’ distribution of fentanyl and heroin to the United States has increased, contributing to the rising U.S. death toll attributable to opioid abuse. Bogota, while implementing a nascent peace agreement, faces an evolving challenge from criminal groups that have filled the void left by the Revolutionary Armed Forces of Colombia (FARC) and driven a substantial increase in coca cultivation and subsequent movement of cocaine to the United States. The spike over the past 2 years, in conjunction with precursor chemicals from Asia used to manufacture other illicit drugs, has fueled violence among drug trafficking organizations and gangs in the transit zone. Despite recent drops in homicides, El Salvador, Guatemala, and Honduras still have some of the world’s highest homicide rates, making them reluctant to immediately decrease the military’s role in domestic security missions.

**TRANATIONAL THREATS**

**CYBER**

In the coming year, we expect global cyberthreats to emanate from a wide array of state and nonstate actors. Our networks, systems, and information are at risk from an evolution of malicious cyberspace activities. The most important emerging cyberthreats to our national security will come from exploitation of our weakest technology components: mobile devices and the Internet of Things (IoT). Our social media, web applications, cloud services, and critical infrastructures are also vulnerable to
targeted attacks, influence operations, information leaks, and the loss of intellectual property.

Adversarial cyberoperations range in scope from compromising critical infrastructure and U.S. military technological superiority in fields such as precision guidance and autonomous systems, to the targeting of U.S. military personnel on social media to gain insight into the disposition and movement of our forces. Our top adversaries are developing and using cyberspace to increase their operational reach into our military and civilian systems, exploiting our vulnerabilities, and compromising our national defense. Their capabilities will continue to challenge the adequacy of our current defenses and cybersecurity investments.

Russia and China will increasingly integrate cyberattack capabilities into their militaries, seeking to deny or disrupt our networked forces and infrastructure. Iran and North Korea, although less capable, can launch disruptive cyberattacks and use cyberspace as a means to asymmetrically respond to perceived challenges in political, military, or economic domains. Continuing to partner with our allies to improve their cyberspace defenses will help limit this threat. Establishing an effective cyberspace defense will require a combination of next-generation technologies able to warn of the latest wave of elusive threats and a sound policy framework that balances the public interest with national defense.

TERRORISM

ISIS suffered significant setbacks in 2017 but has attempted to maintain relevance by increasing its emphasis on ideology-inspired attacks and shifting its media efforts. Territorial losses in Iraq and Syria and persistent counterterrorism operations against ISIS’s global network have degraded the group’s strength and impeded its ability to exploit instability and societal discontent in the regions where it operates. ISIS members are dispersing and prioritizing clandestine terrorist operations to preserve their core capabilities. Counterterrorism operations have eliminated numerous key senior leaders, operatives, and facilitators, significantly reducing the group’s ability to achieve its self-declared caliphate’s territorial
objectives. ISIS’s capabilities have been degraded in numerous countries, including Libya, Afghanistan, and the Philippines; however, ISIS continues to inspire more attacks in major cities throughout the West than any other terrorist organization and to conduct high-profile operations in other countries, demonstrating that it remains a significant terrorist threat to the United States and other Western nations. The ISIS brand and global network remain strong, with eight formal branches and an increasing number of affiliated networks in Africa, Asia, Europe, and the Middle East.

In September 2017, ISIS leader Abu Bakr al-Baghdadi assured supporters that ISIS remains committed to its long-term strategy of establishing a global caliphate, asserting that territorial and personnel losses are temporary setbacks from predestined victory. This rhetoric and ISIS’s anti-Western propaganda resonate with sympathetic attackers, who often lack any direct ties to the group but who carried out some of the most lethal attacks in Europe and the United States in 2017 on behalf of ISIS.

Personnel, infrastructure, and resource losses in 2017 forced the group to reduce the output of its multilingual flagship media publications, including its monthly magazine, Rumiya. ISIS’s remaining media apparatus is focused on inspiring actors to conduct low-budget attacks that do not require substantial resources or outside training. These include attacks on cultural monuments, transportation hubs, shopping malls, restaurants, and other civilian infrastructure that the group hopes will garner a high media profile and sow fear and division among citizens. We assess ISIS will maintain an expansive online presence, which may assume even greater significance as the group exerts its followers to carry out attacks in its name.

ISIS’s use of unmanned aerial systems (drones) for surveillance and delivery of explosives has increased, posing a new threat to civilian infrastructure and military installations. ISIS could also seek to use the chemical and biological capabilities it has honed on the battlefield in areas outside Iraq and Syria. The return of some foreign fighters, with battlefield training and experience, to their home countries
probably will increase the capabilities of local cells and networks. Al-Qa’ida remains a serious and persistent threat to U.S. interests worldwide. In particular, the group’s exploitation of conflicts in Syria and Yemen offers opportunities for reconstituted external attack capabilities. Al-Qa’ida leader Ayman al-Zawahiri’s 2013 guidelines for jihad, intended to “exhaust America and bleed her to death,” still resonate with the group, but al-Qa’ida leaders are struggling to reconcile the regional focus of some affiliated groups, especially in Syria, against al-Qa’ida’s traditional focus on targeting the United States and its close allies. Al-Qa’ida leaders in Iran have taken on key decisionmaking and dissemination roles, compensating for Zawahiri’s self-imposed seclusion. Al-Qa’ida’s affiliates in Somalia, North Africa, the Sahel (where al-Qa’ida–affiliated groups consolidated into a unified organization in 2017), Yemen, and South Asia threaten local and regional stability and have the potential to support or sponsor attacks against U.S. interests. Al-Qa’ida appears to be preparing for the next generation of leadership by elevating the public profile of Usama bin Laden’s son, Hamza bin Ladin, and his call to attack the United States in retaliation for his father’s death.

Over the next year, ISIS will attempt to direct, enable, and inspire attacks in the United States and against U.S. interests across the globe unilaterally and with the assistance of its branches, networks, and cells. ISIS possibly will shift some of its resources to bolster its external branches in Afghanistan, Libya, the Sinai, and Yemen as the group increasingly relies on its global network to conduct attacks in its name. In addition, ISIS probably will seek to establish a foothold in other ungoverned or undergoverned spaces with populations that are sympathetic to the Salafi jihadist ideology.

International focus on ISIS probably is alleviating some counterterrorism pressure on al-Qa’ida, enabling the group to recover from leadership losses. Al-Qa’ida and ISIS share the same underlying ideology, but it is important to note that ISIS advocates the immediate creation of a caliphate and implementation of its ideology, while al-Qa’ida is more willing to compromise with local groups over ideology and the
implementation of its version of Islamic law. Both groups have found ideological traction with subsets of populations alienated by deep-rooted socioeconomic issues, as well as real and perceived grievances.

**PROTRACTED CONFLICTS RESULT IN RECORD DISPLACEMENT**

Conflicts are driving record population displacement, resource shortages, demographic shifts, and unplanned expenditures of economic and military assets in countries of strategic interest to the United States. As of October 2017, protracted conflicts and ethnosectarian violence have increased global displacement to the highest levels on record, according to the United Nations. More than 5 million refugees have fled Syria since 2011 to neighboring host nations, including Lebanon, Jordan, and Turkey. Our European allies are also coping with the influx of migrants and refugees (from the Middle East, Sub-Saharan Africa, and Central Asia), most of whom have arrived during the past 4 years.

Many Middle Eastern countries with large Syrian and Iraqi refugee populations are closing their borders because public service provisions and government finances are being overtaxed, living standards are declining, labor markets are narrowing, and they perceive a lack of burdensharing by countries outside the region. The longer that conflicts continue, the more likely regional ethnosectarian grievances will become entrenched, leading to additional instability and sowing the seeds of new military and security challenges.

**ADVANCED TECHNOLOGICAL THREATS**

Our adversaries are pursuing multiple science and technology advances to their military capabilities. China and Russia present the greatest threat of developing new military capabilities using emerging and disruptive technologies.

Major military powers will continue to emphasize development of more capable ballistic and cruise missiles. China’s People’s Liberation Army (PLA) is developing and fielding numerous advanced, long-
range land-attack and antiship cruise missiles, some capable of reaching supersonic speeds, operated from ground, air, ship, and submarine platforms. Developments in hypersonic propulsion will revolutionize warfare by providing the ability to strike targets more quickly, at greater distances, and with greater firepower. China is also developing increasingly sophisticated ballistic missile warheads and hypersonic glide vehicles in an attempt to counter ballistic missile defense systems. Russia claims a new class of hypersonic glide vehicle under development will allow Russian strategic missiles to penetrate missile defense systems. Iran is pursuing long-range, precision land-attack cruise missiles as well as development of more powerful space launch vehicles—boosters that would be capable of ICBM ranges if configured for that purpose.

More generally, developments in novel materials will enable operations in extreme environments. Advances in photonics will permit significant improvements in military communications, remote sensing, navigation, stealth, and directed-energy weapons. The IoT will offer advanced connectivity to devices, systems, sensors, and services. Atomic sensors will allow for navigation in GPS-denied and electronic warfare environments. The rapid development of cyber technologies, particularly quantum technologies, IoT, supercomputers, and artificial intelligence, is enabling new defensive and offensive military capabilities. Adversaries are giving priority to researching quantum-enabled communications and quantum computing, which could supply the means to field highly secure communication systems and eventually to break certain encryption algorithms. The challenge for predicting the next emerging and disruptive technology for the future is anticipating the follow-on effects of seemingly innocuous technologies that are evolving today.

In conclusion, the security environment is becoming more complex with our adversaries’ determined pursuit of advanced technologies across multiple domains to include cyber, space, and WMD, expanding regional and global ambitions and the serious, persistent threat from terrorism. These risks pose an increasing challenge to our warfighters, decisionmakers, and the Intelligence Community.

Senator INHOFE. Thank you very much, the excellent opening statements. Scary, but excellent.

I mentioned that Senator Rounds, Ernst, and Sullivan and I spent time in the South China Sea. It was disturbing to see—to witness what’s going on there, because, frankly, we didn’t know the magnitude and what kind of effect it had on our allies there—the Philippines, the—Taiwan, South Korea. It’s having a very—it’s intimidating our allies to see—and the word “reclamation” is not very accurate, because they’re not reclaiming land. This is land that never was there, so they’re creating land, and without any legal authority to do so. It’s obvious that it’s—would be done to use for
military purposes, because that’s what they have on these islands, not just a—10,000-foot runways, but cannons and missiles and the rest. So, this is very dangerous that—as we look at it and see the effect it’s having on our allies there. But, China is producing at least—in addition to their increased spending, at least a dozen warships a year, developing new long-range weapon systems and fifth-generation fighters and—after three years of significant increases in defense spending.

This is what’s going on right now. It’s a major thing that is having an effect of challenging us in the United States as the body that would—for leading the free world.

Director Coats, let’s start with you, on your view. What do you think they’re doing out there, specifically in that part of the China Sea, building that aggressive of a fortress out there? What do you think the reasoning is?

Director Coats. I think it’s been very clear, over the past few years, that China is willing to take pretty extraordinary means, in terms of expanding its influence, not over—not only over the region, as you suggested, in South China Sea, but throughout the globe. The One Belt, One Road program for China, I have learned—I don’t want to clarify the actual number, but a report was recently—released recently on—unclassified version—that China will spend about $8 trillion in 68 different nations, establishing its geostrategic positioning that not only is economically—for economic purposes and trade purposes, but also for use of military facilities. South China Sea is one of the areas that they early started on, and really almost like—we weren’t all—paying all that much attention to it; all of a sudden, they had islands with, as you said, 10,000-foot runways, not just for bringing tourists over to enjoy the beaches, but also to establish military presence.

They definitely are expanding their regional influence as well as their global influence. They’re spending an extraordinary amount of money on that as well as on upgrading their military, as Admiral Ashley—General Ashley—excuse me, General—noted in his remarks.

Senator Inhofe. Yeah.

Director Coats. And it’s become a world power. And that is their goal. And they’re using——

Senator Inhofe. And if their goal——

Director Coats.—methods through——

Senator Inhofe. Do you think part of their goal is a goal of intimidation? Because that’s what’s happening right now with our allies there. They are—there’s a fear that they have. Maybe they’re looking at us and looking at China, wondering which one to side up with. What do you think?

Director Coats. Yeah. Well, I’ve traveled to Asia, and I’ve talked with countries that are allies of the United States, and——

Senator Inhofe. Yeah.

Director Coats.—want to be allies of the United States, but they fear the influence of China. They use a lot of loans, provide a lot of credit——

Senator Inhofe. Yeah.
Director COATS.—to these nations that is very attractive, nations that don’t have those resources to build roads, to build facilities. But, it is for a design purpose. I think——

Senator INHOFE. Yeah.

Director COATS.—that is a threat to the future of America’s influence around the world.

Senator INHOFE. Yeah. I agree.

General Ashley, the statement that was made—I used that in my opening statement—by our President, back when Kim Jong-un made the threatening statements about what he was going to do with his nuclear button, and people were critical of our President, but he was saying something that came from the heart and was a reality, in terms of the power that he has as President of the United States. And it worked. I mean, it was a matter of hours after that that they contacted South Korea and said, “We’re going to join you in the Winter Olympics.” Well, we were over there, and we watched the effect that it had on people. I agree, when you said “hope springs eternal,” there’s no reason to believe that Kim Jong-un is going to be a changed person. But, I think the news last night, that he’s actually made a response to the message that was sent, in that he’s ready to negotiate, he’s ready to stop his nuclear activity and testing, do you share my somewhat optimistic view of what happened, General?

Lieutenant General ASHLEY. Senator, right now I don’t share your optimism. That’s kind of a “show me.” We’ll see how this plays out. There could be a number of——

Senator INHOFE. Okay. We’ll write that down, and we’ll see who’s right and who’s wrong.

Senator Reed.

Senator REED. Thank you very much, Mr. Chairman.

Thank you both, gentlemen, for your service, your testimony.

Director Coats, I’ve always appreciated your candor, your intellectual honesty as a colleague and a friend. Today, you started off by citing cyber as one of your major concerns, particularly Russian encroachment on our elections. We have asked other members of the intelligence community what’s being done, and haven’t heard much about what’s being done. It really begs the question, What are we doing? So, let me just—has—to your knowledge, are you aware of a formal meeting of the NSC [National Security Council] in which this issue was not only discussed, but formal recommendations to counter this malign activity were presented to the President for decisions? Are you aware of anything like that?

Director COATS. Senator, there are ongoing discussions among a number of our agencies—Department of Homeland Security, Department of Defense, the State Department, and others—relative to the cyberthreat. Our office recently met with three of the most—current agencies dealing with this, NSA [National Security Council] and others, to talk about the effect of cyber on the upcoming elections, but as well as the impact of that. It’s a whole-of-government approach. I have discussed it personally with the President of the United States. He has said, “I assume you’re doing your job, all of you who head up these agencies, relative to cyber, but if you need for me to say—direct you to do it, do it.” That’s since we had
our discussions on the threat assessment with the SSCI [Senate Select Committee on Intelligence].

Senator REED. Yes, sir.

Director COATS. It is a top concern. It—the White House is engaged, and has been. Tom Bossert’s office, Rob Joyce, and others have been leading that effort there, but it is a current discussion underway, in terms of how we best address not only the defense, but how do we look at ways to respond to this to prevent us from being vulnerable to attacks.

Senator REED. Again, I’d just comment as the discussions, I think, are ongoing. It’s just the plan of action and the direction to take action seems to be missing. And somewhere in that is ultimately the President. That’s the nature of his office, the nature of our Constitution.

Director COATS. I would agree with that, Senator, and—but, I think, working with the Congress also much of the time in my last term here in the Senate was working to try to identify legislative action regarding critical infrastructure and putting a cyber plan in place. And I think this is something whole-of-government, because I think it has to work with Congress to——

Senator REED. I concur.

Director COATS.—decide what policies we would provide.

Senator REED. It has to be whole-of-government—Homeland Security, Department of Defense—but, you know, it starts at the top if we’re going to get anything done.

Let me just ask a—change subjects for a moment—is that—I’ve had the opportunity to travel overseas over the last several months, visiting United States forces—South Korea, Djibouti, Somalia, and Jordan. One of the disconcerting discoveries is that we do not have an Ambassador in South Korea, we do not have an Ambassador in Jordan, we do not have an Ambassador in Somalia, and we have troops in contact in Somalia, we have critical equities in all these other countries. Does it disturb you that we don’t have this—the State Department engaged like that across the globe, in terms of our national security and your intelligence operations?

Director COATS. Well, as a former Ambassador, I like to see Ambassadors get nominated and confirmed. But, that really is a question for Secretary Tillerson and the State Department to address. There has been ongoing discussions on that, but I don’t have any inside knowledge as to—in terms of the decisionmaking process.

Senator REED. Thank you.

General Ashley, again, thank you for your service. You point out that the Chinese are investing a huge amount of money in quantum computing. If this technology is realized, it would be revolutionary—and I say that, you know, emphatically—in terms of encryption, in terms of identifying vessels underwater, et cetera. Do you think the United States is putting sufficient resources behind this effort? Again, whole-of-government effort?

Lieutenant General ASHLEY. Yeah, I can only speak to where the Chinese investments are going in that assessment. I can’t speak to where we are, as a Nation, and where we’re investing. I could elaborate on the Chinese aspects of that.
Senator REED. Are you making the depth, the scope of this investment clear to your colleagues that do have, you know, the responsibility to inform leaders about what we should be doing?
Lieutenant General ASHLEY. Senator, we are.
Senator REED. Okay. Thank you very much.
Thank you, Mr. Chairman.
Senator INHOFE. Senator Rounds.
Senator ROUNDS. Thank you, Mr. Chairman.
Gentlemen, first of all, let me thank you for your service today to our country.
Director Coats, I'm just curious. You indicated that you have had direct conversations, and good conversations, with the White House regarding cybersecurity and so forth. I'm just curious, do you believe that this country today has an appropriate and clear policy with regard to cyberwarfare?
Director COATS. No. I think that's a work in process, and needs to be in process. I do believe there is real concern that we take action, because we're seeing the results of our adversaries using cyber to degrade any number of things here in the United States. I think putting a plan together, as I said, needs to be a whole-of-government effort, because various agencies and various forms of, not only government, but private institutions, companies, business, financial, et cetera, are being threatened with this. It mounts a very significant threat to the United States.
Senator ROUNDS. You made very clear the seriousness of the cyberthreat. For the last several years, the National Defense Authorization Act has very specifically directed that there should be a policy established. Have you seen progress made over the last several years with regard to the creation of that policy? Who is heading it up?
Director COATS. Well, as I said, there's no—it is a whole-of-government effort. There is White House involvement, as well as agencies' involvement. The—but, in specific answer to your question, I don't think that progress has been made quick enough to put us in a position where we have a firm policy, an understanding, not only ourselves, but what our adversaries know, relative to how we're going to deal with this. It's a dicey issue. We know the capabilities, and been on the losing end of some of those capabilities of other cyber actors. Starting a—the potential retaliation for actions that are taken from an offensive response have to be weighed in the context of all that. Our critical infrastructure, which—a number of efforts are underway to protect that infrastructure, but we still haven't, from a policy standpoint, either from the executive branch or the congressional branch, defined exactly what that is and how we're going to support those defenses. Then, the question of response, I think, is something that really needs to be discussed, because there are pros and cons about how we should do that.
Now, I have personally been an advocate of playing offense as well as defense. I think we've done a pretty good job on defense, but we don't have an offensive plan in place that we have agreed on to be the policy of the United States.
Senator ROUNDS. I've had the opportunity of serving as the Chair of the Cyber Subcommittee for this Committee, and along with Senator Nelson, who is my Ranking Member. We have, basically,
come to the same conclusion that you have, that this is a critical and most certainly a primary source of threats to the United States now and in the future. We’re also concerned that, while the whole-of-government is working on it, we do not have an appropriate policy in place today; and it should be, as you have suggested, a primary point to be reckoned with in the future.

I would also agree with your assessment—I think the Science Board for the Department of Defense has made it very clear that, for the next ten years with regard to cyberattacks, our defensive capabilities will not match the offensive capabilities of our peer competitors, requiring that deterrence be enhanced on our part. I’m very pleased to hear that you feel the same way. I hope that message gets across, that that has got to be a part of our cyber policies now and in the future. Thank you for that.

Let me ask just one other quick one, here. With regard to space, buried on page 13 of your items, it has to do with the threats in space and the threats to our capabilities to use space. Do you think there’s a disconnect between what our policy is right now with regard to our capabilities in space and what our peer competitors are doing to limit our ability to see and to utilize the—what has now become acceptable technical capabilities—GPS [Global Positioning System] and so forth—that—are they in a position right now to basically shut down our use of space in a time of war or a near-war position?

Director Coats. Our assessments have been that we hold a significant advantage in space, that it’s—our assessment also says that there are other nations, particularly China and Russia, that are seeking to catch up with us. I would turn to General Ashley, relative to the military use and protections that we are providing for our satellites in trying to maintain that advantage that we now currently have.

Lieutenant General Ashley. I would say that is integral to their strategies. When you look at the—kind of, the near peers, whether it’s Russia or China, they understand the dependencies that we have on space. And so, they’re developing capabilities for how to counter that, whether it’s a directed energy weapon that’s terrestrial, whether it is a co-orbital attack satellite, whether it’s jamming from the ground. So, they’re looking at strategies and how they develop, really, kind of a layered approach to deny us that capability, because they realize how integral it is, not only for us, and it’ll be integral for them, as well.

Senator Rounds. Last question. Better at it than we are?

Lieutenant General Ashley. Sir, they’re in the development stage at this point.

Senator Rounds. Thank you.

Thank you, Mr. Chairman.

Senator Inhofe. Senator Shaheen.

Senator Shaheen. Thank you, Mr. Chairman.

Thank you both for being here. Director Coats, it’s always nice to see you back in the Senate.

I want to make sure that I understood what you said to Senator Reed. I understood you to say that the—when you raised the concerns about needing to respond to what Russia is doing to interfere with the potential elections coming up in 2018, that what you
heard from the President was that you should do whatever you needed to, to thwart that. Did I understand that correctly?

Director Coats. My response was in—in the question that was asked relative to the cyber issue, the direction to go forward on cyber, not a—that did not, in my—I did not understand it to be said in the context of the Russian influence on the elections.

Senator Shaheen. So, you haven’t heard anything, then, from the White House or the administration about directly responding to interference that—we’ve heard testimony from a number of intelligence officials, who have said that there is currently interference going on from Russia into our upcoming election cycle for 2018, and you haven’t had any direction from the White House or the administration to respond to that. Is that correct?

Director Coats. No, I wouldn’t put it in that context. There obviously is concern about an ongoing—this ongoing effort of Russians to interfere with our elections. The White House is well aware of that, as we all are. Agencies have been tasked to address this. The meeting that I talked about also included our working with State and local officials—election officials relative to protections to put in. Of course, our job is to do the warnings. Our job is to do the—collect the information, do the——

Senator Shaheen. Right.

Director Coats.—assessment, and provide the warnings.

Senator Shaheen. I don’t want to interrupt, but that’s a direct contradiction from what we heard from Admiral Rogers when he was before this Committee. He said that he had not heard from anyone in the administration or the White House about taking any action to respond to what Russia is doing to interfere in our elections. But, it still sounds to me like you’re saying something different. So, let——

Director Coats. Well, the NSA, which Admiral Rogers directs, is one component of many agencies that are involved. DHS [Department of Homeland Security] really has taken the lead on this. The White House——

Senator Shaheen. So——

Director Coats.—has been engaged on this. The Department of Defense, other agencies, have been engaged on this.

Senator Shaheen. So, can you——

Director Coats. But, in——

Senator Shaheen.—tell this Committee what is being done to respond? Is that something you can tell us in this open hearing so that I can reassure my constituents that we are, in fact, trying to address this?

Director Coats. Much of what is being done, or is being examined to be done, would fall in a classified area that I would be happy to address in a classified session. But——

Senator Shaheen. Mr. Chairman, I would urge you and the Ranking Member to hold a classified briefing for this Committee so that we can hear firsthand what’s being done to respond.

Let me ask you, General Ashley—to change the subject a little bit—last week, before his State of the Nation—in his State of the Nation speech, Vladimir Putin bragged about weapons that Russia has developed that can avoid our missile defense system and that can strike anywhere in the United States, or, in fact, in the world,
he said. Is that an accurate assessment of what we understand Russia to have developed?

Lieutenant General Ashley. So, let me put the—kind of, his State of the Union in context. Obviously, an election year is coming up. And it was really for consumption of a domestic audience. But, I will say that we're aware of the systems that he spoke about. They are in a research-and-development phase. And any further discussion, I'd have to go to a classified session, and we could talk about this.

Senator Shaheen. Well, again, I hope we will have the opportunity to hear about that in a classified session. As you know, that got a lot of attention in the United States, and a lot of concern.

Can I also ask you both, When you talked about the threat from weapons of mass destruction, you talked about sarin gas in Syria, but there was no mention made of chlorine gas attacks in Syria, which we know are happening almost regularly now. Is that something that we also consider a weapon of mass destruction? How are we responding to that?

Director Coats. We do consider that as a weapon of mass destruction. Probably more use of chlorine than sarin. We are currently assessing this recent attack. We do not have full information yet relative to the—each side is blaming the other. We don't have the assessments made yet, but we are very concerned about this, and I can—as you saw the President's response to the attack last year, this is something that is under serious discussion as we speak. Again, something that needs to be discussed in a classified session.

Senator Shaheen. Well, again, I did—I do remember the President's response last year, and that's why I raise it, because, given the serious humanitarian conditions that are happening in Syria, for us to allow those weapons of mass destruction, those chemical attacks, to continue, I think goes against all humanitarian assessment of what we should be doing.

Director Coats. I couldn't agree more.

Senator Shaheen. Thank you.

Thank you, Mr. Chairman.

Senator Inhofe. Senator Ernst.

Senator Ernst. Thank you, Mr. Chair.

Director Coats, General Ashley, very good to see you again. Thank you for your service.

Director Coats, I'd like to start with you, please. In your opening statement, you note that U.S. allies and partners' uncertainty about the willingness and capability of the United States to maintain its international commitments may drive them to consider re-orienting their policies, particularly regarding trade, away from Washington. And, as we await the President's decision on imposing tariffs on steel and aluminum, I believe that it is important that we consider any national security implications that this might have, those tariffs. The National Defense Strategy states that the U.S. needs to strengthen current alliances and foster new partnerships in order to combat threats around the globe. And, just from your perspective, Director, what message do you think this tariff would say to our allies and partners? And can you explain how our
relationships with other countries can aid in our national security efforts?

Director Coats. Well, the threat of—that we see—the threats that we see around the world obviously need to be looked at in the context of who's on our side and who are our adversaries, and how we can better maintain relations with our allies in order to address these. When General Mattis talked about, “We're trying to address some of these situations through by, with, and through,” it means working with allies.

Obviously, trade is one of many, many threads of—that tie us together. There are pros and cons. The President's announcement recently has not been finalized, as you know, and was done so in the context of national security, the concern that certain types of materials, like steel and aluminum, are important for national security purposes, to have that capacity here, and not to be relied—relying on foreign entities, even some that we might call adversaries now, but might not be, later.

Our job in the intelligence community is to assess things after they’ve happened and—or are about to happen—and try to provide information to our policymakers so that they can make determinations on the policy. So, I really am not in a position to discuss policy on trade, but the IC will provide everything we can to influence and to provide—not influence, excuse me—to provide policymakers with what they need to make those decisions.

Senator Ernst. Very good.

Well, I often notice, anytime that any of us here are attending defense talks overseas, whether it’s the Shangri-La dialogue or the Munich Security Conference, that not only do we talk about national defense, but we also seem to talk about trade, especially in the Pacific. You know, the Chairman just stated that we returned from an overseas trip just a couple of weeks ago. Oftentimes many of those partners really do emphasize the need to remain strong trade partners, because, where there is an absence of United States trade, often we see China stepping in to close those gaps. So, obviously, I'm a strong supporter of our trade relationships.

Director Coats, and General Ashley as well, from that CODEL, the experiences that we took away, we had the opportunity to talk about some of the challenges we face on the Korean Peninsula. We have seen where North Korea has been able to garner support through illicit trade. And, just example, we know that North Korea has exported ballistic missile technology to countries like Iran and Syria. Can you talk about how the intelligence community can help in aiding and restricting that flow of illicit materials overseas? Just as briefly as you can.

Director Coats. We take proliferation, and particularly weapons of mass destruction, very, very seriously, and try to track that to the very best of our abilities. We know the history of North Korea transfers for cash and for other reasons. It’s particularly critical now, as we are dealing with a very serious situation with North Korea. We have seen workarounds, sanctions that have been imposed, by the North Koreans to achieve, essentially, revenue——

Senator Ernst. And do we——

Director Coats.—to support their military. It’s something that we take very seriously. It’s a very high priority for us.
Senator Ernst. Okay.

And, General Ashley, is that something, through the military community, we're able to work with partner nations to share information to stop that trade?

Lieutenant General Ashley. I think what you want to do is make sure you sensitize all the nations that would be somewhere in that supply chain as to where the risk might lie and how they might interdict that. The challenge with some of the technologies is its dual-use, so some of the chips, they're not necessarily prohibited. When you actually start moving the stuff from a maritime standpoint, we've seen more aggressive behavior around the Peninsula, in terms of trying to catch trans-shipments and other actions like that. So, that kind of aggressive actions will, you know, serve our interests, in terms of being able to interdict that. But, really, sensitizing all the nations that are involved in those regions to the potential movement of commodities, anything that's tied into the development of a missile or all the components that you would use to build that would be something that we would share across all those nations and all those defense departments.

Senator Ernst. Very good.

Thank you, gentlemen, very much.

Senator Inhofe. Senator Blumenthal.

Senator Blumenthal. Thanks, Mr. Chairman.

And thank you both for your long and distinguished service to our Nation.

Director Coats, have you read the indictment against 13 individuals, Russians, and three Russian entities that was recently returned by Special Counsel?

Director Coats. I'm familiar with it, and I've read a summary of it. I haven't read all the details.

Senator Blumenthal. Would you agree with me that Russia committed an act of war against the United States by interfering in our past election, as detailed graphically and dramatically by that indictment?

Director Coats. If you describe it—well, it's—it's not a conventional war, it's a war of influence.

Senator Blumenthal. It's an attack——

Director Coats. If you——

Senator Blumenthal.—on the United States that constituted an act of war. In fact, Russia itself described it as “informational warfare.”

Director Coats. I think that's a—I think it's the obligation of the Congress to determine whether or not something is an act of war against the United States.

Senator Blumenthal. Whatever you describe it—and I would call it an act of war—it is continuing, is it not?

Director Coats. I—that's what I said in my opening message, yes.

Senator Blumenthal. Yet, the President of the United States has never directed you to do to Russia what they are doing to us, correct?

Director Coats. President directs me to do my job, and my job is to provide the intelligence which formulates policy.
Senator Blumenthal. But, he's never given you orders to take any specific action either to deter or retaliate against Russia for its act of war on our country.

Director Coats. There are some issues that would—we could discuss in classified session, but I can't do that here.

Senator Blumenthal. Well, you're talking to the American people, now, who have been that Russia attacked our Nation. Can you assure the American people that the President told you to take effective deterrent action, in addition to what we're doing in the past?

Director Coats. President told me to do my job. My job is to collect—to oversee the 17 intelligence agencies—

Senator Blumenthal. But, he never—

Director Coats.—that we have, and provide that—

Senator Blumenthal.—instructed you not—

Director Coats.—intelligence information to our—to the President—

Senator Blumenthal. He never instructed you—

Director Coats.—and to our policymakers.

Senator Blumenthal. I apologize for interrupting. He never instructed you either to counter, deter, to retaliate, to take any action or to devise a plan against Russia.

Director Coats. These are issues that I would like to discuss in a classified session relative to this and—

Senator Blumenthal. Well, I think the American people deserve to know whether, in fact, the President directed his top intelligence officials to effectively counter this continuing act of war on our country.

Let me shift questions, if I may. I'm sure you're aware of both public and private information that at least four countries discussed how to influence and manipulate certain officials of the administration—in particular, Jared—

Director Coats. I've seen—

Senator Blumenthal.—Kushner.

Director Coats.—I've seen that leak.

Senator Blumenthal. They discussed how to manipulate Jared Kushner through his business arrangements, his family's financial difficulties, his lack of policy experience. Can you assure us that you are taking effective action to protect our national security against that manipulation?

Director Coats. We are doing everything we can to protect the United States citizens from harm from abroad, including what you have just described. Once again, we provide the intelligence that provides information to our policymakers to make decisions as to how to go forward.

Senator Blumenthal. Jared Kushner no longer has access to top secret classified information, but he continues to have access to secret information, correct?

Director Coats. He has a temporary security clearance, as do several others. General Kelly has taken the position that we need to shorten that list. It's in process right now. But, these decisions are made by the FBI [Federal Bureau of Investigation]—I mean, these clearances are cleared by the FBI, and—
Senator Blumenthal. Isn’t his continuing access to that information a threat to our national security?

Director Coats. I don’t believe it’s a threat to our national security. No, I don’t. Because—he now has, under General Kelly’s correction, had a temporary access to some types of information, but not to highly classified information.

Senator Blumenthal. Senator Grassley and I have written to both the White House, Don Magan, and to the Director of the FBI, Christopher Wray, asking for a full explanation of the continuing security clearance process, because we—I continue to believe, speaking only for myself, that it continues to be defective. I hope you will cooperate in that review.

Director Coats. We certainly will cooperate, from an intelligence standpoint, for that review.

Senator Blumenthal. Can you assure us that you will take action in the event that any foreign government seeks to manipulate a member of the White House staff?

Director Coats. Well, once again, I want to just make clear that taking action is a policy decision. We provide the information, the truth to power, the truth to those who make those policy decisions. To the extent that the intelligence community can participate in those actions, that has to be formulated through policy.

Senator Blumenthal. But, you will make recommendations.

Director Coats. We’re very much a part of all these discussions, yes.

Senator Blumenthal. Thank you, Mr. Chairman.

Senator Inhofe. Senator Fischer.

Senator Fischer. Thank you, Mr. Chairman.

Welcome, gentlemen.

If we could gear this back to some worldwide threats that we’re facing as a country. I know, in the recently released Nuclear Posture Review (NPR), it was stated that Russia mistakenly assesses that the threat of nuclear escalation or actual first use of nuclear weapons would serve to de-escalate a conflict on terms favorable to Russia. That’s commonly referred to as an “escalate to de-escalate” strategy. And since the document’s release, some—the Russian government, in particular—have disputed this assessment, and they deny that Russia has such a strategy.

General, I would ask you, Do you agree with the NPR’s assessment that the “escalate to de-escalate” strategy reflects Russian doctrine?

Lieutenant General Ashley. Senator, I do. That has been part of their doctrine for some time.

Senator Fischer. I understand that, since we are in an unclassified forum, we can’t discuss in great detail how you arrived at that conclusion, but, in general, is it fair to say that this strategy is reflected in their military exercises, statements of senior leaders, and development of military capabilities?

Lieutenant General Ashley. Let me kind of give an overarching—in terms of what they think about when they think about their nuclear triad. That is integral to their deterrence strategy, and it’s the same kind of triad that we have. But, when you talk about nonstrategic nuclear weapons, it really is—it’s “escalate to de-escalate,” and it’s been couched in different terms—“escalate to
“dominate” or “escalate to have conflict termination.” And the strategy there is that you create a pause—in this case, a strategic pause—where you’re back into talks and discussions within the conflict. Where I would see them using this would be a situation where Moscow saw their national vital interest—actually, Russia proper was at risk.

Senator Fischer. In the NPR, it does state in there that a limited first use or—limited first use could paralyze the United States and NATO, that the Russians do believe that that would happen, and that it would end a conflict on terms favorable to Russia. Do you agree with that statement in the NPR?

Lieutenant General Ashley. Yes, ma’am. That would be the desired outcome.

Senator Fischer. Okay, thank you.

Gentlemen, both of your opening statements discuss the increasing nuclear capabilities of Russia as well as with China. Do you agree with the NPR’s assessment that, since 2010, global threat conditions have worsened markedly, both in terms—in general terms and with specific respect to nuclear threats?

Director Coats. I would agree.

Senator Fischer. General?

Lieutenant General Ashley. Yes, ma’am.

Senator Fischer. Thank you.

General, in your statement for the record, you assess that Kim Jong-un has, “attempted to reinvigorate North Korea’s conventional military.” We’ve focused extensively on North Korea’s nuclear weapons development, but can you please elaborate on North Korea and, have they invested in modernization of their conventional force, as well?

Lieutenant General Ashley. Yes, ma’am. A lot of that is really focused on the old Soviet equipment that they have, in terms of modernization, better accuracy, better systems, integrated to the existing weapons that are part of that inventory. I think the big change that we’ve seen from his father to Kim Jong-un is the rigor of training. Prior, with his father, you did not have the level of discipline, you did not have the level of rigor that we would normally associate for what you do to get a force ready to go to war. Kim Jong-un has taken that readiness aspect very, very seriously. They do not have a capability that could, you know, reunite the Peninsula, but there is significant capability that’s over the 38th parallel, in terms of the amount of damage that they could do with their conventional forces in a conflict.

Senator Fischer. Do you believe the sanctions regime has impacted North Korea’s efforts to modernize their conventional military?

Lieutenant General Ashley. It is starting to have an impact.

Senator Fischer. In a general sense or in specific areas where they are looking at that modernization?

Lieutenant General Ashley. I would take the modernization into a classified session to talk to some of the specifics where we see that there is an impact.

Senator Fischer. Okay. What element of North Korea’s conventional force do you believe poses the greatest risk to, not just our forces, but South Korea, as well?
Lieutenant General Ashley. It’s just the sheer number of artillery pieces and ballistic missiles that could be fired in initial salvos into South Korea.

Senator Fischer. I’m short on time, but there was—on the evening of February 7th, the United States forces repelled an attack in Syria. Do you believe that these Russian mercenary groups are acting under the direction of, or in coordination with, the Russian Government?

Lieutenant General Ashley. I can’t speak to whether or not that particular action was executed with the knowledge. Information I have right, at the unclassified level, is that we do not think the Russians directed that particular maneuver that you’re referencing from that PMC.

Senator Fischer. Okay. If I could follow up later with you on these——

Lieutenant General Ashley. Yes, ma’am.

Senator Fischer.—this line of question, I would like that.

[Deleted.]

Thank you.

Senator Inhofe. Thank you.

I want the members to be aware, we do have two votes coming up at 11:00 o’clock. It’ll be the intention of Senator Reed and me to work through this. Senator Wicker will be voting early on the first vote, and then coming up to chair it while I go back for the second and third. I think we’ll do this together.

Senator Hirono.

Senator Hirono. Thank you, Mr. Chairman.

Director Coats, you and others have testified that it is a fact that Russia is continuing its efforts to interfere with our elections. Admiral Rogers, last week, testified that he had no specific authority to counter these efforts. And both you and he pointed out that Homeland Security is the lead agency to—is the lead agency, I assume, to counter the Russian efforts to interfere with our elections. My understanding is that Department of Homeland Security is working with the State elections people to make sure that the elections infrastructure are not—will not be vulnerable to hacking by Russians. But, who’s responsible to counter the use of social media by Russians to conduct what they call “informational warfare”? Is this also Department of Homeland Security’s responsibility?

Director Coats. Well, as I said earlier, this is more of a whole-of-government effort here. DHS plays the primary role, but other agencies are involved. This is an ongoing process, in terms of how we put together a strategy in the policy as—to deal with this and to counter this.

Senator Hirono. I’m not aware——

Director Coats. Each agency is well aware—is well aware of the need—that is impacted, is well aware of the need to do this. But, as I did say, you know, one coherent strategy between the executive branch and the congressional branch has not been put in place yet.

Senator Hirono. Well, that’s the thing. So, I—look, our concern is, who’s in charge here? Who is the lead entity to bring everybody together? Because you have Homeland Security, you have Cyber
Command, you have FBI, you have a lot of entities, and somebody has to take the lead. And, you know, this is in the context of $120 million that the State Department was given specifically to deal with the Russian interference with our elections, and they have not spent a dime. So, should the State Department be the lead agency to come up with a whole-of-government approach to their—Russia’s continuing interference? Noting also that the 2018 elections are right around the corner, why do we not have a whole-of-government strategy already in place?

Director COATS. Well, as I said, it is in process. The White House is actively engaged, the Office of Mr. Bossert and Rob Joyce. This is a high priority for them, so they’re working through that, through the National Security Committee. And it is a topic that we understand has to be addressed, and we are addressing. We see this continuing influence by the Russians, and we want to be not only defensively ready, we’re working with States and local election officials. So, I don’t have a specific answer to your specific question, which is, which agency or which individual person has taken the lead at this point?

Senator HIRONO. Don’t you think there should be a lead agency, maybe the State Department, which has $120 million to do the exact thing we’re talking about?

Director COATS. Well, I think that’s a decision that has to be made at—by the President and the White House. And what is under—being undertaken as we go forward here probably will lead to that. We do have a Cyber Command, through the military, which you just confirmed the new—

Senator HIRONO. Yes.

Director COATS.—incoming—

Senator HIRONO. I do have—

Director COATS.—Director of that. So—

Senator HIRONO. I don’t—I hate to interrupt you, but I’m running out of time. But, I think that the conclusion is that this is not a top priority for the President. You’re doing your very best to be very statesmanlike about it.

I have a question for you regarding the most recent reports that South Korean officials are saying that North Korea is willing to begin negotiating with the United States on denuclearization, and they’re planning an April summit between the two leaders. What are your thoughts on North Korea’s perceived willingness to negotiate their nuclear capabilities? I know, General Ashley, you have some doubts about this. What do you believe should be the U.S. role as these discussions continue? If you can start with your response.

Director COATS. Sure. We—we'll know a lot more in a few days, as our envoys come back and give us—as well as the South Koreans come back—and give us the details of what was discussed. I happen to have a long history, here, in a previous life, of watching both Democrat and Republican administrations trying to reach agreement with North Korea on the nuclear question. All efforts have failed. We know that Kim Jong-un is—while he’s unpredictable, he’s also very calculating. We know that he probably—that he views possession of nuclear weapons as essential to his well-being as well as the well-being of his nation. He has repeated that—stat-
ed that over and over. All efforts in the past have failed and has simply bought North Korea time to achieve what they want to achieve.

I'm quite skeptical about all of this. As I said, both Democrat administrations, going all the way back to Clinton administration, have been frustrated by their efforts. That has ultimately led to just giving them time to further develop.

So, we'll see. As I said, hope springs eternal. We ought to look at this. But, it's been very clear we have made—drawn a very clear line: North Korea has to agree to not possess nuclear capability. And, until that happens, we cannot have an agreement with them. That is our position. And so, we'll see what happens, here.

Maybe this is a breakthrough. I seriously doubt it. But, like I said, hope springs eternal.

Senator HIRONO. Thank you, Mr. Chairman.

Senator INHOFE. Senator Tillis.

Senator TILLIS. Thank you, Mr. Chairman.

Director Coats, thank you for being here. We miss you in the Senate. We're glad you are where you are.

And, General Ashley, when you mark down that list of skeptical versus optimistic, put me on your side, in terms of North Korea. I—marking it—get the tickmark.

You know, I want to go back—I didn't plan on talking about it, but, when we have this discussion about an act of war, I'm pretty sure—I'm relatively new to the Senate, but I believe that’s an article 1 power. And it would seem to me that, if we have people who have a deeply held belief that it is an act of war, then they should be talking about taking the steps that Congress takes, based on the information presented, to put their money where their mouth is, in terms of declaring war.

I do have a question about Russia, though. It has to do with the nature of the threat and what we don't know about—you know, when we talk about conventional weapon systems, we talk about standoff, we have a better understanding of what we need to engage in that theater—let's say the cyber theater—do we—when we talk about an act of war in cyberspace, do we have any earthly idea what the nature of the capabilities and the threats are of our adversaries to the point that you would have confidence to go into a fight and know it wouldn't be a fair right?

Director Coats. Well, we're doing all the assessing that we can in that regard. As we—as General Ashley said, the efforts of our adversaries are in—more in development stage than ours are. But, we're well aware of the threat. And I think we have to start thinking about threats as we look up into space, as well as threats here on Earth, and it—use the same kind of principles that we use to assess what's happening here, because it—you know, space——

Senator Tillis. Director——

Director Coats.—warfare could be a major issue for us.

Senator Tillis. When you have—in the past, you would view the actions of a hostile nation, it was easy to identify exactly what they did, and then you could determine how to respond to it. Isn't one of the challenges that you have—and I know some people have taken you to task even in this hearing—is that we're really trying to sort through the fact patterns to know exactly who was involved
and then exactly how to respond? Is that a fair way to characterize it?

General Ashley?

Lieutenant General Ashley. Let me take this from a Defense Department perspective. I think part of what you're alluding to is attribution. And so, when you get into things like cyber, attribution becomes somewhat more problematic. Your initial question was, do they have a pretty good capability? Yeah, they have a pretty good capability. And it is global. One of the things interesting about cyber is that it is not bounded. The previous question we had with regards to some of those other capabilities, you know, and you look at the character of war that's changing, and some of the technology, you literally have the capability to reach the globe with weapon systems. Cyber is a weapon system.

In terms of looking at the context of the nature and the character of war, you know, we no longer have the Westphalia, and everybody lines up on the border, 1648, right, and we come across. The line of which you declare hostilities is extremely blurred. And if you were to ask Russia and China, do you think you're at some form of conflict with the U.S.?—I think, behind closed doors, their answer would be yes. It's hard to make that determination definitively say, you know, what constitutes an act of war, when you're in the gray zone in a lot of the areas that you operate.

Senator Tillis. In my remaining time, I want to ask you—as we move up to a markup on the NDAA [National Defense Authorization Act], and we're looking at resources that we need. Two—I'll just—I'll ask the question, and you all answer in the time provided.

One, what more should we be looking at? Are there any things that you're seeing us considering that are particularly helpful, or not helpful? What more should we be thinking about?

And the other one, General Ashley, it has to do with the work that we're doing with our allies, how you would gauge their—in the various areas in your written testimony, both of which were very good—how you would gauge the health of the relationship and our NATO partners, and what more do we need to do there? Or give them a scorecard.

Lieutenant General Ashley. Let me go with the partners question first. The Secretary of Defense laid out a couple of key lines of effort. He said we've got to be more lethal, and he said we've got to be more efficient, in terms of how we—you know, the governance and effectiveness. But, one of his three key lines of effort was partners. He has an appreciation for: we cannot do this by ourselves, and our success has always been integral to leveraging partners. They're going to bring insights, they're going to bring capabilities, and they're going to bring capacity that we do not have.

I think one of the things that we've got to take a hard look at is in terms of intelligence-sharing and how do we better integrate—you know, we've had this Five Eyes community for the longest time, but really the way we should look at some of these problems are discrete toward what that problem is. If you have a problem that's in South Africa or Northern Africa, then maybe it's not a Five Eyes solution, maybe there's seven nations that contribute to that, when we look at colonial relationships and which partners are there. So, I think the intel-sharing and opening the aperture is an
area that we need to push the envelope on, but leveraging our partners is absolutely integral to our success.

Director Coats. I'd like to just address the NATO situation. We see NATO as recovering—fall of the wall and Russia—USSR [Union of Soviet Socialist Republics] dissolves. What's the role for NATO? Thanks to Vladimir Putin, we've gotten a wake-up call. The Russian bear came out of the hibernation, and was hungry and started grabbing countries, like Crimea—places like Crimea and now the fighting in Ukraine and the issues in Georgia. NATO is now back in business. They've got a ways to go, but we're on the—

the trend is right. It's disappointing that the most—the country that I was Ambassador to, the country most capable of providing strength and resources to NATO, Germany, is not doing—living up to its—punching up to its weight. And, with the election that just took place, this doesn't point to any additional move in the right direction.

However, having said that, there are a number of nations, particularly border nations, that are upping their game on this. There are exercises that are taking place. My—I've got a grandson who's a airborne ranger, and he's in—been in these exercises over on the border nations of Europe and Russia. The—an intelligence division has been stood up. Been over to Brussels twice on that. It's providing a significant coordination in the integration of intelligence that NATO hadn't had before. So, they are upping their game, and they see the threat coming, and want to be prepared, and—so at least we're moving in the right direction relative to NATO, in my opinion.

Senator Inhofe. Senator Heinrich.

Senator Heinrich. Thank you, Mr. Chair.

Director Coats, with regard to cyber, I fear that the phrase "whole-of-government approach" has become a catchall for "it's someone else's job." We hear this catchall phrase over and over again. Saying "whole-of-government approach" is not a substitute for action. And it's not a substitute for a real cyber doctrine, something that could achieve deterrence. When are we going to expect an actual cyber plan from this administration?

Director Coats. I can't give you a specific date. I can only say that we will continue to provide as much information intelligence that we can gather to the policymakers so that they can make this decision.

Senator Heinrich. So, you know, I'd love to hear somebody say, "the buck stops here" instead of "whole-of-government approach." What have you personally done to either expedite this process or to at least create a sense of urgency in the White House?

Director Coats. I have daily and weekly interactions with the people at the White House, and we discuss any number of issues. It is clearly an issue for the National Security Agency and for the NSC, at the White House, and for others. So, there are ongoing discussions in this part of the whole range of threats that we face. As I earlier have said, there has not been, yet, a formulation of a lead agency that would work with the Congress on legislative action and putting a policy in place relative to that. There are complicated issues here regarding——

Senator Heinrich. Well, let me——
Director Coats.—the retaliation and so forth—

Senator Heinrich.—let me just suggest that we’re—

Director Coats.—that are being—

Senator Heinrich.—we’re running out of time.

Last week, I asked Admiral Rogers if our response to Russian cyberattacks has been adequate enough to change their behavior. He said that we had failed to change their calculus, and that their behavior has not changed. Would you agree with his assessment?

Director Coats. I would agree with that.

Senator Heinrich. Do you believe it’s possible to change someone’s behavior, particularly someone like Vladimir Putin, without imposing some sort of cost on them for their actions?

Director Coats. I believe that.

Senator Heinrich. How should we impose those costs on Russia?

Director Coats. Well, that’s the question. The question is, how do you assess the retaliation and the impact and what it might lead to? I think that is the operative question that has to be addressed. I could—

Senator Heinrich. How about sanctions?

Director Coats.—couldn’t agree with you more.

Senator Heinrich. Would sanctions be an appropriate response?

Because this body passed a law, nearly unanimously, that required that the President sanction individuals with financial—

Director Coats. Yeah.

Senator Heinrich.—ties to Russia’s defense and intelligence sectors, or at least waive sanctions by certifying that Russia has reduced their cyberattacks against the United States. Both of you told me, a few weeks ago, that the intelligence community is still seeing activity in the runup to the 2018 elections. I think your phrase, Director Coats, was, “The United States is under attack.” So, why on earth hasn’t the administration found anyone to sanction?

Director Coats. As you’ve probably seen, 13 individuals have been named. The Treasury Secretary Mnuchin has indicated that, very shortly, he will be bringing out a list of sanctions on those individuals that have been complicit in this.

Senator Heinrich. You’re talking about the 13 individuals who were indicted by the Special Counsel?

Director Coats. Correct. This goes beyond that. This also goes to others at—I don’t know what names are on the list. We have provided intelligence information to Department of Treasury for this determination, and I’m told it’s coming soon.

Senator Heinrich. So, you were asked, let me make sure I get this right, to provide analysis to support the Treasury Department’s decision.

Director Coats. I can’t say that—well, I don’t know that there was a direction on that. All I do know is, is that we have been engaged in providing intelligence on this subject continuously—

Senator Heinrich. When Treasury Department—

Director Coats.—to the various agencies—

Senator Heinrich.—made their initial decision about their release of names, but they did not choose to sanction any individuals at that time, were you asked to provide analysis for them to be able to come up with that decision?
Director Coats. I would have to go back and double check whether this was just part of our regular ongoing provision of information or whether there was a specific ask on this. I’d be happy to get back to you on that question.

Senator Heinrich. Yeah. I would look forward to that.

[The information referred to follows:]

[Deleted.]

Senator Heinrich. We’ve talked a lot about sanctions against Iran, a lot about sanctions against North Korea. It seems like there should be a focus on this.

Thank you, Mr. Chair.

Senator Inhofe. Senator Cotton.

Senator Cotton. Thank you, gentlemen, for your appearance today.

The National Security Strategy says that we’ve returned to an era of great power competition, which I believe to be true. Threats of terrorism remain serious, but those threats become catastrophic primarily when they’re supported by a nation-state in one way or another. There are two main great powers in the world. We’ve talked a lot about two of them already, Russia and China. But, I want to turn to a rogue nation that is perhaps the most urgent threat, North Korea, and follow up on some of the conversations we’ve had today.

Director Coats, you said earlier that we’re still ascertaining exactly what’s happened on the Korean Peninsula in the last few hours between the South Korean delegation that went to Pyongyang, and what it means. Is it your understanding that any talks between North Korea, on the one hand, and South Korea and the United States, on the other hand, would be talks without any concessions made to North Korea?

Director Coats. My current understanding is that no concessions were—that that topic was not—

Senator Cotton. Is it due—

Director Coats.—raised.

Senator Cotton. Part of the problem we have with North Korea, and the reason we got to where we are, is that, in the past two or three decades, we’ve consistently granted concessions, just to get them to sit down and talk to us?

Director Coats. That is correct.

Senator Cotton. It’s one thing to sit down and talk with an adversary. We did that with the Soviet Union throughout the Cold War. It’s another thing to bribe that adversary to sit down and talk with us.

Director Coats. Talk is cheap.

Senator Cotton. So, we shouldn’t play Charlie Brown to their Lucy once again on that football.

Director Coats. There has been a football, and there have been a lot of misses.

Senator Cotton. Thank you.

Some people talk about the possibility of deterring North Korea the way we deterred the Soviet Union. That makes some assumption about the nature of the North Korean leader and the North Korean regime. I want to reference a report from The New York
Times last week that cited the U.N. Panel of Experts on North Korea saying that North Korea is suspected of exporting large amounts of material to Syria that could be used to develop chemical weapons, and also missiles that could deliver those chemical weapons. Do you care to comment on those reports from last week?

Director COATS. We know, in the past, that there has been a transfer, historically, between North Korea and Syria. Relative to what’s currently going on, we’d have to discuss that in a classified session.

Senator COTTON. Okay. Perhaps we will do that. But, that sounds like the kind of thing that North Korea would do, doesn’t it, given their history?

Director COATS. Given their history, it sounds like it.

Senator COTTON. Yeah. That makes them somewhat different from the Soviet Union. The Soviet Union, of course, had a nuclear arsenal that could destroy the American way of life, but they rarely transferred that kind of weapons of mass destruction technology to rogue nations like Syria, correct?

Director COATS. I’m not sure I have enough information to say yes or no on that, but that’s——

Senator COTTON. It’s a very——

Director COATS. We have——

Senator COTTON.—a risk——

Director COATS.—we have some history, that’s for sure.

Senator COTTON. It’s very risky to transfer nuclear, chemical, or biological technology if you care for the preservation—the long-term preservation of your regime. But, given the economic and diplomatic situation that North Korea faces, I think that makes them somewhat different than the Soviet Union in the Cold War.

General Ashley, let’s turn to a brief comment you made, I think, in exchange with Senator Fischer, about the indirect-fire systems that North Korea has on or near the DMZ [demilitarized zone]. Sometimes the North Korean leadership says they could turn Seoul into—is it a “lake of fire”? Is that what they call it?

Lieutenant General ASHLEY. I’m not sure of the phrase, but it would be a significant amount of casualties.

Senator COTTON. Something like that, yeah.

You also mentioned that a lot of North Korea’s military weapons are Soviet-era systems. Do we know what percentage of those mortar rockets and artillery systems in North Korea’s arsenal are Soviet-era systems, which means, by definition, now at this point at least 27 years old?

Lieutenant General ASHLEY. Yeah, I would say the majority of them are. We can give you exact breakdown.

Senator COTTON. Okay.

[The information referred to follows:]

[Deleted.]

Senator COTTON. Of that percentage, do we know how many—what percentage of those are very well-maintained by the North Korean military?

Lieutenant General ASHLEY. My understanding is, the level of maintenance is pretty good on the systems. Now, there’s going to
be a degree of atrophy over time, but our expectation is, those systems will work.
Senator COTTON. What about the availability of the parts and the ammunition rounds that all of those systems would need?
Lieutenant General Ashley. That becomes more problematic, in terms of amount of ammunition and supply parts for replacements.
Senator COTTON. Because those are not widely available——
Lieutenant General Ashley. Correct.
Senator COTTON.—on the international arms market?
Lieutenant General Ashley. Correct.
Senator COTTON. Then, finally, those systems don’t fire themselves, they need well-trained crews to fire them. Do we have an assessment of the training level of the North Korean army’s—at the crew level, and how they can operate all those systems?
Lieutenant General Ashley. We watched their winter—their training exercises. They’ve shown a level of discipline and expertise. I don’t know that I can take that all the way down to the crew level, but I will go back to the comment I made earlier, that Kim Jong-un, far different from his father in the level of rigor that they’ve applied to their training regime to make sure their crews are ready.
Senator COTTON. Yeah. When you pile up all of those estimates on top of each other, though, there is some question about the overall effectiveness of North Korea’s indirect-fire systems, you know, the—probably a little bit less than what the North Korean leader suggested it might be, but still a grave threat to South Korea and to Americans troops on the Peninsula. Is that right?
Lieutenant General Ashley. Still a great threat.
Senator COTTON. Finally, what’s the quality of North Korean air defenses against United States aircraft?
[The information referred to follows:]
[Deleted.]
Lieutenant General Ashley. Let me take that into a closed session. That’s a little more complicated answer.
Senator COTTON. Okay. Thank you.
Appreciate it, gentlemen.
Senator INHOFE. Senator Kaine.
Senator Kaine. Thank you, Mr. Chair.
Thanks, to our two witnesses.
I want to just, first, begin by applauding your prepared testimonies. I know you have to summarize very briefly at the top of this hearing, but both of the prepared sets of testimony are very strong.
In particular, I noticed both of you focused upon protracted conflicts, environmental challenges, et cetera, leading to migration and displacement, and the security challenges caused by displacement.
General Ashley, you indicate, “As of October 2017, protracted conflicts and ethno-sectarian violence have increased global displacement at the highest levels on record, according to the United Nations.” I’m going to come back to that in a second.
Director Coats, you have a strong section on environment and climate change, at page 16 and 17 of your written testimonies, that are important. I’ve been disappointed with some of the environ-
mental agencies in the administration for not acknowledging that, scrubbing Web sites, not talking about it. But, you’re very straightforward about the challenges that are presented in our security environment in this section. I’d encourage my colleagues to take a look.

Here's a worry that I have. Would you agree with me that—the title of hearing is Worldwide Threats—would you agree with me that one of the best ways we deal with worldwide threats is stronger alliances, more allies?

Director Coats. I agree with that.

Senator Kaine. General?

Lieutenant General Ashley. Senator, I agree.

Senator Kaine. Here is a concern that I have about the administration. There seems to be a number of areas in which we are isolating ourselves from allies. It could be the failure to nominate ambassadors. Senator Reed talked about that. It could be proposals to reduce dramatically the budget of the State Department and USAID [United States Agency for International Development]. That's ongoing. It could be the pulling out of the United States of international accords, whether it's pulling out of the Paris Accord, stepping back from the U.N. Compact on Global Migration, threatening to step out of an Iran deal, threatening to pull out of a Korean trade deal, threatening to pull out of NAFTA [North American Free Trade Agreement], starting tariffs, which could suggest trade wars with allies, even tweets about allies and adversaries and even our own diplomats. I worry very, very much about an—isolationist attitude if one of our immune-system strengths in dealing with worldwide threats is strengthening alliances. I'm very nervous about this right now.

Let me ask you about two things that concern me:

First, since you both focused upon the displacement and refugee challenges—and, Director Coats, you actually, in your own testimony, near the end, talked about this as a significant phenomenon, whether it’s war, violence, natural disasters, weather events, droughts, corruption, causing migrations of population. We've seen the challenges that Syrian migrants have compounded in Europe, for example. In December, the U.S. announced that it, alone among nations of the world, was going to pull out of the U.N. Compact on Global Migration, which was a voluntary agreement by nations in the U.N., a unanimous agreement in September of 2016, to sit down and start to talk about new best practices for dealing with migrants and refugees. Completely voluntary, no incursion into the sovereign ability of any nation to make their own immigration decisions. But, the Trump administration announced, in early December, that the U.S. was pulling out of the discussions, citing sovereignty as a reason, which was a non sequitur, since the entire idea around the Global Compact was that no nation would give up their sovereign ability to do anything, but that we would have a dialogue about how to deal with this significant security threat that you each identify in your written and, Director Coats, in your oral testimony. Why is it a good idea for the United States to pull out of a global discussion about the way to deal with the human displacement problem that you each identify in your testimony?
Director Coats. Oh, Senator, I am not familiar with that particular decision, why that decision was made. In the larger sense, relative to what you are talking about it’s easy to look at the way we’ve conventionally done things, but it’s also easy to see that they haven’t always worked. I think there is—we’ve seen potential upsides to some decisions that have been made that have caused nations that we have either been adversaries or allies to change their position. But, look at NATO. The criticism that came to the President for criticizing NATO has resulted in the fact that many nations now have come in line and agreed, and said, “Look, yeah, you’re right, we haven’t held to our commitments, we haven’t treated NATO as something that is necessary.” There are a number of nations that now have changed their position on that——

Senator Kaine. And just——

Director Coats.—relative to trade, other benefits that have come from—in decisions that have been positive. So, just going back to the conventional “let’s always do it the way we’ve always done it” really hasn’t worked very well.

Senator Kaine. I just want to comment this, and I’ll have one question for the record.

I get that. Questioning existing institutions, could they be better? That’s one thing. This was an initiative that was just being started. There was no history, there was no bad action. It was a decision by every nation in the world to meet, beginning in Mexico in December of 2017, to talk about the human displacement problem that you each testified to as achieving real gravitas and significance. And the nation—and the world needs to figure out how to deal with it. The U.S. decided they did not even want to be at the table for the first discussion. It wasn’t a critique of what was being done. It was a unilateral decision that the U.S. would be a non-participant. I can’t see how that would benefit either the United States or the world, given your own testimony about the seriousness of the problem.

Thank you, Mr. Chair.

Senator Inhofe. Senator Graham.

Senator Graham. Thank you both. Dan, thank you for serving in the role you’re serving in, your great counsel to the President. General, thank you for your service.

Let’s see if I can sort of go over some highlights here.

North Korea. Is it still the policy of the United States to deny the North Korean regime the ability to hit America with a nuclear-tipped ICBM [Intercontinental Ballistic Missile]?

Director Coats. Absolutely.

Senator Graham. Is that true, General? Do you agree with that?

Lieutenant General Ashley. Yes, sir.

Senator Graham. All right. Denial, then, is different than containment. We’ve rejected the idea of giving them the capability and trying to contain it. Is that true, Mr.—Senator Coats?

Director Coats. Yes.

Senator Graham. The reason is, if they get a bunch of capability, they are likely to sell it or share it. We’ve seen a history of that. Is that accurate?

Director Coats. Yes, we have.
Senator GRAHAM. Okay. Let's move to—and to follow that concept through: as a last resort, military action is on the table.

Director COATS. It is on the table.

Senator GRAHAM. Okay.

Iran. When it comes to the Iranian involvement in Syria aligning with Russia, do you believe we have a sufficient strategy to contain the Russian-Iranian threat in Syria?

Director COATS. We certainly are working on one. And it is of constant discussion, in terms of how we see that problem. We—it clearly is a major issue that needs to be addressed.

Senator GRAHAM. Okay. Well, I want to congratulate you on the fight against ISIS. I think you've done a great job in the results on the ground, but the sooner you could come up with a counter-Iran strategy in Syria and other places, the better.

I just got back from a trip to Israel. I was informed by the IDF [Israel Defense Forces] that, basically, there are thousands of missiles and rockets in southern Lebanon pointed at Israel. Do you have any reason to doubt that in the hands of Hezbollah?

Director COATS. No reason to doubt that. In response to your previous question, there is a strategy in place relative to the Iranian engagements throughout the—this very difficult part of the world, and what Iran has been doing.

Senator GRAHAM. Maybe in a different setting, we can——

Director COATS. I'd be happy——

Senator GRAHAM.—talk about that.

Director COATS.—I'd be happy to do that.

Senator GRAHAM. Because I'll just be honest with you, Director Coats, I got back in—from Israel and Jordan. It's not bearing fruit.

Do you agree with the idea that the United Nations Interim Force Lebanon has failed when it comes to protecting Israel's interests in southern Lebanon?

Director COATS. I would agree with that.

Senator GRAHAM. You agree with that, General Ashley?

Lieutenant General ASHLEY. Sir, I don't think that's my place to make that assessment.

Senator GRAHAM. Okay, fair enough.

So, Israel told us, our delegation, they need more ammunition and backing from the United States if they have to go into southern Lebanon, because the Hezbollah rockets and missiles are integrated within apartment complexes, schools, and hospitals. They have made civilian targets in play, Hezbollah has. Does that make sense to you? Do you—can you confirm that?

Director COATS. Given the sources of—obviously, we would like to talk about that in detail in a closed session.

Senator GRAHAM. Right.

Director COATS. But, yes, publicly, that has been——

Senator GRAHAM. Yeah.

Director COATS.—been pretty clear.

Senator GRAHAM. Well, I just want to let the Committee know, it's just a matter of time before Israel has to act. They're actually making precision-guided weapons inside of southern Lebanon, Hezbollah is, and they couldn't do it without Iran.

The Iranian nuclear agreement, is it still the policy of the President that we need a better deal in Iran?
Director COATS. Yes, it is.

Senator GRAHAM. One of the concerns of the current deal is the sunset clause.

Director COATS. That is correct.

Senator GRAHAM. Under the sunset clause, the mere passage of time, Iran can enrich and reprocess without limitation. Is that correct?

Director COATS. I believe that's correct.

Senator GRAHAM. General Ashley—and I think the policy of the United States is that anytime they get within near breakout, we should reimpose sanctions. Do you understand that to be the President's position?

Lieutenant General ASHLEY. I understand at the point they can start to re-enrich beyond 3.67, that it would take about a year to put a weapon together.

Senator GRAHAM. Well, I totally support the President's belief that we need a better deal, replacing the sunset clause with something better.

Do you agree with me, Director Coats, that if—the Arabs are going to just assume Iran gets a nuclear weapon over time unless something changes, under the current agreement?

Director COATS. I think that's a reasonable assumption.

Senator GRAHAM. Yeah, that's what they've told me, is that they're going to respond in kind.

As to Russia's interference in our election, I have legislation, with Senator Gillibrand, that sets up a 9/11-style commission to look forward, where people from the private sector can come forward to give us recommendations about how to harden our infrastructure regarding the 2018 election. Can I send that to you? And would you give me some feedback if you could support it?

Director COATS. I would be happy to do that.

[The information referred to follows:]

[Deleted.]

Senator GRAHAM. General?

Lieutenant General ASHLEY. Sir.

Senator GRAHAM. How likely is it the 2018 election's going to be compromised by Russia?

Director COATS. We have not seen evidence of a robust effort yet on the part of Russia. But, we know their malign activities continue to exist.

Senator GRAHAM. If the past is any indication of the future, it's highly likely. Would you agree with that?

Director COATS. It's highly likely that they will be doing something. We just don't know how much and when/where.

Senator GRAHAM. Do you agree with that, General?

Lieutenant General ASHLEY. Senator, I agree.

Senator GRAHAM. Okay. We have a policy of mutual assured destruction. If we're attacked by nuclear weapons, we will wipe out the country who attacked us. Do we have anything like that in the cyber arena?

Director COATS. Not to my knowledge.
Senator GRAHAM. Do you think we'd be well-served to let countries know, “You attack America through cyberspace at your own peril”?

Director COATS. Well, I think that message has already been delivered. But, if it hasn't, it needs to be.

Senator GRAHAM. Thank you both for the job you're doing for our country.

Lieutenant General ASHLEY. Thank you, sir.

Senator INHOFE. Senator Peters.

Senator PETERS. Thank you, Mr. Chairman.

And our witnesses today, thank you for your testimony and your service.

General Ashley, what is your definition of “political warfare”? When you heard—hear that term, how would you define it?

Lieutenant General ASHLEY. I think of it more in the information domain, that it is really—I had used the word, you know, kind of the “whole-of-government.” But, it is kind of “informatation,” which is kind of how they use some of the phrases, that it is targeted toward the populace, writ large. If you look at it in the context—well, I'll use—since we talked about Russia, they have a thing that’s in their doctrine, and it’s been in their doctrine since back in the 1960s, called “reflexive control.” And what they do is, they use a level of influence to try to take you down a path to make a decision, you think it is your own. That is—that’s nothing new. But, as we look at it in the context of what’s evolved over the last couple of years, it’s a ubiquitous communication, social media and other means, by which you can deliver those messages. But, that has been integral to their strategy for probably really since about back in the 1960s.

Senator PETERS. Right. So, basically, many of the things that we’ve been talking about here could very easily be defined as “political warfare.” Would you agree that we are engaged with an adversary that is using political warfare against the United States?

Lieutenant General ASHLEY. I don’t know that there’s—I don’t have a doctrinal term, but I can say that it’s, you know, warfare, in the context of warfare. I think it’s——

Senator PETERS. At least in the context——

General ASHLEY. —it’s information——

Senator PETERS. —of the term——

General ASHLEY. —confrontation, in terms of how the Russians look at it.

Senator PETERS. At least in the context of the term “political warfare,” it is consistent with that.

Senator INHOFE. Senator Peters, could I interrupt for just a moment?

Senator Wicker, presiding.

Thank you.

Senator PETERS. Thank you, Mr. Chair.

Is that correct, that it is in the context of that?

Lieutenant General ASHLEY. Well, I'd have to look, you know, for the exact definition of what “political warfare” constitutes, which I can't tell you what that is.

Senator PETERS. That's fine, General.
I just—was recently reading a report here from the Brookings Institution by authors Polyakova and Boyer, and I found an “emerging threats” section in the report, particularly interesting. I want to read it and get your comments to it about emerging threats.

They write in the report, “The future of political warfare is in the digital domain. The influence tools used by Moscow against the West are still fairly basic. They rely on exploiting human gullibility, vulnerabilities in the social media ecosystem, and lack of awareness among the public, the media, and policymakers. In the 3-to-5-year term, however, these tools will become more advanced and difficult to detect. In particular, technological advancements in artificial intelligence in cyber capabilities will open opportunities for malicious actors to undermine democracies more covertly and effectively than what we have seen so far. In addition, increasingly sophisticated cyber tools tested primarily by Russia and eastern Europe have already affected Western systems, and an attack on Western critical infrastructure seems inevitable.” That’s end of quote.

General, what do you make of that statement?

Lieutenant General ASHLEY. I just want to say there’s validity to the statement. Attribution could become more difficult. But, at the same time, what we’ve seen transpire in Europe—you know, had the—the level of influence that the Russians tried in a number of elections, whether it’s in the Chechnya, whether it’s France, Germany, other nations, Norway—because of the heavyhanded nature in which they did that, it really kind of illuminated what they were doing. People became more suspect. But, the more that we talk about this, it’s in the public domain, the more people may question the information that they see that’s out there, so they may question whether or not this is, in fact, true or it’s being used to influence them toward a particular outcome.

Senator PETERS. The point they also make in the report—although you said that it’s easy to see some of it because of its heavyhandedness—is that, with the very rapid advances in machine learning and artificial intelligence, it’s going to become extremely difficult to see exactly what’s happening. Would you agree with that?

Lieutenant General ASHLEY. I think there’s an AI [Artificial Intelligence] application—my now—the NATO particular piece of that is because it came in the public domain and we talked about it. Then people started looking for it, and they started to see it.

Senator PETERS. My final question is: A lot of this misinformation and the tools that are being used and will be exploited in an increasing fashion in the future are able—or use big data—basically, the weaponization of big data. How do you approach that concept, and what are you doing in regards to that? First off, do you believe that is a significant threat, the weaponization of big data?

Lieutenant General ASHLEY. I think it is a threat.

Senator PETERS. Part of that threat is to engage our social media platforms—Facebook, Twitter, other types of platforms that are engaged in that. Is the intelligence community—to both of you—is the intelligence community engaged in conversations with these platforms, understanding that we need to probably cooperate if we’re going to be able to thwart this threat?
General, you first. Is that necessary? Or Director Coats. I'm sorry.

Lieutenant General Ashley. I was going to let the Director take that.

Let me take the context of big data, in terms of our understanding. As we start seeing what's changing now really in the character of war, you have speed of decision. There's all these disparate things that are happening globally, all the information that's moving around. For us, from the intelligence standpoint, on a military side, it's being able to see the indications and warning, being able to see the faint signals of conflict that may be coming your way. To take all that disaggregated information and aggregate it in a way where you can start to see trends, indications, and warning, and it gives the analyst time to start to think about what he or she is seeing—for us, that's kind of really one of the big applications for big data, in terms of sensing the environment. It is a critical capability that we're focused on.

Senator Peters. Great.

I'm out of time. Thank you.

Senator Wicker [presiding]. Thank you.

Senator McCaskill. Thank you so much. And thank you for the indulgence of my colleagues. I haven't voted yet, so they're letting me do this out of turn so I can quickly try to make a couple of points.

You know, Director, I liked your analogy about the bear coming out of hibernation. I think it's a really accurate description of what's going on with Putin and Russia. As you described it, the bear is out of hibernation, grabbing countries and, I would add to that, attacking democracies. Would you agree?

Director Coats. I would agree.

Senator McCaskill. Okay. But, we're not hunting bears, the United States. That is by and large because the Commander in Chief doesn't appear to be interested in hunting bears, which is very frustrating for all of us. Whether it comes to sanctions or whether it comes to direct action, Russia is not feeling the might of the United States of America. Admiral Rogers was very clear here last week that he is not being commanded to use the tools he has to go after Russia. As Senator Graham indicated, those bears are now colluding with Iran to threaten directly our best ally in a very dangerous neighborhood, and that's Israel. I wanted to get that on the record.

I also just wanted to ask you quickly about the security of our supply chain for our weapon systems. This is something that really concerns me. And this I would direct to both of you. We now know that the requirements of China and Russia to review proprietary information of United States companies in return for opening their markets to United States companies could cause real problems down the line. Do either of you support that we should require United States companies to tell us if Russia or China is requiring them to open up their proprietary source code as a condition of doing commerce with those two countries?

Director Coats. I don't know if that decision has been made. It has some implications that, you know, would bear some legal ex-
amination of the issue. But, it is—you raised the right question—I mean, it is a concern. Looking at the supply chains—and down through—but, whether we’re in a position right now legally or with the authorities to enforce that against various companies, I don’t have the answer for that.

I don’t know, General, if you, on the military supply chain, have taken——

Lieutenant General ASHLEY. Yeah. So, ma’am——

Director COATS.—actions in that regard.

General ASHLEY.—I don’t know whether we put those laws in place, but, from a supply-chain risk management, the point you bring up is critical, in that we have to be really much more cognizant and less naive about where our technology’s coming from, especially on the acquisition side. When you look at the components that are brought in—so, for example, if I have a contract with you for something, and you have a subcontract with Senator Wicker, who has a subcontract with Senator Warren, Senator Warren, in this case, may represent Kapersky Labs, and that is a problem, but it was not written in the contract that you had to be able to preclude that from happening. We’re getting smarter about supply-chain risk management and doing more on the counterintelligence forum to be able to uncover those relationships.

Senator McCASKILL. I would really like recommendations from both of you of what we can do in the NDAA to give you the legal tools necessary to require U.S. companies to let us know when they’re being required to reveal source code and important proprietary software that—in order to do business with people that are not always our friends. Secondly, what we can do to require more transparencies with subcontractors for our—the protection of our weapon system supply chains. If both of you could make us any recommendations, I think that this Committee, on a bipartisan basis, would be interested in giving you whatever tools are necessary for that really desperately needed protections.

[The information referred to follows:]

[Deleted.]

Senator McCASKILL. Thank you both.
Thank you, Mr. Chairman.
Senator WICKER. Thank you, Senator McCaskill.

Director Coats, Senator McCaskill made a statement, you agreed with it, then she made another statement, and I suspect maybe you didn’t agree with that one, but you weren’t asked whether you agreed. Let me see if we can expand on that.

Last week, United States Government approved selling 210 Javelin antitank missiles and 37 launchers to Ukraine. The Javelins represent the type of defensive lethal aid that Ukraine has been called—has been calling for from the United States since Russia’s illegal annexation of Crimea. So, in that sense, we’re fighting the bear in that regard. Is that correct, Director Coats?

Director COATS. Yeah. Probably General Ashley has more knowledge about the impact of Javelin missiles and weapons that we sent to Ukraine, but yes, that is a pushback.

Senator WICKER. General Ashley, in that sense, we’re engaging the bear.
Lieutenant General Ashley. Senator, so you're correct. I think what we're showing also is a good-faith measure toward our partner in Ukraine, as well.

Senator Wicker. I think one of the most strategic—one of the most strategic acts in the next few months or in the next few years is that Russia demonstratively lose in Ukraine. Do you agree with that, that that's a very strategic objective?

Lieutenant General Ashley. I think that is a strategic objective, yes.

Senator Wicker. Also, our National Defense Strategy now states that, for long-term security competitions, our competition with China and Russia are foremost and the foremost priority for the Department of Defense. Is that correct?

Lieutenant General Ashley. Sir, that is correct.

Senator Wicker. And so, in that case, I won't ask you, I would just observe, we are engaging the bear, and doing so in our very strategy.

General Ashley, you were not quite as optimistic as Senator Inhofe when this hearing first began, when he asked you about North Korea. I expect that might be because you've seen this movie before. Is that correct?

Lieutenant General Ashley. Senator, that's correct. We've watched this——

Senator Wicker. Would you care to expound on why exactly you don't share much optimism about the announcement yesterday from Kim Jong-un?

Lieutenant General Ashley. Yes, sir. Staying at the unclassified level, everything that I've seen, everything that's reinforced my opinion, my assessment, albeit there is a great deal of opaqueness to the decisionmaking of Kim Jong-un, I have seen nothing to take me down a path to think that he's about ready to make a hard right turn. But, that possibility is there. But, I have seen nothing to tell me that there's sincerity in the talks that are going to—about ready to kick off.

Senator Wicker. Should we dismiss it out of hand, or would your advice to the President of the United States be to follow up, with caution?

Lieutenant General Ashley. I think you follow up, with caution, you engage.

Senator Wicker. Okay. Now, let me ask one other thing. There was a RAND study that came out in December, and it—we've had classified briefings that followed up on that. It was a public study, and, basically, it was very startling what they said. They said that, under plausible scenarios, the United States could actually lose the next war. They listed several reasons for this, one being that, when we have to fight a war, we have to fight it so far away from home, but also they said that our adversaries are catching up with us in technology. Did you have a chance to look at that RAND study?

Lieutenant General Ashley. Senator, I have not, but I will.

Senator Wicker. Well—okay.

Director Coats, have you looked at that study?

Director Coats. I have not looked at that study, but we've seen a great deal of intelligence relative to the technological capabilities now available to nations which didn't have those capabilities be-
fore. There is competition, and there is a race. The world is changing. Conventional warfare probably changed when we prevailed in Desert Storm. You don't line—no country's going to line up tanks or infantry against us, because—given our capabilities that were demonstrated there. And so, we've seen a lot of asymmetric types of threats, and the use of technology to achieve those threats.

So, it's a different kind of warfare that we're engaged in. I think, you know, we are fully aware of that. Thanks to the Congress, the budget has been increased significantly to make up for some stuff that was pretty static for—in the past administration.

Senator WICKER. That's true, yes. I think we're going to follow up, on the 23rd of this month, with an omnibus.

Well, I'm going to ask you to take this as a question for the record. We'll insert it at this point in the record.

[The information referred to follows:]

[Deleted.]

Senator WICKER. Would you look at that, at the unclassified RAND report—came out about the 4th of January—or not—actually, I think it came out in December—look at that and give us a brief response—

Lieutenant General ASHLEY. Yes, sir.

Senator WICKER.—to the allegations—top-line allegations made.

[The information referred to follows:]

[Deleted.]

Senator WICKER. Senator King.

Senator KING. Thank you, Mr. Chairman.

First, Director Coats, I want to compliment you and the members of your—the community that you represent on the report that you have supplied to us. It is succinct and clear, and troubling, in some cases, which is what good intelligence will always be. Particularly on page 16 is an extraordinary statement about the effect of climate change on national security. The impacts of the long-term trends toward a warming climate—more air pollution, biodiversity loss, and water scarcity—are likely to fuel economic and social discontent and possibly upheaval through 2018. Goes on to talk about the risk of humanitarian disasters, conflict, water and food shortage, population migration, labor shortfalls, price shocks, power outages, and a possibility of abrupt climate change. It—the notes indi-
cate a—the current extinction rate is 100 to 1,000 times the natural extinction rate.

I just want to point that out. This is clearly, as your report indicates, a serious issue of national security, is it not?

Director COATS. It is an issue, but it always has been an issue. What happens to the environment—floods, hurricanes, et cetera—we’re seeing some intensity of that lately.

Senator KING. Well, this just isn’t—this isn’t talking about general environmental conditions. This is talk—it’s, “The past 115 years”—I’m reading from your report—“have been the warmest period in the history of modern civilization. The past few years have been the warmest years on record.” Then it goes on to state—I would just hope that you would have the people that prepared this brief the Secretary of the EPA [Environmental Protection Agency], because I think this information is important. It’s important to national security. We often talk about the risk of climate change in the context of environmentalism, but, according to your analysis, it is also an issue that affects national security. It will increase migration patterns, conflict, famine, and the like, which is often how wars start.

Another part of the report, on page 7, talks about Iran and the Iran nuclear agreement. There’s an interesting phrase that says, “Iran’s implementation of the JCPOA [Joint Comprehensive Plan of Action] has extended the amount of time Iran would need to produce enough fissile material for a nuclear weapon from a few months to about one year, provided Iran continues to adhere to the deal’s major provisions.” Is it the judgment of the intelligence community that Iran has, thus far, adhered to the deal’s major provisions?

Director COATS. Yes. It has been—the judgment is there’s been no material breach of the agreement.

Senator KING. “And the JCPOA”—I’m again reading from your report—“has also enhanced the transparency of Iran’s nuclear activities, mainly by fostering improved access to those nuclear facilities for the IAEA [International Atomic Energy Agency] and the authorities under the additional protocol.” If the Iran agreement were abrogated, we would lose that visibility into the Iran nuclear enterprise, is that not correct?

Director COATS. Well, we’ve built a number of capacities relative to that, even since the agreement. So, I—to say “lose that” would—I don’t think would be accurate. I——

Senator KING. Diminish?

Director COATS. It potentially could diminish.

Senator KING. I think you can do better than that. It would diminish, would it not? The IAEA would certainly not have the access that they currently have.

Director COATS. No, they may not. On the other hand, we have provided other means, and we’ve significantly upped our game in terms of our verification procedures.

Senator KING. In your assessment on page 18, you talk about China. Again, interesting language. It talks about China’s security interests with regard to the South China Sea, the East China Sea, and Taiwan. It uses the language—I’m sorry—it uses language of national security in those regards. Sovereignty claims, the East
China Sea, South China Sea, and Taiwan. But, then it goes on to talk about its efforts aimed at fulfilling the Belt and Road Initiative to expand China’s economic reach and political influence.

My question is, What is the intelligence community’s assessment of what China wants? Is China want—or do they—are they moving toward military aggression and enlargement of their territory, or are they looking more toward political and economic influence in the region?

Director COATS. It appears to be the latter. While China is modernizing its military, is increasing its spending, most of it appears to be done for a deterrence purpose rather than aggressive purpose. They have—clearly have a strategy of using credit and loans to countries around the world, particularly in geostrategic places, and then combining it with some military capacity—South China Seas, their new base in Djibouti. We see that. China is seeking, I think, to become a world power with great influence on a global basis, and they’re using a number of techniques that are far more than just the typical military land grab that we see more likely with Russia rather than China.

Senator KING. Thank you, sir.

Thank you, Mr. Chairman.

Senator WICKER. Thank you, Senator King.

Senator Sullivan.

Senator SULLIVAN. Thank you, Mr. Chairman.

And, gentlemen, good to see you again. Thanks for your wonderful service.

Wanted to just comment. I saw my colleague, Senator Kaine, making some comments on some of his concerns, particularly as it relates to alliances and how we’re focusing on those, or not. I think it’s a good point. I agree with him on it. But, one thing he actually didn’t mention was the unprecedented delay of the confirmation of many of the people that the President has put forward, in terms of the national security/foreign policy area. You don’t have to comment on that, but I certainly wish, if we’re talking about challenges, that we can agree to expeditiously move some of these nominees, as opposed to delay, delay, delay.

I wanted to ask about China with regard to—there’s been a lot of press recently about some of these—I don’t know if you would call it soft power, but Confucius Institutes on campuses throughout the United States and how, kind of, the dollar diplomacy in some of our top universities is really having—starting to have an impact, and people are starting to—wondering what these Confucius Institutes are really up to.

First of all, Director Coats, do you think that China would allow for, kind of, the equivalent? Let’s say we had the United States Government trying to put forward James Madison Institutes or Alexander Hamilton Institutes about freedom, liberty, free speech, the rule of law, on Chinese campuses? Do you think China would allow that?

Director COATS. We certainly don’t have any assessment that I could give you. Given China’s control over what is done in China through its institutions, both public and private, it would likely be a harder hurdle to cross than it would be per——

Senator SULLIVAN. Probably very unlikely, wouldn’t it?
Director COATS. Probably very unlikely.

Senator SULLIVAN. What do you think these—well, have you looked at what these Confucius Institutes on our—on some of our top campuses are trying to achieve, and what their goals are? Are they actually spying on Chinese students in university? Do we know what’s going on? There’s—like I said, there’s been a number of articles, just in the last few months, on these.

Director COATS. Yeah, what—there has been significant interest in this. In fact, we have some studies going on, and some investigations going on relative to what China is doing and what their real intent is, and how much of it is linked to the Chinese government policies rather than just students wanting to come to get a good education here. So, we take that very seriously. In assessing where China is and where China is going, this is part of the effort.

Senator SULLIVAN. Well, it would be good to be able to see those reports and brief the Congress on it, because I think there’s a lot of us on both sides of the aisle that are interested in that.

Let me—I know you’ve had a lot of questions on North Korea. Let me try to be more specific. I’d like to get a sense of your confidence in the intelligence estimates with regard to the critical issue of North Korea’s capability for long-range nuclear missiles that can hit all of the continental United States or just the western States or—I have a particular interest in the noncontiguous states, Alaska and Hawaii. What are your estimates right now of Kim Jong-un’s ability to range all three of those geographic areas in our country?

Director COATS. Well, we know China has tested the ability to—with ICBMs and—intercontinental ballistic missiles. They have the power to reach all parts of the United States. We know they’ve tested the high-yield nuclear device. We assess they will continue to do these testings. Specifics of what you are asking, I think is better moved to a closed session rather than here.

Senator SULLIVAN. The President has put forward what I would consider a red line, in terms of U.S. policy. I think you, in one of your hearings recently, agreed with that, that he’s saying, “We’re not going to allow the North Koreans to have the capability to have an intercontinental ballistic nuclear missile that can hit the United States.” That would include my State of Alaska, which is a little closer. Has North Korea crossed that red line yet?

Director COATS. I don’t believe they’ve crossed that red line yet, but I think that policy is still in place.

Senator SULLIVAN. Do you think they’re going to cross that red line within the year, 2018?

Director COATS. I—you know, we do everything we can to assess what Kim Jong-un is thinking and what the regime might do, but it’s been unpredictable, as you know, so that’s just a matter—the message has been loud and clear.

Senator SULLIVAN. Is it likely that they’ll cross that red line this year?

Director COATS. I cannot assess that they would—well, when you describe—define “red line,” are you talking about—

Senator SULLIVAN. I’m talking about——

Director COATS.—their capabilities or their——
Senator SULLIVAN.—the capability to fire an intercontinental bal-
listic nuclear missile that can range any State in America, includ-
ing——
Director COATS. Well, we know they’re——
Senator SULLIVAN.—Alaska and Hawaii.
Director COATS.—we know they’re pursuing their capability.
Whether they exercise that capability, or not, that would cross that 
red line is—we don’t know.
Senator SULLIVAN. Thank you.
Thank you, Mr. Chairman.
Senator WICKER. Thank you, Senator Sullivan.
Senator Warren.
Senator WARREN. Thank you, Mr. Chairman.
The Committee on Foreign Investment in the United States, 
CFIUS, reviews acquisitions by foreign companies to ensure that 
they don’t threaten our national security. The Director of National 
Intelligence investigates the national security risks proposed by 
proposed foreign investment transactions. Director Coats, your 
threat assessment observed that China and others are using legal 
ways to acquire American early-stage technologies, and that these 
foreign acquisitions erode our competitive advantage. So, I’d like to 
explore that just a little bit.
General Ashley, as head of the Defense Intelligence Agency, you 
look at foreign acquisitions of U.S. technology through the lens of 
national security risks to the supply chain for our government and 
our military.
I want to pick up on this where Senator McCaskill left off. Given 
that China and others will continue efforts to acquire our tech-
nologies, how well are we identifying emerging technologies that 
are critical to maintaining our military advantage over our adver-
saries, both in the near future and beyond?
Lieutenant General ASHLEY. What I can speak to are the tech-
nologies that are coming out and what we do to go through the 
supply chain, risk management, counterintelligence, how we exam-
ine those that are tied into the Department——
Senator WARREN. I—if I can, General, let me just narrow the 
question up. The question I’m asking is, Are we doing a good job 
of identifying all of the critical technologies that are subject to the 
Chinese? That’s the first part. You’ve got to know that it’s within 
your lens to take a look at.
Lieutenant General ASHLEY. Yeah. I can’t speak to the totality 
of everything that’s out there that would be examined. But, when 
you talk about how they acquire, some of it’s legal, some of it is 
illegal, and some of it is—they’re starting to build their own tech-
nology now.
Senator WARREN. Okay, that’s—I understand that. I’m a little 
concerned, though, about our ability to monitor this in advance. I’m 
very concerned.
Let me ask this, General Ashley. Do you believe that government 
investment in basic scientific research is critical to developing 
those technologies that maintain our military advantage?
Lieutenant General ASHLEY. I do.
Senator WARREN. Good. You know, I think it’s important for us 
to be proactive in identifying emerging technologies that foreign ad-
versaries will try to poach, and to continue investing in the research that strengthens our economy and our national security. So, that's the point I'd like to underline today.

I also have another question I want to ask. I want to pick up where Senator Heinrich left off. One of the tools we have to hold Russia accountable is sanctions. Congress overwhelmingly passed a law last year requiring sanctions on anyone that engages in cyberattacks on behalf of the Russians. The Trump administration has not imposed these required sanctions, even though Russia will continue trying to interfere in our elections. Last week, I asked the NSA Director what message it sends to Vladimir Putin when the Trump administration does not implement mandatory sanctions to counter Russian cyberattacks. Admiral Rogers said—and I will quote him—"I believe that President Putin has clearly come to the conclusion that there's little price to pay here, and that, therefore, I can continue this activity." And he concluded by saying, "Clearly, what we've done hasn't been enough."

Director Coats, do you agree with Admiral Rogers?

Director COATS. I do believe what we've done has not done enough. Sanctions are under consideration. Secretary of Treasury has indicated, I think as early as next week, he may be listing some of those sanctions. Clearly, we have not successfully countered, in an offensive way rather than defensive way, how to deal with some of the cyberattacks——

Senator WARREN. Okay. So——

Director COATS.—that are coming.

Senator WARREN.—so you agree that we have not done enough. How about Admiral Rogers' statement when he says, "I believe that President Putin has clearly come to the conclusion that there's little price to pay here," meaning for Russian cyberattacks, "and that he can, therefore, continue this activity"? Do you agree with the Admiral on that?

Director COATS. I think they have seen some successes. I don't know to what extent they believe that the success they wanted to achieve. I do support what has been discussed relative to the transparency and informing the American people. And——

Senator WARREN. So, is that——

Director COATS.—our job, as intelligence community, is to inform the American people of this so that they take more—exercise better judgment as—in terms of what is real news and fake news.

Senator WARREN. Wait. You think our job is only to inform the American people? I think our job is to——

Director COATS. I didn't say it was the only——

Senator WARREN.—take some countermeasures.

Director COATS. I did not say that's our only job. I said that's one of the things that we do——

Senator WARREN. It's one of the things——

Director COATS.—as an intelligence community.

Senator WARREN.—we did.

Director COATS. That's correct.

Senator WARREN. Did you agree with Admiral Rogers’ statement, or not? I didn't hear whether there was a yes or no in there.

Director COATS. I said I think—I'd agree that there was more that we can do, and it's under consideration.
Senator WARREN. I—you know, I don’t care if you’re a Democrat or a Republican, as Americans we should all be appalled that Vladimir Putin thinks he gets to play a role in the outcome of our elections.

Director COATS. I couldn’t agree more.

Senator WARREN. Good. We need to prevent that from ever happening again.

Director COATS. And that’s why part——

Senator WARREN. But——

Director COATS.—transparency is really part of the effort——

Senator WARREN. Well, I’m——

Director COATS.—of engaging.

Senator WARREN.—all for transparency, but, if the Trump administration doesn’t implement sanctions, as required by Congress, then we are not using every tool we can to effectively deter Russia from undermining our democracy——

Director COATS. As I’ve said, Secretary Mnuchin’s going to be announcing those, I believe, within a week.

Senator WARREN. Eventually.

Senator INHOFE [presiding]. Senator Cruz.

Senator CRUZ. Thank you, Mr. Chairman.

Gentlemen, thank you for your service, thank you for being here today.

Director Coats, in your written testimony, you said, “Iran remains the most prominent state sponsor of terrorism, providing financial aid, advanced weapons and tactics, and direction to militant and terrorist groups across the Middle East, and cultivating a network of operatives across the globe as a contingency to enable potential terrorist attacks.” As you know, as part of the Obama nuclear deal, billions of dollars flowed into Iran, including $1.7 billion in unmarked cash delivered in pallets in the dark of night.

In your judgment, have—has some of those billions of dollars—has some of that money been used to finance terrorist operations?

Director COATS. Likely.

Senator CRUZ. What do—in your judgment, is the greatest terrorist threat posed by Iran?

Director COATS. Iran has a lot of malign activities going on right now, but seems to me that the greatest current threat is the support for Hezbollah and Hezbollah’s positioning itself against Israel. That has turned into a hotspot, and Iran has made this possible for Hezbollah to move into Syrian territory very close to Israel and arm themselves to the point where it could turn into a major conflict.

Senator CRUZ. Well, and indeed, in recent weeks, we saw, for the first time ever, an Iranian drone crossing into Israeli airspace, piloted by Iranians. What do you see as the consequences that Iran now feels strong enough, belligerent enough to be directly leading attacks on Israel with Iranian weapons, by Iranians?

Director COATS. Well, it could have very serious conflicts—conflict result from all of that. We know Israel will not be able to tolerate that kind of threat directly on their border. And so, it’s—I think it’s a situation of significant concern.
Senator Cruz. Is Iran continuing its research and development and testing of ICBM technology?

Director Coats. They continue to develop and test their missiles. They claim it’s not for that purpose. But, there appears to be violations of U.N. Security Resolutions relative to what they're doing. That is one of the malign activities that we’re very concerned about.

Senator Cruz. The missiles they’re testing, they’re not merely short-range missiles that might strike Israel, but they also include ICBMs that could reach the United States of America.

Director Coats. I’d like General Ashley to——

Lieutenant General Ashley. Yeah, so what——

Director Coats.—discuss it.

General Ashley.—so, what they have in their inventory are short-range ballistic and medium-range ballistic missiles. They do have a space-launch vehicle, the Simorgh, which they've tested a couple of times. The reliability is not there. Today if you were to ask me, Does Iran have an ICBM capability?—they do not. Is that aspirational? Yes. Could they take that space-launch vehicle and start working that toward an ICBM capability? They could, but that is many years out.

Senator Cruz. Do we see indications of North Korea sharing their ICBM research and development with Iran?

Lieutenant General Ashley. From an Iranian standpoint in their ballistic missile program, really the seed corn of their ballistic missile program started back in the 1980s, in the Iran-Iraq War. It was the Scud technology. Really where Iran wants to be right now is self-sufficient, so they want to have the ability not to depend on North Korea, like they did back in the 1980s, so they are self-sufficient in terms of how they're developing their program.

Senator Cruz. Let's shift for a minute to North Korea. In January 2018, Kim Jong-un publicly called for, “contact travel and cooperation between North and South Korea.” And then yesterday, Kim Jong-un hosted a ten-member delegation of South Korean officials in Pyongyang. According to President Moon’s national security advisor, who led the delegation, North Korea signaled a, “clear intent to pursue denuclearization, and is willing to hold talks with the U.S.”

Director Coats, do we have any reason to believe that Kim Jong-un would be willing to give up nuclear weapons?

Director Coats. He has repeatedly stated that he would not give that up. He sees that as existential to his regime's survival and to his own survival. I've—we have seen nothing to indicate otherwise, that he would be willing to give up those weapons.

Senator Cruz. What do you make of these statements to the contrary? Is this simply propaganda? Is this—what’s your assessment of it?

Director Coats. Well, I think it's too early to make a clear assessment. We need to hear from our interlocutors, who will be coming here, as well as South Koreans, to discuss what they have discussed. I spoke earlier about my history, here, of watching this movie a couple of times before with both Republican and Democrat administrations, the frustration of getting into talks with North
Korea and not succeeding, buying them time to do what they want to do.

I have very, very low confidence in what their intent might—to be—if their intent is for denuclearizing. We have seen no evidence to that point—to that decision at this point.

Senator Cruz. General, do you have a view on this question?

Lieutenant General Ashley. I agree with the Director. I mean, everything we’ve seen leads us down a path that really the preservation of the regime from any kind of external threat is central to that weapons program. And the lessons he’s taken away from the likes of Gaddafi that have given up programs puts him at risk. It was surprising to see that in the paper this morning, and we’ll see where the talks go.

Senator Cruz. Thank you.

Senator Inhofe. Thank you, Senator Cruz.

Let me make a comment about that, because—I’m glad you brought that up, Senator Cruz. We talked about this earlier. And General Ashley and I had a disagreement about this. Let me tell you why I feel a little differently than both of you.

I, too, have been here while you’ve been here, Dan, and we’ve listened to this, and we’ve seen this movie before, and all that. But, you’ve got to keep in mind that Kim Jong-un just came off of eight years with someone in, I say, a policy of appeasement from the Obama administration. Then all of a sudden, when the response came on pressing the button, and he responded in a very, very straightforward way—he, being our President—then all of a sudden, the phone call went down to South Korea, “Yeah, we want to participate with you in the Winter Olympics.” I was watching this, because I was there at the time—not at the Winter Olympics, but I was in the South China Sea. And I thought, you know, that happening, and then, of course, what happened last night is something that is kind of unprecedented in coming forth and saying, under some conditions, he would follow the denuclearization.

I’ve—I’m a little more—or more optimistic than your “hope springs eternal,” Dan, but I do think, and I want to think, that this aggressive behavior of our President is going to have a positive effect on him.

Director Coats. I think we would all like to think that. And I hope that that’s the case. I just think we should go into this eyes wide open, and look at the history of what has happened before, before we get too excited about this.

Senator Inhofe. Yeah, well—and I agree with that. I agree with that.

Any further comments, Senator Reed?

All right. We’re going to go ahead, before someone else comes in, and release this crowd.

Thank you.

[Whereupon, at 11:57 a.m., the hearing was adjourned.]

[Questions for the record with answers supplied follow:]
QUESTIONS SUBMITTED BY SENATOR BEN SASSÉ (R–NE)

CYBER WAR POLICY

1. Senator Sasse. Director Coats, you said that the U.S. does not have a clear policy or strategy for cyber war. How do the 17 agencies in the Intelligence Community make recommendations to policy makers if there is no strategy or policy to follow?

Director Coats. [Deleted.]

CYBER DETERRENCE

2. Senator Sasse. Director Coats and LTG Ashley, is our failure to deter Russian and Chinese cyber-attacks one of intelligence, will, or technical ability?

Director Coats. [Deleted.]

Lieutenant General Ashley. [Deleted.]

QUESTIONS SUBMITTED BY SENATOR TIM SCOTT (R–SC)

RUSSIAN NUCLEAR CAPABILITIES

3. Senator Scott. LTG Ashley, the Nuclear Posture Review recently released by the Department of Defense stated “Russia is elevating the role of nuclear weapons, expanding and modernizing its nuclear forces, violating arms control treaties, and engaging in aggressive behavior.” Then late last week, Russian president Vladimir Putin personally announced Russia’s development of several new weapons, including a “nuclear powered and nuclear armed cruise missile.” I understand some of what Mr. Putin announced had already been in development, while other systems are far more outlandish and unlikely to be feasible.

What is your public assessment of the weapons systems announced by Mr. Putin?

Lieutenant General Ashley. Russia has a number of developmental programs intended to improve the capabilities of its Strategic Rocket Forces against U.S. missile defenses. These systems are technically feasible, and Putin’s highlighting them to the Duma indicates Russia will probably devote the resources to complete their development. Several of these systems may already have undergone some testing. DIA can provide more information in a classified forum.

• Russian President Putin revealed a nuclear-powered and nuclear-armed cruise missile in his address. He described the missile as having “practically unlimited range” allowing it to approach to the United States via unconventional routes not protected by traditional missile defenses. He also claimed it “was successfully launched at the central test range of the Russian Federation at the end of 2017.” During the speech, a video depicted the missile leaving Russia at very low altitude in a mountainous terrain, transiting the Atlantic Ocean while avoiding a number of missile defense radars from the Arctic Circle to the southernmost tip of South America, and traveling northwards in the Pacific Ocean uninhibited. This is the first known public revelation of this system.

• Putin discussed a nuclear-powered and nuclear-armed unmanned underwater vehicle (UUV). He indicated it was a long-range system capable of carrying a nuclear warhead. Russia first revealed a system like this, known as “Status-6,” in a disclosure to the Russian press in 2015. According to the 2015 disclosure the Status-6 is a “robotic minisubmarine” capable of 100 knots with a range of 5,400 nautical miles. The 2015 disclosure also indicated it is intended to “destroy important economic installations of the enemy in coastal areas and cause guaranteed, devastating damage to the country’s territory by creating wide areas of radioactive contamination, rendering them unusable for military, economic, or other activity for a long time.” A video played during the speech depicted the UUV attacking an aircraft carrier.

• Putin also revealed “a heavy intercontinental missile” called Sarmat. He claimed it would be “equipped with a broad range of powerful nuclear warheads, including hypersonic” and would have the ability to “attack targets both via the North and South poles.” Putin claimed the Defense Ministry is “in the active phase of testing” this system. A video played during the speech depicted a missile emerging from a silo, followed by a simulated ballistic trajectory flying over the South Pole toward the United States.

• Putin publicized a “high-precision hypersonic aircraft missile system” known as Kinzhal, which he claimed is “capable of delivering nuclear and conventional warheads in a range of over 2,000 kilometers and 10 times the speed of sound.”
Putin indicated that successful tests of the system have been completed, and that the system is able to “maneuver at all phases of its flight trajectory”.

- Putin discussed the Avangard gliding wing unit, capable of speeds “in excess of Mach 20” with the ability to perform intensive lateral and vertical maneuvers. A video played during the speech depicted the system launching atop a silo-based missile and maneuvering around air-defense locations.

4. Senator Scott. Director Coats, do you believe Mr. Putin’s announcement makes the world a more dangerous place for Americans?
Director Coats. [Deleted.]

RUSSIA’S LOW-YIELD NUCLEAR WEAPONS

5. Senator Scott. LTG Ashley, last week General Scaparrotti described to me a Russian strategy of “escalate to dominate,” where Russia could seek to make permanent any territorial seizure by threatening to use low-yield nuclear weapons to defend those gains. This strategy would seek to deter NATO or the U.S. from acting to reverse those gains. This would appear to be a dramatic decrease in the threshold for using nuclear weapons, and incredibly destabilizing.

What can you publicly tell this Committee about Russia’s development of a new generation of nuclear weapons, including these low-yield devices?

Lieutenant General Ashley. Public statements by Russian scientists and officials since the early 1990s indicate that low-yield devices have been part of Russia’s nuclear stockpile. Very-low-yield nuclear weapons reportedly could be used to head off a major conflict and avoid full-scale nuclear war. Vladimir Putin in a 2013 interview discussed their destabilizing effects including how low-yield nuclear weapons could lower the threshold for conducting a nuclear strike in a conflict.

- Russian media cited experts suggesting the Avangard hypersonic winged glider unit will be equipped with a low-yield warhead but maintain higher effectiveness with improved accuracy.

- In a 2007 interview with a Russian news agency, Colonel-General Vladimir Verkhovtsev, chief of the Ministry of Defense 12th Main Directorate addressed Russia’s NSNW strategy. He indicated that “for Russia, tactical nuclear weapons are a deterrent factor against aggressive pressures against it.”

6. Senator Scott. Director Coats, do you believe Russia’s actions with its nuclear arsenal signal the start of a new nuclear arms race?
Director Coats. [Deleted.]

RUSSIAN ACTIVITIES IN THE MIDDLE EAST

7. Senator Scott. Director Coats, as the situation in the Middle East grows increasingly complex, I am concerned about Russia’s role in the region. Ties between Russia and Turkey, a member of NATO, appear to be growing and solidifying. Russian mercenaries are fighting alongside Syrian troops, while Russian aircraft support them in the skies. Syria and its president, Bashar Assad, are Russia’s only remaining ally in the Arab world. It is clear to me that Putin and Russia are investing a great deal in Syria and the Assad regime’s survival, including the blood of Russian citizens. The Washington Post reported on February 22nd that the Russian Foreign Ministry acknowledged “several dozen” Russians were killed when they attacked a position held by the US and its allies.

Senator Scott. How far will Russia go to defend the Assad regime and ensure its survival?
Director Coats. [Deleted.]

8. Senator Scott. Director Coats, should we be concerned about Russia implementing its “escalate to dominate” strategy in Syria and threatening the use of low-yield nuclear weapons to protect its interests there?
Director Coats. [Deleted.]

9. Senator Scott. LTG Ashley, if Russia does pursue its “escalate to dominate” strategy in the Middle East, how you think Israel will respond?
Lieutenant General Ashley. [Deleted.]
10. Senator Blumenthal. Director Coats, it was recently reported that foreign officials in at least four countries discussed how to influence Jared Kushner through his business arrangements, financial difficulties, and lack of foreign policy experience. Kushner’s access to highly sensitive, classified information should have been not just downgraded, but eliminated long ago. Did you provide advice to Chief of Staff John Kelly regarding his newly-issued policy on interim clearances?

Director Coats. Under Executive Order 12968, where official functions must be performed, temporary eligibility for access to classified information may be granted. While the DNI has oversight responsibilities of personnel security programs, agency heads are responsible for establishing and maintaining an effective program to ensure that access to classified information by personnel is clearly consistent with the interest of national security.

11. Senator Blumenthal. Director Coats, do you agree that there is no reasonable justification for a yearlong policy that allowed people who may have very harmful secrets in their own backgrounds to have access to our nation’s secrets?

Director Coats. Background Investigation (BI) or adjudication timeframes can vary depending upon many factors, so there is no categorical “yes” or “no” response that can be provided for this question. Agency heads are responsible to ensure that access to classified information by personnel is clearly consistent with the interest of national security. Part of this responsibility includes making the decision to grant an interim clearance until a final clearance determination has been rendered. I believe it is imperative to take every step necessary to resolve the current security clearance backlog to largely obviate the need for interim clearances.

12. Senator Blumenthal. Director Coats, do you agree that having individuals who are not properly cleared involved in White House decision making processes can pose a threat to national security?

Director Coats. It is important that all steps be taken to fully clear any individual who will have access to classified information. From time to time, an Agency head can grant temporary access to classified information to an individual consistent with the interests of national security. When that happens, the individual is fully briefed on the responsibility and obligation to protect classified information.

13. Senator Blumenthal. Director Coats, are you aware of attempts by foreign governments to leverage the business interests of the Trump Administration to influence policy decisions? Have you discussed with your colleagues concerns about risks of business interests being used as leverage with advisors to the President?

Director Coats. [Deleted.]

14. Senator Blumenthal. Director Coats, you stated in your testimony, “US allies and partners’ uncertainty about the willingness and capability of the United States to maintain its international commitments may drive them to consider reorienting their policies...” Can you please describe more what you mean by this statement? What commitments are you most concerned about?

Director Coats. [Deleted.]

RUSSIA

15. Senator Blumenthal. Director Coats, in January 2017, your predecessor James Clapper released the declassified report entitled, “Assessing Russian Activities and Intentions in Recent US Elections.” Over a year has passed since this report was first published and the threat has only increased. The report noted, “Moscow will apply lessons learned from its Putin-ordered campaign aimed at the US presidential election to future influence efforts worldwide, including against US allies and their election processes.” Will you commit to issuing an updated report to provide an accurate and updated threat assessment that can inform our government’s ability to address vulnerabilities in our election system so that we do not further erode public faith in our democracy?

Director Coats. [Deleted.]

16. Senator Blumenthal. Director Coats, you stated in your testimony, “We assess that the Russian intelligence services will continue their efforts to disseminate false information via Russian state-controlled media and covert online personas
about US activities to encourage anti-US political views.” Would you agree with me that our response to Russia has been inadequate?

Director COATS. [Deleted.]

17. Senator BLUMENTHAL. Director Coats, you noted in your testimony: “Foreign elections are critical inflection points that offer opportunities for Russia to advance its interests both overtly and covertly. The 2018 US mid-term elections are a potential target for Russian influence operations. At a minimum, we expect Russia to continue using propaganda, social media, false-flag personas, sympathetic spokespeople, and other means of influence to try to exacerbate social and political fissures in the United States.” What changes in Russian activity have you seen in the last year? Would you assess that our lack of action has failed to deter the Russians, meaning they have not been forced to change their course of action?

Director COATS. [Deleted.]

CYBERATTACKS

18. Senator BLUMENTHAL. Director Coats, last June, Russia’s military launched the NotPetya ransomware cyberattacks against Ukraine, but it was not until last month that the United States and U.K. attributed the attack. Yet this delay in attribution is nothing new, as the United States only attributed the May 2017 WannaCry cyberattack to North Korea in December 2017. Attribution is an important step, but must come far sooner and be followed by swift action. Why are the sources of these attacks not identified to the public sooner? What are you doing to connect the dots at a more rapid pace?

Director COATS. [Deleted.]

19. Senator BLUMENTHAL. Director Coats, your testimony noted, “Russia, China, Iran, and North Korea will pose the greatest cyber threats to the United States during the next year. These states are using cyber operations as a low-cost tool of statecraft, and we assess that they will work to use cyber operations to achieve strategic objectives unless they face clear repercussions for their cyber operations.” It sounds like you would agree with me that our actions thus far have not made them pay a steep enough price to realize that they have more to lose than gain with their behavior?

Director COATS. [Deleted.]

QUESTIONS SUBMITTED BY SENATOR MARTIN HEINRICH

RUSSIAN BALLISTIC MISSILE DEFENSE CAPABILITIES

20. Senator HEINRICH. LTG Ashley, last week Vladimir Putin boasted about his nuclear arsenal saying that it was “invincible,” claiming it can overcome our missile defenses. I want to turn that proposition on its head. How would you assess the effectiveness and reliability of Russia’s ballistic missile defense?

Lieutenant General ASHLEY. [Deleted.]

21. Senator HEINRICH. LTG Ashley, would you say Russia’s ballistic missile defenses are 100 percent effective?

Lieutenant General ASHLEY. [Deleted.]

22. Senator HEINRICH. LTG Ashley, would you assess that Russian ballistic missile defenses make them “invincible” against our nuclear delivery systems?

Lieutenant General ASHLEY. [Deleted.]