

# WORLDWIDE THREATS

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## HEARING

BEFORE THE

## COMMITTEE ON ARMED SERVICES UNITED STATES SENATE

ONE HUNDRED EIGHTEENTH CONGRESS

SECOND SESSION

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MAY 2, 2024

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## **WORLDWIDE THREATS**

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**THURSDAY, MAY 2, 2024**

UNITED STATES SENATE,  
COMMITTEE ON ARMED SERVICES,  
*Washington, DC.*

The Committee met, pursuant to notice, at 9:30 a.m. in room SH-216, Hart Senate Office Building, Senator Jack Reed (Chairman of the Committee) presiding.

Committee Members present: Senators Reed, Shaheen, Gillibrand, Blumenthal, Hirono, Kaine, King, Warren, Peters, Rosen, Wicker, Fischer, Cotton, Rounds, Ernst, Cramer, Scott, Tuberville, Mullin, Budd, and Schmitt.

### **OPENING STATEMENT OF SENATOR JACK REED**

Chairman REED. Good morning. The Committee meets today to receive testimony on the global threats facing the United States and our international partners. I would like to welcome our witnesses, Director of National Intelligence (DNI) Avril Haines, and Director of Defense Intelligence Agency, Lieutenant General Jeffrey Kruse.

I would take a moment to recognize that this is General Kruse's first posture hearing before the Committee. Thank you both for joining us, and please convey the Committee's gratitude to the men and women of the Intelligence Community (IC) for their critical work.

Over the past several months, this Committee has received testimony from nearly every Military Department, Armed Service, and Combatant Command about the threats they face. As they have testified and as the DNI's Annual Threat Assessment has made clear, these challenges are evolving quickly. China, Russia, Iran, and North Korea seek to undermine, if not outright challenge, the United States' interest and leadership in the world. I am encouraged that many of these threats are addressed, in part, by the National Security Supplemental that Congress passed 2 weeks ago. This bill was long overdue, but we cannot overstate its importance.

Even in our most conflicted moments the world looks to the United States for leadership. Our allies rely on us for fortitude, and our adversaries hope for us to falter. By finally passing the National Security Supplemental, Congress sent a powerful message to the world. The legislation demonstrates that we stand resolutely with our allies and partners and that America's interests and safety will not be challenged by dictators or bullies.

For the Ukrainians, the bill would provide critical weapons, ammunition, and combat vehicles to revitalize their heroic fight for

freedom. Vladimir Putin must be stopped, both for the safety of Ukraine's survival and the security of all Americans. As the Annual Threat Assessment warns, Putin has repeatedly said that if he succeeds in Ukraine he intends to, quote, "reunify other former Soviet states." This would almost certainly involve direct military conflict with a NATO [National Atlantic Treaty Organization] country, requiring the United States to send our own men and women into harm's way.

Director Haines, General Kruse, I would ask for your assessment of the Ukraine conflict in the larger context of the evolving international order. I hope you will also address the extent to which Russian and Chinese efforts are aligning under their so-called no-limits partnership, and potential implications for United States national security.

As we know, China is watching us closely, and the supplemental aid package will serve as an important deterrent to President Xi's aggressive ambitions in the Indo-Pacific and around the world. For several decades, the People's Liberation Army (PLA) has studied the United States' way of war and focused its efforts on countering our advantages. China has invested in offsetting technologies like anti-access and aerial denial systems, artificial intelligence (AI), hypersonics, and of course, nuclear weapons.

Further, China has leveraged a combination of military and civil power against its neighbors, including statecraft, economic pressure, coercion, and deception. Beijing has sought ways to achieve its national objectives while avoiding a direct confrontation with the United States military.

Just as Chinese leaders have studied our way of war, we need to study theirs. With that in mind, I would ask our witnesses for their assessment of how China is evolving its competitive strategies and objectives. I would also appreciate an update on what military and non-military factors are most likely to impact Chinese decision-making, with respect to potential coercive actions against Taiwan and other regional partners.

Finally, in the Middle East I am concerned that we are facing a uniquely dangerous moment. With Israel and Hamas engaged in a violent conflict in Gaza, Iran is seeking to exploit the chaos as an opportunity to force the United States out of the region. Iran appears to have calculated the best strategy to achieve this is by directing its proxy forces to attack American, Israeli, and allied interests in the Middle East.

The Iranian-linked Houthi rebels in Yemen have launched hundreds of drones and missile attacks against United States and international vessels in the Red Sea, and even further, disrupting nearly 15 percent of global commercial trade, driving up costs and inflation around the world. The National Security Supplemental will equip United States Forces with the resources they need to protect our servicemembers and international shipping lanes and will help Israel defend itself from vicious attacks from Iran, Hamas, and other violent groups.

Just as importantly, it will provide critical humanitarian aid to Palestinians caught in the crossfire. I would appreciate our witnesses' perspectives on these complex challenges.

Thank you again to our witnesses. I look forward to your testimony.

As a reminder for my colleagues, there will be a closed session immediately following this hearing in room SVC-217.

Now let me turn to Ranking Member Wicker.

#### **STATEMENT OF SENATOR ROGER WICKER**

Senator WICKER. Thank you very much, Mr. Chairman. Today's hearing is a chance for the Committee to hear the Intelligence Community's assessment of the many threats that our country faces. I regularly hear from our Nation's top uniformed and civilian personnel. Their testimony makes it clear to me that the United States faces a troubling threat environment and that the situation urgently requires American leadership.

Armed conflict is raging in multiple theaters. Regional instability is on the rise. Violent Islamic terrorism is expanding. Several of our principal adversaries are deepening their cooperation, forming a new axis of evil and striving to reshape the geopolitical order.

We have reached a pivotal moment in history. The decisions we make this year will have far-reaching implications for our national security.

It is disturbing to me that the Intelligence Community seems unable to give our national security officials or the American public an answer about the size of the Chinese defense budget. That said, we do know that our principal adversary, Communist China, has announced another 7.2 percent increase to its defense budget for 2024. I would like our witnesses to articulate a plan for how they will answer this question, a plan that involves more than one full-time analyst working on the problem, as is currently the case.

No matter the exact size of the Chinese budget, we see with our own eyes, in public and in classified settings, the scope and scale of the Chinese military modernization. If we hope to maintain deterrence or win a fight, we will need the military and the Intelligence Community to work more closely together than they ever have. To that end, I would like to understand what specific policies the Intelligence Community has changed to enable a more effective targeting process for the military.

Beijing is leading that increasingly integrated axis of countries bent on undermining United States' interest. This new alignment of cooperation among China, Russia, Iran, and North Korea is a greater menace than we have faced in decades. I do not believe the American people have a sufficient understanding of the danger. Many of us do not know the ways in which these adversaries are working together to make Americans, our allies, and our partners less safe. I hope our witnesses can comment with specific examples about this new threat.

The national security supplemental that Congress passed last week is an important and historic step in the right direction, as the Chairman just stated. It was necessary, but it is insufficient. We have much more work to do to restore our industrial base to a war-time footing, to strengthen our allies, and to get innovative technologies into the hands of our servicemembers. We do all of this because we hope to prevent a war from ever coming to pass.

So I thank our witnesses for their service to the country and for being with us today. Thank you.

Chairman REED. Thank you, Senator Wicker. Director Haines, please.

**STATEMENT OF THE HONORABLE AVRIL D. HAINES,  
DIRECTOR OF NATIONAL INTELLIGENCE**

Director HAINES. Thank you very much, Chairman Reed, Ranking Member Wicker, and members of this Committee. Thank you for the opportunity to be here alongside my wonderful colleague, General Kruse, the Director of the Defense Intelligence Agency, to present the IC's Annual Threat Assessment.

Before I start I want to thank publicly the people of the Intelligence Community, from the collector to the analyst and everybody in between. We are presenting the result of their labor at this hearing. They work tirelessly every day to support our military, to keep our country safe and prosperous, and we are proud to represent them.

Today the United States faces an increasingly complex and interconnected threat environment characterized by really three categories of challenges. The first is an accelerating strategic competition with major authoritarian powers that are actively working to undermine the rules-based order and the open international system, which the United States and our partners rely on for trade, for commerce, and for the free flow of information.

The second category is a set of more intense and unpredictable transnational challenges such as cybersecurity, terrorism, climate change, narcotics trafficking, and health security that often interact with traditional state-based political, economic, and security challenges.

The third category is made up of regional and localized tensions, including those that have erupted into full-blown conflicts, with far-reaching and at times cascading implications, not just for neighboring countries but globally. All three categories are affected by trends in new and emerging technologies, environmental changes, and economic strain that is stoking instability, making it that much more challenging for us to forecast developments and their implications.

The report we have issued goes through the threats we see in all three categories as they intersect with these key trends, giving you a sense of the IC's baseline assessments of the most pressing threats to U.S. national interests.

Rather than attempt to summarize the report here I will just touch on some of the issues that I know are top of mind, starting with the PRC's [People's Republic of China] outlook this year, then provide a brief update on Russia's invasion of Ukraine, the conflict in Gaza, and the scale and scope of cyberattacks that we are currently monitoring.

With respect to the PRC, President Xi and his senior leadership expect some degree of future instability in the bilateral relationship with the United States, and they continue to believe that the United States is committed to containing China's rise and undermining the party's rule. They also perceive value in projecting sta-

bility in the relationship this year, particularly from a domestic economic perspective, which is their main priority.

We assess that the PRC's leadership recognizes the productivity, debt, demographic demand challenges that China's economy is facing. Rather than looking to stimulate consumer spending or adopting more investment-friendly approaches, President Xi appears to be doubling down on a long-term growth strategy powered by manufacturing strength and technological innovations that will almost certainly deepen public and investor pessimism over the near term.

President Xi is counting on China's investments in technology, such as advanced manufacturing and robotics, artificial intelligence, and high-performance computing to drive productivity gains and spur growth in the future. Yet he is increasingly concerned about the United States' ability to interfere with China's technological goals.

Consequently, PRC leaders modified their approach to economic retaliation against the United States over the last year, imposing at least some tangible costs on United States firms. We remain of the view, though, that in the coming months they are likely to limit the level of economic retaliation they engage in, in order to avoid the domestic costs of such actions. In particular, the significant decline in foreign direct investment in China, down 77.5 percent in 2023, is likely to prompt the PRC to be more measured in their responses absent an unexpected escalation by the United States. Rather than engaging in direct economic retaliation that might result in such negative domestic economic consequences, the PRC's tactics are evolving to promote an increasingly sophisticated exploitation of loopholes, avoid detection, engage in stockpiling.

Moreover, the PRC also remains focused on achieving its regional and global ambitions, which warrants, from their leadership's perspective, a strategy to boost China's indigenous innovation and technological self-reliance, supports efforts to acquire, steal, or compel the production of intellectual property and capabilities, and controls critical global supply chains that provide the leverage to achieve certain geopolitical outcomes to their advantage.

Furthermore, given its ambitions, Beijing will continue to use its military forces to intimidate its neighbors and to shape the region's actions in accordance with the PRC's priorities, most obviously in relation to Taiwan as the PRC presses for unification. We expect the PLA will field more advanced platforms, deploy new technologies, grow more competent in joint operations, and seek to strengthen their nuclear forces and cyber capabilities will also seeking to divide us from our allies in Europe and in the Indo-Pacific.

In the meantime, China is working to develop its own form of multilateralism while deepening its relationship with Russia and Iran, in particular. In fact, China's provision of dual-use components and material to Russia's defense industry is one of several factors that tilted the momentum on the battlefield in Ukraine in Moscow's favor, while also accelerating a reconstitution of Russia's military strength after their extraordinarily costly invasion.

When it comes to Ukraine, we assess that President Putin thinks that domestic and international trends are in his favor. Russia is making incremental progress on the battlefield with the potential

for tactical breakthroughs along the front lines in areas such as Donetsk and Kharkiv. Publicly, Putin touts his ammunition and missile production capacity in contrast with what he portrays as significant United States, European, and Ukrainian limitations. He likely views his position based on Russia's economic trajectory, rearmament efforts, and his political staying power as advantageous compared with the challenges facing the Ukrainians, including the hard fight here and in Europe for continued support for Ukraine.

Like Ukraine, Putin has, for months, indicated a willingness to enter into talks with Ukraine and the United States about the future for Ukraine, but without any indication that he is willing to make significant concessions. Putin's increasingly aggressive tactics against Ukraine, such as the strikes on Ukraine's electricity infrastructure, are intended to impress on Ukraine that continuing to fight will only increase the damage to Ukraine and offer no plausible path to victory.

By targeting critical infrastructure, Moscow aims to create logistical hurdles that impede Ukraine's ability to move forces and supplies to the front, slow Ukrainian defense production, and build pressure for Kiev to consider pathways out of the war, including through negotiations. These aggressive tactics are likely to continue, and the war is unlikely to end any time soon.

In fact, in a major change in fiscal policy, President Putin has increased defense spending to almost 7 percent of Russia's GDP, nearly double the historical average. The defense budget now accounts for roughly 25 percent of Federal spending in Russia. In many ways this is prompted by the fact that Russia has paid an enormous price for the war in Ukraine. Not only has Russia spent hundreds of billions of dollars, suffering more military losses than in any time since World War II, with more than 300,000 casualties, but the war precipitated Finland's and Sweden's membership in NATO, which Putin believes requires an expansion of Russia's ground forces. Putin continues to judge that Russia is under threat and almost certainly assumes that a larger, better-equipped military will drive that point home to Western and domestic audiences.

Putin's strategic goals also remain unchanged. He continues to see NATO enlargement and Western support to Ukraine as reinforcing his long-held belief that the United States and Europe seek to restrict Russian power. In turn, he has tried to capitalize on global events such as the outbreak of the conflict between Israel and Hamas, to divide us from our allies.

The crisis in Gaza is another striking example of how a localized conflict can produce global impact. Nearly 7 months in, the Gaza conflict has roiled the Middle East, presenting new security paradigms and humanitarian challenges while pulling in a range of actors. Most prominently, there was the unprecedented level of attacks between Iran and Israel, with Iran and its proxies launching hundreds of weapons toward Israel in response to Israel's killing of Iranian officials in Damascus. Additionally, cross-border attacks along Israel's northern border with Lebanon continue at a pace and intensity that is controlled but has the potential to escalate, even as we continue to assess that Hezbollah does not want the situation to develop into an all-out war with Israel and the United States.

As of last week, the Houthis resumed nearly daily maritime attacks after announcing last month that they intend to escalate strikes and expand their hostile actions to the Indian Ocean. Meanwhile, Iranian-aligned militia groups in the region continue to plan attacks against our forces, but have broadly paused conducting such attacks, though it is not clear how long that pause will last.

Moreover, the crisis has galvanized violence by a range of actors around the world. Both al Qaeda and ISIS, inspired by Hamas, have directed supporters to conduct attacks against Israel and United States interests, demonstrating yet again the degree to which so many threat streams have system effects.

Finally, I will just end by talking about the increasing challenge associated with one of our most pernicious transnational threats, cyberattacks. We have seen a massive increase in the number of ransomware attacks globally in the last year, which went up as much as 74 percent in 2023. U.S. entities were the most heavily targeted, with attacks against the health care sector roughly doubling what they had been the year before.

Moreover, this year cyber actors are attacking U.S. industrial control systems, which are typically used to automate industrial processes at record levels. Many critical infrastructure sectors, including water and wastewater, food, and agriculture, defense, energy, and transportation rely on such systems. Although the likelihood of any single attack having a widespread effect on interrupting critical services remains low, the increased number of attacks and the actors' willingness to access and manipulate these control systems increases the collective odds that at least one could have a more significant impact.

In virtually all of the attacks we have seen against U.S. critical infrastructure, cyber actors took advantage of default or weak passwords, unpatched known vulnerabilities, and poorly secured network connections to launch relatively simple attacks. For this reason it is crucial that all of us, particularly critical infrastructure owners and operators, improve our cybersecurity practices to reduce our vulnerability to such efforts.

State actors, of course, can use more sophisticated capabilities to more reliably cause greater disruptions by breaching better-defended targets, resulting in, for example, multiple failures at once. State actors, however, also tend to recognize their own vulnerabilities, and are unlikely to engage in attacks on critical infrastructure unless they are at war. Instead, these actors put a premium on preparing offensive capability basically during peacetime, in part by preemptively planting footholds in our infrastructure. What is often the case, particularly in the context of ransomware attacks, is that we are dealing with unaffiliated cyber actors focused on obtaining money, power, or hacktivists who seek notoriety for specific causes.

There are, of course, so many threats and scenarios that I have not covered in my opening remarks, but I hope we can do so when we get to your questions. Most of all, thank you for your support for the Intelligence Community's work and also for the work on 702 reauthorization. We very much appreciate it. Thank you.

[The prepared statement of The Honorable Avril D. Haines follows:]

*Please see Appendix A for The Honorable Avril D. Haines prepared statement.*

Chairman REED. Thank you very much, Director. General Kruse, please.

**STATEMENT OF LIEUTENANT GENERAL JEFFREY A. KRUSE,  
USAF, DIRECTOR OF DEFENSE INTELLIGENCE AGENCY**

General KRUSE. Chairman Reed, Ranking Member Wicker, and distinguished members of this Committee, thank you for the opportunity to join Director Haines in presenting our assessment of the global security environment. I would like to streamline my opening comments this morning first by echoing the DNI's overall assessments in her remarks as well as her thanks to the men and women of the Intelligence Community.

The Defense Intelligence Agency alone has officers in more than 140 nations around the globe, and we are joined by thousands more from across the 18 members of the IC. With your support they are world class in their commitment and their results, and it is a privilege to represent them and their work before the Committee.

The national security arena's complexity, trajectory, and rate of change is perhaps the highest and most consequential we have seen in several decades. How we respond matters, and our level of innovation, focus, and integration must equal or outpace that of our adversaries. In this vein I would offer three overarching themes beyond what the DNI has already mentioned, that are the most concerning to me as the Director of the Defense Intelligence Agency.

First is that while individually threats are growing, whether specific countries or rapid growth in malign use of advanced technology, artificial intelligence, biotechnology, unmanned systems, or cyber, there are a growing number of adversaries who are interacting and partnering in ways, and toward ends, that we have not seen before. Historical friction points are no longer governing their relationships, and the new resulting partnerships are still nascent and untested, meaning how we predict and shape their trajectory is nascent and untested, as well.

Second, while much of our collection, our analysis, our modernization, and our engagements are laser-focused on near and midterm issues and impacts in Ukraine, the Indo-Pacific, and the Middle East, the long-term trajectory in these regions and the impacts on the United States are equally troubling and perhaps even more far-reaching. For example, how events in Ukraine play out in the months ahead will be critical and will impact how Russia emerges, postured and emboldened for potential future conflict with its neighbors, including NATO.

Similarly, the Chinese Communist Party's national and military plans are not solely focused on Taiwan and the South China Sea in the 2020's, but also on securing an entirely new place for the People's Republic of China throughout the 2030's and the 2040's. These ambitions and their associated military, space, cyber, and nuclear expansion to entice or compel outcomes are at the expense of their neighbors, the region, the United States, and the open international system.



In the Middle East, as mentioned, how the current conflict between Hamas and Israel is resolved is likely to determine regional dynamics for decades.

Consequently, how we view and adequately prepare for these longer-term outcomes is a near-term issue, with near-term actions required.

Then finally the third issue is our unquestionable need to protect our networks, our data, and our people from the pervasive threat of cyber actors, foreign intelligence entities, and insider threats. This includes not only the sophisticated capabilities of State actors, such as Russia and China, but also rogue cyber actors loosely aligned to governments.

In addition to what Director Haines has already stated on the growing threat to critical infrastructure and local governments, this threat directly endangers our defense industrial capabilities, our hard-won technological and military advantages, our allies and partners, and our future defense operations. We must partner, invest, and integrate in new ways to secure what we value and safeguard the assured resiliency of our networks, the data, and the people.

Thank you for the opportunity to appear before the Committee today. We are grateful for the Committee's longstanding partnership and support, and I look forward to your questions.

Chairman REED. Thank you very much, General.

For both the Director and the General, the Intelligence Community, I believe, and correct me if I am inaccurate, concluded that Iran was not aware prior to the attack by Hamas of the operation, but they seem to be exploiting it significantly by using their proxies throughout the region. As you pointed out, Director Haines, our retaliation in September, 82 different strikes, has at the moment inhibited many of their proxies. Still, the Houthis are conducting operations.

Can you give me an assessment of the Iranian strategy? Is it reactive or proactive? Are they trying to organize a decisive victory, or are they simply reacting to what is going on, or trying to take advantage of what is going on?

Director HAINES. Thank you so much, Chairman. I think really it is a combination of all of those things, which is to say that even though we do not assess that they were aware of the particular attack at the moment that it occurred, in the way that it did, they obviously have been supportive of Hamas in the past, have provided funding and training and other assistance of different types, and the reality is that, in many ways, they support efforts to counter Israel, as we have seen. They see Israel as their enemy, and they have long done so.

So as things have developed I think they are taking advantage of every opportunity to ultimately try to undermine the State of Israel, in many respects. So that is certainly part of what they are doing.

It is also, I think, true that they are looking to take advantage of opportunities to enhance their influence in the region, and that is something that, again, they have long worked on, whether it is through the Iranian-aligned militia groups that we are all aware of in the region or through their relationship with the Houthis, or

through their relationship with Hamas, and, of course, one of their closest partners, Hezbollah.

In supporting them, and in also increasing their influence there is a kind of a long-term strategy of trying to enhance that, including in countries like Iraq and so on.

General Kruse may have more to add.

Chairman REED. General Kruse?

General KRUSE. I think I would just echo a couple of things that the DNI mentioned. One is that they have had a long-term strategy, over many decades, and they have been long-term suppliers and supporters of the groups already mentioned.

Within that larger strategy, this conflict came into being and they have used every opportunity to take advantage of the circumstances. I would not call it necessarily reactive, but the ability to, within their larger construct, increase their influence and come out. At some point this conflict will end. Iran has gone through various sets of calculus over time about escalation or not escalating, and I think they are navigating a path by which they think they can create more influence within the region for the longer term environment that we will find at the end of the existing conflict.

Chairman REED. In looking at China you mentioned, both Director Haines and General Kruse, are trying to use their economic powers throughout the world's supply chains, and that seems to be the particular case with strategic minerals. Do you see us in a fight, quote/unquote, over securing adequate strategic minerals? These are essential to batteries and other things that could be the source of power in the next generation.

Director HAINES. Yes, absolutely. I mean, one way to think about this is as follows. They have used rare earth elements and critical minerals as a leverage point for achieving geopolitical outcomes in different spaces, because I think they both recognize their capacity with respect to mining and processing is significant, and it gives them the ability to sort of move forward on a plan for how do we control the global supply chains in these areas, and recognizing that these are incredibly important to the prosperity of many economic futures for different countries. Moving forward they have seen the ability to use that, again, as a leverage point.

What we have seen in this area, and I think their sort of history is a useful lesson in this, which is to say that they have actually passed laws, dating back decades now even, for being able to control the rare earth elements. We saw them actually use this first in the context of a dispute with Japan over the Senkaku Islands, where they ultimately used their leverage there by cutting off exports that were important to Japan's economy at the time, as a way of pressuring them in the context of a land dispute and a maritime dispute.

So I think that is an example of what we have seen. We have also seen them pass export controls of gallium and uranium more recently and other things that are important, and again, using this as a leverage point. I think what we have been trying to do is try to help policymakers understand how they are approaching this, where they are getting close to having control over a critical supply chain, and then being able to highlight opportunities for trying to disrupt that so that we can maintain resilience in these areas.

Chairman REED. Thank you. No need for a response unless I am inaccurate, but one the key advantages is they do a tremendous amount of refining, so these minerals could be—in fact, I think Australia has a huge cache of these minerals, but the refining is all done in China, and that is the choke point.

Director HAINES. Yes, lithium is a good example of this.

Chairman REED. Senator Fischer, please.

Senator FISCHER. Thank you, Mr. Chairman, and thank you both for being here today.

Director Haines, in the 2024 Annual Threat Assessment it stated that if Beijing believed that a major conflict with the United States were imminent it would consider aggressive cyber operations against U.S. critical infrastructure and military assets. Such a strike would be designed to deter U.S. military action by impeding U.S. decision-making, inducing societal panic, and interfering with the deployment of U.S. Forces.

In your opening comments you mentioned how Chinese cyber actors are currently working to disrupt and destroy some of our critical infrastructure, putting things in place for future possibilities of using that. In this setting, can you provide us with any examples of this type of malign cyber activity?

Director HAINES. Yes. I think just to be precise, but I think consistent with what you just said, what we see is both China and Russia effectively trying to pre-position themselves in ways that would allow them to conduct those kinds of attacks, not actually yet necessarily engaging in those attacks, and obviously we can discuss this further in a closed session.

I can get back to you. I think we do have one or two examples that we have declassified of where they have tried to produce such footholds, essentially, in infrastructure. So I will do so in a followup.

Senator FISCHER. Okay. Does the Intelligence Community work at all with our utility companies and others so that you can increase awareness about the possibility of attacks and how these companies can work with you to help mitigate their vulnerability?

Director HAINES. Yes. We do so largely through, for example, CISA [Cybersecurity and Infrastructure Security Agency] for cybersecurity related to critical infrastructure, but we are very heavily working with them to ensure that they are able to provide the kind of warnings that you are describing for critical infrastructure across the board. This is something that we spend quite a bit of time on, and as I indicated, we are seeing this sort of significant increase in attacks on control systems, which is so important to critical infrastructure. So much of our critical infrastructure relies on these types of automated control systems that are vulnerable to cyberattack.

But again, sort of working through exactly the attribution chain of where those attacks are coming from is quite challenging, and that is something that we spend quite a bit of time on. Again, as I indicated, so many of those attacks are basically possible as a consequence of just not engaging in good cybersecurity practices—not updating passwords, not doing the kind of work that needs to be done, patching vulnerabilities that we are aware of. The Government will put out notices, essentially, about such vulnerabilities,

and we really think it is crucial for folks to do those types of cybersecurity practices. Because if they did that, it actually would reduce the—yes, significantly.

Senator FISCHER. Right. Over the past several years we have watched as Russia and China, Iran, North Korea, they are rapidly expanding and modernizing their nuclear arsenals. They are also developing some really dangerous new capabilities that they can strike the United States with. It really can happen without much warning.

Do we have any idea, General or Director, on how large of stockpiles these countries have and/or also what their intention is in future production?

General KRUSE. I think in this setting I would say yes, we have a great insight into a handful of the countries with good precision. There are a few countries where we have some ranges, and in the closed session we would be happy to share those with you, as well as their likelihood of delivery of those to the continental United States.

Senator FISCHER. Right now the United States provides a nuclear umbrella to our allies. They are dependent upon that, and I believe it limits nuclear proliferation around this world because of the confidence that our allies have in our umbrella that we provide them. Do you worry about our allies losing confidence in our ability to provide them with a strong deterrence when we see our adversaries continue to build at a breathtaking pace their nuclear capabilities?

Director HAINES. I will start. I mean, I think you are absolutely right that the nuclear umbrella that we provide is intended to ultimately counter proliferation of nuclear weapons. Whether or not we are seeing a degradation in our allies' confidence that we will be there in these circumstances, I would say it is not that I take it for granted, but rather that I think it is something that we have to continue to be very vigilant in working with our allies to ensure that they continue to have confidence in that nuclear umbrella in certain circumstances.

I think there has been a fair amount of discussion about whether the Republic of Korea, for example, is particularly concerned, and given what they are seeing from the north, and whether or not they continue to have confidence in us being able to provide that nuclear umbrella versus their own particular, whether or not they should, in fact, engage in their own nuclear program. Our assessment at this stage is not that they are pursuing that at this point, even though we recognize it is an area of public conversation.

General KRUSE. I would just echo that having been assigned in the Indo-Pacific many times, with really some of the adversaries who present a threat and then some of our allies who engage in the dialog with us, is that they will occasionally, when we see a change in stockpile, have a great conversation with us. What you will see is that as long as we continue that dialog they are confident in the U.S. nuclear umbrella.

I would offer as we think through this, sometimes it is not just the capacity. An increase in the numbers do not change the nuclear umbrella that the U.S. provides. It is really only when you get to changes in capabilities. Every conversation that we have had to

date have been good, constructive conversations, and those will just continue.

Senator FISCHER. Thank you. Thank you, Mr. Chairman.

Chairman REED. Thank you, Senator Fischer.

Senator Shaheen, please.

Senator SHAHEEN. Good morning. Thank you both for being here.

During the New Hampshire primary back in January we had a domestic actor who used artificial intelligence to voice clone President Biden's voice and to target voters on a roboscam in New Hampshire. Your threat assessment talks about how Russia is contemplating using electoral outcomes in 2024 to effect Western support for Ukraine. Both Russia and China are using AI to improve their capabilities to reach into Western audiences. You both mentioned that in your opening statements, that potential impact.

So I have a couple of questions. First of all, are you able to share information with State and local officials when you see those kinds of AI or cyber-generated influence into what is happening in states? Director HAINES?

Director HAINES. Yes, thank you. So yes, working with CISA, what we have been doing is, in fact, been trying to expand our capacity to do so, but we do have direct communication with them on basically deepfakes and other types of manipulated media.

Senator SHAHEEN. Are our adversaries using AI platforms in the United States to conduct disinformation and spread propaganda?

Director HAINES. Yes, absolutely. Russia, in particular, has engaged in the use of artificial intelligence, generative AI in the context of their information operations. This is something that we have seen pretty consistently, and they are not the only ones.

Senator SHAHEEN. To what extent are we seeing those kinds of efforts attempting to manipulate the unrest that we are seeing on college campuses?

Director HAINES. I do not have any information that suggests that they are doing this at this stage, but that does not mean that it will not develop over time.

Senator SHAHEEN. Really? Because Rutgers had a report that looked at the back end of TikTok, which has now been closed off, that says that, in fact, the Chinese are manipulating through disinformation to populations who use TikTok to manipulate the situation in Gaza and spread misinformation. You are not seeing any of that, even though that has been publicly reported?

Director HAINES. Yes, that we are seeing with respect to the Gaza conflict. Apologies. I thought you talked about using that to instigate protests in the United States, and that is what we are not seeing. Does that make sense?

Senator SHAHEEN. You do not consider the protests on campuses protests in the United States?

Director HAINES. I do. I am sorry. We are seeing misinformation/disinformation, and even true information, that is being exacerbated with respect to the Gaza conflict. It is not directed at protesters, so far as I am aware at this stage. Does that make sense? In other words, looking to direct protests.

Senator SHAHEEN. I am not being clear, because there have also been public reports that particular Chinese sympathizers are funding some of these protests to exploit the situation in Gaza. I mean,

that has been reported publicly for several months, and in fact, even the committee in the House that is looking at China, Mike Gallagher, has talked about this. So are we seeing that?

Director HAINES. I am not seeing information that indicates that the Chinese government is directing that. So that is the piece that——

Senator SHAHEEN. Okay. I am sorry.

Director HAINES.—I do not see.

Senator SHAHEEN. We do see Chinese sympathizers who are doing this.

Director HAINES. That is part of FBI pieces, was they are looking at what is happening within the United States, and I defer to them, and we can certainly get back to you on that question.

Senator SHAHEEN. I can followup in the closed session.

I also wanted to raise the concerns about renewed reporting that has again, as a result of work done by CBS 60 Minutes, that suggests that our adversaries could be behind the anomalous health incidents that have affected so many of our diplomats and servicemembers abroad. Are you rethinking how the intel community is looking at what has happened with those anomalous health incidents and thinking that maybe we should do a little more investigating about who is behind those?

Director HAINES. Thank you, Senator. We absolutely are continuing to investigate what is happening with anomalous health incidents, and we identified in our last, which is now a little over a year ago, Intelligence Community assessment a whole series of gap areas that we have to continue to work to ensure that we are collecting intelligence, making sure that we are, in fact, closing those gaps so that we can be more confident in our assessment but also to determine whether or not they undermine any of the basic assumptions that we make in those assessments, and so that has been a continued process, and will continue as a process. There is no question that we all see this as a very important and priority for the Intelligence Community.

When we went back, obviously, after the 60 Minutes show we said, you know, is there anything here that changes our assumptions, our assessments. Our analysts took a very close look at it. The vast majority they say they had already actually known before the Intelligence Community assessment was issued, but there were new things since the Intelligence Community assessment that had come in. They still have not changed their basic assessments at this point, which is essentially that some elements think it is very unlikely, some think it is unlikely. They have various degrees of confidence as to whether or not a foreign actor is behind AHIs.

That is something that we just have to continue to work at in order to make sure that we, in fact, have that right, and moreover, that there is not some further information that would be useful to us in understanding what is causing these.

Senator SHAHEEN. Well, thank you. I appreciate that, and I hope you will report back to the Committee.

Chairman REED. Thank you, Senator Shaheen.

Senator Rounds, please.

Senator ROUNDS. Thank you, Mr. Chairman. Thank you to both of you for your service to our country and for your testimony here today.

We live in what is perhaps the most complex, if not most dangerous, threat environment this Nation has had to deal with since World War II. Accurate intelligence assessments are crucial to our success in navigating these challenges.

Director Haines, your Annual Threat Assessment points out the persistent threat of malign influence operations that are being conducted by Russia, China, and Iran. A host of our systems and platforms critical to our national security operate on the 3.1 to 3.45 gigahertz band of the spectrum, or the lower 3G band. I know we are going to get into the weeds a little bit on this, but I just want to get, for public understanding, the seriousness of this particular issue.

Are you aware of any, or of the Chinese efforts to encourage other nations to build out their 5G infrastructure on the 3.1 to 3.45 gigahertz portion of the spectrum?

Director HAINES. Let me come back to you on that question, sir.

Senator ROUNDS. Okay. Let me ask it this way. Are you aware of any Chinese campaigns to encourage U.S. companies to push the Department of Defense to auction off their share of the lower 3 band of the spectrum?

Director HAINES. I should come back to you, just to be confident that I have it right, sir.

Senator ROUNDS. Okay. I will skip the rest of the questioning along that line until later, okay. All right.

Director Haines, based on the increasingly robust cooperation between China and Russia, is it fair to assume that if either one of them engaged in hostilities with the United States and our allies that it would increase the likelihood that the other would also initiate some form of hostilities, as well?

Director HAINES. Yes, we see China and Russia, maybe for the first time, exercising together in relation to Taiwan, and recognizing that this is a place where China definitely wants Russia to be working with them, and we see no reason why they would not.

Senator ROUNDS. General Kruse, in your professional military opinion, is the Department taking into consideration this increased cooperation between Russia and China when it comes to identifying Joint Force requirements?

General KRUSE. I think the Department is concerned, has been for a while, and then what we have seen over the last 2 years has caused the Department to relook at its analysis and become even more concerned about what our Joint Force requirements, in an environment where as discussed, we would anticipate. Even if Russia and China and a military force are not interoperable they would certainly be cooperative, and we would need to take that into account in force structure, in planning.

Senator ROUNDS. I will just address this to both of you then. Have any of our plans been updated to reflect this “no limits” partnership between Russia and China?

General KRUSE. I think what I would say is from a departmental perspective our planning process is a multiyear processing, starting with what the threat looks like, and then how do we step through

a fairly intensive vetting of what kind of operations we might want to conduct. For the plans that you are probably most interested in, we are in the middle of that revision today.

Senator ROUNDS. Director Haines?

Director HAINES. Yes, and we have produced quite a bit of analytic materials, I think a lot of which you have read, that indicates this increasing cooperation in the “no limits” partnership, as you say, but just across really every sector of society—political, economic, military, technological, and so on. So that is something that our understanding is prompting new planning across the Government in many respects.

Senator ROUNDS. The bottom line is that basically if we were to have a conflict with one, that chances are we would have a second front, and that the planning that we have to do includes confrontation on not just one front now but the capabilities, the planning, the equipment, manpower, that would be necessary for two different fronts simultaneously. Am I correct?

Director HAINES. Yes, I think certainly it is a possibility. The question of just how likely it is I think differs depending on the scenario, which I am sure is obvious to you.

Senator ROUNDS. A greater possibility now than what it was 2 or 3 years ago, though.

General KRUSE. I think from the Department of Defense perspective that would certainly be the case, and it just has to be taken into account whether or not we actually believe there would be two full upfronts. That is analysis and assessments that will mature over time. Certainly we have to take that into account into the planning, as you have suggested.

Senator ROUNDS. Thank you. Thank you, Mr. Chairman.

Chairman REED. Thank you, Senator Rounds.

Senator King, please.

Senator KING. Thank you, Mr. Chair. First I want to thank you, Director Haines, for starting with an emphasis on cyber. The truth is we are in an invisible war on many fronts on cyber already, as you outlined anything from ransomware to attacks on SCADA (Supervisory Control and Data Acquisitions) systems to insertion of what I call sleeper cells in our critical infrastructure. You also emphasized, rightly, the fact that it has got to start at the desktop, and personal cyber hygiene is critically important.

However, particularly on these state-sponsored potential attacks—well, I would say they have already occurred on our critical infrastructure—we are not going to be able to patch our way out of that, and you sort of slid by this in your opening comments. These State adversaries have to be deterred, do they not? They have got to understand that we hold their systems at risk, and that has got to be part of our strategy. It cannot just be patching and cyber hygiene. Do you agree?

Director HAINES. I do. I think that the deterrence does not necessarily have to be about holding their systems at risk from a cyber perspective alone. It is part of an integrated strategy that—

Senator KING. Right, but they have to feel that they have something at risk and that there will be costs imposed if they move in this direction. Otherwise, it is a low-cost kind of warfare, to which we are very vulnerable.



Director HAINES. Yes.

Senator KING. Do you see, and I think you also touched on this, do you see heightened Russian activity with regard to the upcoming elections?

Director HAINES. Yes. I mean, we are consistently, you know, obviously, the last several Intelligence Community assessments that we have done on election threats have identified Russia as really the major actor in this space, we continue to see them focused on this, and increasingly so.

Senator KING. Well, one of the things that worries me, in 2016 and 2018 we saw them penetrating something like 40 states' electoral systems, in terms of data bases of voters and that kind of thing. They never did anything with it, but my contention was they were not doing that for fun. There is a great potential for disruption our election simply by erasing a voter data base in Miami or having the lights go out in Atlanta. Assess that risk, please.

Director HAINES. Yes. I mean, I think there is no question that they are increasing their capacity and that they are developing and using new technologies that are available to them to get better at doing what they have done before, and ultimately pursuing the potential for such altering.

As you say, though, they have not done it, and what I would also say is that I agree—General Nakasone, before he left, indicated that he thought we were never better prepared to actually defend our election security infrastructure, and I think, honestly, the Intelligence Community, and in particular NSA and others, have really done tremendous work in this area, and CYBERCOM is consistently engaged in both defensive and offensive work in this area, to try to protect.

Senator KING. General Nakasone coined the term “defend forward,” which we all know what that meant.

Director HAINES. Yes.

Senator KING. CISA is also working with the states—

Director HAINES. Absolutely.

Senator KING.—and there has been a relationship of trust that I think is important.

Director HAINES. Yes.

Senator KING. One other area, and you have not touched on this, and that is part of my problem, I am afraid it all the pivot toward great power competition we are losing focus on terrorism. The terrorism threat has not gone away, and in terms of great power competition, deterrence is an important factor. When you are talking about terrorism, deterrence is not really a factor. They do not have a capital city that is at risk. They do not care about dying.

So intelligence is our first line of defense. Reassure me that the Intelligence Community is not losing focus on terrorism because we are just three or four guys with malintent who can do an awful lot of damage in our country.

Director HAINES. Yes. I absolutely agree with you. This is a critical issue, it is a growing issue in many respects, and it is one that we are absolutely focused on, and we can talk further in obviously closed session about some of the things we are doing in that area.

Senator KING. Well, I just hope that we do not lose that focus, because again, we tend to shift. You know, we had 9/11 and ter-

rorism was everything for 15 or 20 years, and now it is all about China and Russia. I just do not want to lose that focus.

Final question. I recently finished a book about the KGB [Komitet Gosudarstvennoy Bezopasnosti]. The KGB is essentially a paranoid organization. They believe that the West is out to get them. Putin came out of the KGB. How do we convince Putin that NATO is not an aggressive entity? We do not want to invade Russia. Nobody wants to invade Russia. We just want to protect the borders of Europe as they have existed since World War II. Do you agree with me that Putin really believe that NATO is winding up to somehow invade or otherwise violate the sovereignty of Russia?

Director HAINES. Yes. I do agree with you that there is a certain paranoia associated with this, and as I indicated in my opening remarks, Putin really does believe that the security of his country is at risk, on some level. It is, I think, a question actually I wish Director Burns were here for. How could you convince him psychologically that, in fact, NATO is not? In so many respects the actions that NATO has taken has actually been intended to reassure, and at the same time it has not landed.

In many ways what Putin has done has precipitated so many events that he was seeking to avoid. I mean, he obviously did not want to see NATO enlarge, and yet his invasion of Ukraine precipitated Finland and Sweden joining, something that never would have happened, frankly, or we certainly would not have assessed that as being likely on the timeline that it occurred, before the invasion. He has actually made it much harder to convince him of that, because there were a number of efforts in NATO to actually talk to Russia—

Senator KING. He has provoked the very things he was worried about.

Director HAINES. Yes, exactly.

Senator KING. I am sorry. My time is up.

Director HAINES. Yes, please.

Senator KING. Thank you very much, Director. Thank you, Mr. Chairman.

Chairman REED. Thank you, Senator King.

Senator ERNST, please.

Senator ERNST. Yes. Thank you, Mr. Chair, and thank you both for testifying in front of us today.

Director Haines, of course we are here to talk about global threats. We have heard about China, Russia, and so forth. Earlier this week the press reported an effort that would bring one of our global threats here to our homeland. A recent poll found that 71 percent of Gazans viewed Hamas' brutal attack on Israel, including the rape of innocent women, their murder of children, and their murder and capture of Americans as, quote, "the correct decision."

Do you believe that welcoming a significant number of Gazans who likely are harboring these views into the United States, do you believe that would threaten the safety of Americans?

Director HAINES. I obviously think it is outrageous to think that Hamas' attack on Israel was anything other than a terrorist attack that was utterly brutal and depraved. I do not have enough information to understand, you know, when we analyze threats and where the threats come from and how they develop, that is some-

thing we do with great care and deliberation. If you pointed us to here are the individuals that we are concerned about then we would obviously do an assessment for you.

Senator ERNST. So just broadly, though, 71 percent in this poll of those in Gaza support what Hamas did, and yet our President is considering an action to bring Gazan refugees to our homeland. So I know you have spent your career working in the intelligence field, but given this poll, which I would assume is factual, can you tell me for certain that this proposed action by the President of the United States will not put our citizens at risk here in the United States?

Director HAINES. I am unfamiliar with the poll, but I can tell you that the process for bringing individuals into the United States includes a very significant vetting process. That would be the kind of process I would expect would occur, and so therefore that would mitigate against any concern or risk that we would have.

Senator ERNST. Okay. I know that we have tried to do vetting on Afghans and other refugees as they come in. Many times that has not been successful. I am adamantly opposed to what the President is attempting to do.

So you are serving, by law, as the head of the Intelligence Community, and so you are saying basically, under oath, that you are really unaware of any risk that that might pose to our citizens?

Director HAINES. Sorry. What I am saying is that if there is a process for bringing people into the United States I am familiar with that process, and that process is intended to mitigate against any risk of security. That is something that I would feel confident about.

Senator ERNST. Okay. Thank you. I would like to pivot now to Hamas' backers, the Iranian mullahs. Iran is currently enjoying a golden era of oil profits. We have seen over \$80 billion in oil revenues, enabling Iran to give pay raises and recruitment bonuses to its proxies, and you have discussed some of those proxies earlier. These revenues come from sanctioned transactions, but the enforcement of the sanctions remains non-existent.

Do you agree, yes or no, that the decision not to enforce sanctions has directly led to the death of U.S. citizens?

Director HAINES. I could not make a sweeping statement like that, I am afraid. I think it is no question that Iran continues to benefit from oil sales and that they look for ways to get around sanctions, and that is something we have seen them engage in, and that they are also, as you say, funding and assisting various groups in the region. I think it is also the case that, frankly, the Iranian economy is in deep trouble right now and is actually suffering significantly. It has been one of the challenges that they are facing.

Beyond that, unless I am faced with a particular scenario that we can assess for you then we would obviously do that.

Senator ERNST. Well, what I would say is that they do back Hamas. We know that. They back Hamas, and I would not even say they are trying to get around sanctions, because we just do not enforce them. So there is open trade of Iranian oil. We, as the United States, have these sanctions; we do not enforce them. So a good deal of their profits, of course, will go to support these proxies. Hamas has killed Americans. They killed Americans on October

7th. They have held eight Americans. Three we know are confirmed dead. They are still holding five.

So I would say that, just in my mind, my estimation, is that yes, they are using the profits to kill Americans. They have done it already. I would like to see additional enforcement of these sanctions. Not your area, but certainly it all ties together.

So I look forward to visiting more about this, maybe in a closed session. We have got to do better, and I am just using this time to make a statement, too, that I disagree wholeheartedly with what the President is trying to do, by taking people out of Gaza and bringing them to the United States. I have seen failures in the vetting process before. I certainly do not want to see those failures repeated. So I appreciate your time today. Thank you.

Chairman REED. Thank you, Senator Ernst.

Senator Hirono, please.

Senator HIRONO. Thank you, Mr. Chairman. Director Haines, you have acknowledged Russian interference with our upcoming elections. In another area, I am wondering whether the Intelligence Community was able to identify Russia's use of social media to put out messages that the Maui wildfire was caused by Government or that the Maui community should not trust FEMA [Federal Emergency Management Agency]. Was the intel community able to identify Russian use of social media in this regard?

This is an important question because, of course, as we experience so many more of these kinds of massive climate disasters, or natural disasters, we can expect that Russia will use social media or some other ways to create instability and questions.

Director HAINES. Yes, thank you very much for the question, ma'am, and I do not remember. So we will get you an answer to that, yes.

Senator HIRONO. I know that, for example, Microsoft, for example, was able to discern that Russia was doing this with regard to the Maui wildfire, so I really would like you to address this for me.

We know that there is a huge need for people to be able to work in the intel environment. So both of you, we know that there is a huge need for that. For General Kruse, the Pacific Intelligence and Innovative Initiative is working to create a local skilled workforce to meet DOD's demand for cyber and intel professionals in Hawaii. There is a huge need in Hawaii for people with this kind of background. How is this working, and are you also resorting to AI and other means of making your intel collection more efficient and effective, because there is a huge need for people with this kind of background, but we do not have those people yet. So can you respond to those two questions?

General KRUSE. Certainly. As mentioned, I have done several assignments to include 2016 to 2019 as the Director of Intelligence at USINDOPACOM and Camp Smith, and personally participated in several recruiting events with local universities and in partnership with the National Security Agency and DIA [Defense Intelligence Agency]. Lots of recruiting, even down into the high school level, to build some local recruiting and local workforce, and then in partnership with the Intelligence Community, working to develop centers of academic excellence in a recruiting pool, as well. So it is absolutely critical.

I do not believe we will be able to fully man the intelligence requirements on island without doing local recruiting and being able to develop the workforce, and the local partners have just been absolutely tremendous. So to your answer there, it is critical to do. We are investing in additional STEM [Science, Technology, Engineering, Mathematics] and cyber pay, where those kinds of skill sets are required. To your point, we have skill sets that we need all across the board.

On the artificial intelligence question about how do we become more efficient, I think what you will find across the Intelligence Community is that we are applying AI, and in closed session we can also talk about counter-AI. How can we be the most effective and the most efficient? I would be happy to walk you through a couple of very specific examples that the Defense Intelligence Agency is currently doing. Then right now we are looking at how do we partner with NGA [National Geospatial-Intelligence Agency], NRO [National Reconnaissance Office], and NSA [National Security Agency], and DIA to bring almost a system of systems to be able to queue and be much more effective and much more efficient in how do we collect and how do we assess what we are collecting.

Senator HIRONO. Thank you. Director Haines, you acknowledged that we have critical infrastructure in the private sector, i.e., our electrical grids, that are subject to cyberattacks, and you noted that you spent quite a lot of time in this area, talking, I suppose, with the State people and the private sector who provide these kinds of grids. You noted that good cybersecurity practices, such as something as relatively simple as updating passwords, would be very helpful. Do you know if this is happening, and do you partner with, for example, the Public Utilities Commission in the State of Hawaii, and other agencies that actually regulate what these entities do, our electrical and other power entities?

But I just want to know. Something as simple as updating passwords, do you know if this is happening?

Director HAINES. Yes, so we are not working directly with sort of the utility companies across the United States. It is really DHS [Department of Homeland Security] in the form of CISA and the Department of Energy and others that are doing that, and we support their work by trying to make sure that they have the intelligence they need to provide warning, but also then to better understand what the questions are that are coming from utilities in this space.

My understanding is that they are working very hard with them to improve their cybersecurity practices, patch vulnerabilities, deal with these issues. But it is just more of an observation from our perspective that as we are looking at the attacks that are occurring, particularly against industrial control systems in the country, that the vast majority of them would have been actually prevented if it were not for those kinds of cybersecurity practices not being what they need to be, and instead using default passwords, weak passwords, not patching vulnerabilities that are publicly available, and so on.

Senator HIRONO. So it is the Department of Homeland Security and basically the Energy Department who would be the people that I should ask?

Director HAINES. Yes, CISA within the Department of Homeland Security, and we can work with your staff to make sure that you have exactly who is talking to who, and that sort of thing, and if that is helpful for Hawaii.

Senator HIRONO. Thank you. Thank you, Mr. Chairman.

Chairman REED. Thank you, Senator Hirono.

I will recognize Senator Scott, but I will depart shortly for the Appropriations Committee, and Senator Kaine has agreed to chair the proceeding in my absence. I shall return. Someone once said that. So Senator Scott?

Senator SCOTT. Thank you, Chair. Director Haines and General Kruse, thanks for being here.

We have discovered that the DOD purchases equipment from Communist China like printers, computers, TV cameras. Also, they purchase drugs made in Communist China, which shocks me. I do not think it is a secret that Communist China wants to destroy our way of life. I think we ought to stop everything—we should never buy anything. None of us should ever buy anything from Communist China. I do not think they should get a penny of our money, because all they do is buildup their military to eventually try to defeat us.

A couple of weeks ago, the Secretary of Defense testified that he does not think we should purchase anything from China. Do you each agree with the Secretary?

General KRUSE. I would echo the Secretary's comment.

Director HAINES. Certainly I make it a practice to agree with the Secretary of Defense.

Senator SCOTT. So Israel was attacked on October 7th. I went back over to visit a kibbutz I was at and I saw the devastation. The Secretary of Defense also testified that there was no evidence that Israel was committing genocide in Gaza or committing war crimes in Gaza. Do each of you agree with that?

Director HAINES. I certainly have no evidence that that is the case, but the fact is in the Intelligence Community we do not make that kind of determination. That is a legal determination made by others in the U.S. Government.

General KRUSE. I would echo that answer.

Senator SCOTT. So you have no intelligence that Israel is committing genocide or war crimes. So you do not have any evidence that they are.

Director HAINES. As I said, sir, we just do not make that determination. What we do is we identify the intelligence as we see it, and we give it to others who would make that kind of determination.

Senator SCOTT. Okay. So we have watched what is happening on a lot of our college campuses, like Columbia, UCLA, even here in D.C. at George Washington University. Do you have any intel of outside countries or groups funding some of these violent protests that are going on around the country?

Director HAINES. We have yet to see intelligence that Hamas, which is generally how the question is framed to us, is actually influencing the Gaza-related protests occurring the United States or directing it in any way. That does not mean that, over time, we will not gather intelligence that indicates that certainly, for example, I

would expect other countries to take advantage of the opportunity and use it as part of influence operations. But we will continue to monitor that.

Senator SCOTT. General Kruse?

General KRUSE. The same thing. I do not believe we have seen exactly what you are asking, but I would anticipate the environment would be an opportunity that others would take advantage of.

Senator SCOTT. Okay. How about Qatar? Have you seen any evidence that they are supporting these protests?

Director HAINES. No, sir.

Senator SCOTT. A couple of weeks ago, the head of Space Command, I asked him a question. If 12 of our satellites were destroyed and all the debris was up there, how much of an impact would it have on the rest of our satellites that we depend on? How would it impact our ability to defend ourselves? Have you done any intelligence briefings that you believe this is a risk, not a risk?

Director HAINES. This is one of these things where it is so case dependent. In other words, just having debris in space is always a problem, and one that obviously ultimately allows for the potential damage of not just national security interests but also commercial and other interests that are effectively facilitated by space. Where the debris occurs makes a difference, and so how much of an impact it would have would matter upon where it is? What other satellites are in the region, what satellites have been destroyed, for example? All of those things are important. We can talk further in closed session, I think, about some of the modeling that we have done that might be helpful to you.

Senator SCOTT. General Kruse?

General KRUSE. I would just add the other part of the calculus there is which 12 satellites in this scenario would be taken out. There is a capability reduction that is also a decrement that we would be very much concerned about. Purely to the debris question, I agree, there has been some modeling done that we could discuss.

Senator SCOTT. How big a risk do you think it is on ingredients in our drugs from China, for our military? Either of you?

General KRUSE. I do not know that I know enough about that topic to be able to speak on that, and I would be more than happy to work with our analysts to see if we an answer for you that would be useful for you.

Senator SCOTT. Does it surprise you guys that so many of the ingredients in our drugs are coming from China? When they are, at the same time, trying to kill Americans through fentanyl and everything else, and that our military is still relying on I think it is the majority of our drugs' ingredients are coming from China.

General KRUSE. I do not believe that I am surprised by how the market has developed over years and decades, and then where we find ourselves today. As the environment want us to withdraw there is a supply chain that we will have to modify to implement the policies you are talking about. Certainly you have accurately described how the market has developed and how our supply chains currently work.

Senator SCOTT. Thank you.

Senator KAINE. [Presiding.] Thank you, Senator Scott. Good to see you both. I want to just acknowledge some amazing work that

the U.S. military has done in two very challenging contexts recently. The United States effort to support Israel, together with other nations, during the attack from Iran was truly a superb operation. I do not think that kind of thing happens by accident or by chance. It demonstrates an awful lot of training, an awful lot of capacity, and an awful lot of cooperation. Had we not been successful in that, the level of escalation that we might have seen in the region, the damage to Israeli cities, communities, people, the likely escalation thereafter could really have been devastating, at a very critical time where the last thing we need is escalation in the Middle East.

So at a hearing like this I want to acknowledge the great service of U.S. military in forming together with Israel and other nations a defense against the Iranian attack.

Second, the work that the United States, primarily the Navy but not solely the Navy, has done in the Red Sea to repel attacks by Houthis against commercial ships, military ships, again in tandem with allies, but most of the work, the hard work, the kinetic, hostile fires being taken by U.S. military has been truly remarkable. The remarkable thing—and I know this has got to keep you guys up every night—is when we are sitting there in the Red Sea and absorbing incoming over and over and over again, we have to have 100 percent success rate. It cannot be 98, it cannot be 99 percent. My understanding is it has been 100 percent up to now. I do not want to jinx it. We have been as close as 3,000 yards from striking a U.S. ship that we were able to take down with the Gatling gun. Some use of missiles has enabled us to take down incoming missiles or drones at further distance. But 3,000 yards is pretty close. We have got a lot of Virginians on those ships in the Red Sea, and I know other members here have sailors from their states there too.

So I want to start with that, and it takes a lot of work to get to that. I mean, the development of the Aegis system goes back decades, and good intel, and using the intel well, both to defend but also to strike positions in Yemen that could do damage. I mean, I just want to express appreciation.

I do want to focus on the Red Sea, so let me begin with Director Haines. What does the IC assess about the Houthis' continuing threat on commercial shipping and how long is that threat likely to remain active?

Director HAINES. Yes, so our assessment is essentially that it is going to remain active for some time. It is, in part, because Abdul-Malik, the leader of the Houthis, continues, we think, to see domestic political advantage for some of the actions that he is taking, that he is interested in kind of burnishing his regional reputation, and he has seen this to be adding to that in many respects, and that they continue to indigenously produce a fair amount of UAVs, other weapons systems, and so on, and of course they are also getting assistance from the Iranians in this respect, and that neither of those things are likely to change in the near future.

Now, that does not mean that the strikes that the Department of Defense and the coalition with our allies have taken have not had impact. They have. But it has been insufficient to really stop



the Houthis from going down this road, and so that is sort of our——

Senator Kaine. What is your assessment about if there were to be a cease-fire in Gaza? What is the likelihood that the pace of attacks would significantly reduce?

Director Haines. Yes, it is honestly unknown at this stage. They have indicated, at different times, that they would comply with a cease-fire, so I think there is a fair possibility that that is what——

Senator Kaine. Wasn't there some abatement of the pace of attacks into the Red Sea during the first——

Director Haines. The prior.

Senator Kaine.—the cease-fire.

Director Haines. That is exactly right. They did in the prior one. But one of the things that has been challenging is that their rationale for their attacks has shifted over time a bit, and it has gotten more complicated at times, even indicated that they would not stop until humanitarian assistance had been delivered to a certain degree, things like that. So it seems like there are additional requirements that he has added, but it does not mean that he would not pause during a cease-fire.

Senator Kaine. Even if the cease-fire might, under past rationale, lead them to stop to the extent that they feel like this is bur-nishing their reputation for being kind of a bad actor, they might continue even in a cease-fire condition.

Director Haines. Yes, it is possible.

Senator Kaine. Last question. Why aren't more allies and members of the coalition helping the United States and actually taking military action against Houthis who are targeting their ships? I mean, we are protecting commercial ships of other nations. The number of nations that are participating in the military activities seems small to me. How should I understand that?

Director Haines. Yes. I mean, I will start, and General Kruse may have more to add here. I think a number of them really are trying to help in any way that they can, and we have seen it come in different forms, you know, and I would really defer to the Department of Defense in terms of the degree. But let me——

Senator Kaine. Provide a quick answer since I am over my time, General Kruse.

General Kruse. Sir, I think I would just add that, to the DNI's point, many of them are contributing in other ways, and they are important ways. While there are few that might be doing defense in the Red Sea specifically, they are doing things that we actually count on. We appreciate the partnership, but would welcome anyone else who would want to participate.

Senator Kaine. Senator Cotton.

Senator Cotton. Senator Ernst raised the media reports that suggest President Biden may admit Gazans to this country as refugees. I agree with her. I think that would be insane. There is a reason why Egypt will not let them in, and Egypt is right on their border and speaks their language and has a vested interest in protecting itself from threats from Gaza. If they will not let them in, I do not think the United States should let them in either.

But I want to focus now on the actual threats from the crisis at our southern border of actual migrants who have crossed into this

country already. Director Haines, the FBI director recently said, the terrorist threat level that we are contending with right now is at a whole other level. Do you agree with Director Wray's assessment?

Director HAINES. Yes, absolutely the terrorist threat level is of great concern, and we can obviously have discussions in closed session about what that means. So I would agree with that.

Senator COTTON. How many illegal immigrants on the terror watch list have been caught at the southern border this year?

Director HAINES. I do not remember the number exactly, and we can get you that. Many of them, as I recall, are ones that came out of Colombia. We should give you——

Senator COTTON. The answer is 75. Do you think we pitched a perfect game at the border and caught every single migrant on the terror watch list trying to cross into our country?

Director HAINES. No, but being on the terrorist watch list, meaning that if there is known or suspected terrorists or there is information that they may have had contact with does not actually mean that they are all——

Senator COTTON. Okay. How many terrorists have tried to cross the southern border during the Biden administration's tenure?

Director HAINES. Sir, I do not know that I can give you a percentage on that.

Senator COTTON. I think the answer is 357. Again, do you think we pitched a perfect game for the last 3 1/2 years and got 357 out of 357? No, I do not think so.

How many terrorists tried to cross the southern border during the 4 years of the Trump administration?

Director HAINES. I don't know, sir.

Senator COTTON. I think the answer is 11. The Biden administration has also granted entry to more than 7,300 illegal aliens who are known as special interest aliens, which means they come from notorious terrorist breeding grounds like Uzbekistan, Syria, Iran, and impose a potential national security risk. That number was based on data collected before Hamas' October 7th atrocity against Israel.

Since then, do you think that there may be an even greater surge if Islamic extremists trying to cross our open southern border?

Director HAINES. Can you repeat the question, sir?

Senator COTTON. The Biden administration had granted entry to more than 7,300 illegal aliens in the special interest alien category from places like Uzbekistan, Syria, and Iran, and that number came before the October 7th atrocity in Israel. Since then, do you think there might have been an even greater surge in Islamic extremists trying to cross our open southern border?

Director HAINES. We have not seen Hamas directly essentially folks or others in the region to come into the United States to engage in attacks from the Gaza conflict. That does not mean that obviously this is not something that could develop over time, but we are not seeing that related to the Gaza conflict, if that is what——

Senator COTTON. Last year, Customs and Border Patrol officials in San Diego issued an internal intelligence notice titled "Foreign Fighters of the Israel-Hamas Conflict May Potentially be Encoun-

tered at the Southwest Border.” So CBP certainly expect Islamic radicals will try to exploit the border.

Director HAINES. We are trying to——

Senator COTTON. Do you think that report is excitable and exaggerated?

Director HAINES. No. I think it is absolutely, you know, it is appropriate to be vigilant on these issues, and as we have talked about in the context of the Gaza conflict we have seen that galvanize, in a sense, different terrorists around the world in different ways. I think we are just trying to be as careful as we can. We just have not seen——

Senator COTTON. Okay. I want to turn to China briefly here. Last week, Secretary Blinken, on his ballyhooed trip to China, said that China is, quote, “overwhelmingly the number one supplier for Russia’s war against Ukraine.” Do you agree with Secretary Blinken’s assessment?

Director HAINES. There is no question that the dual-use material that is coming through China is having an enormous impact——

Senator COTTON. Is China overwhelmingly the number one supplier?

Director HAINES. I mean, they are overwhelmingly the number one supplier to the defense industry in Russia right now.

Senator COTTON. Okay. He also said that those supplies are having, quote, “a material effect,” end quote, on the war in Ukraine. Do you agree with Secretary Blinken’s assessment there?

Director HAINES. I do. I indicated in my opening remarks that we see their supplies actually one of the key factors that essentially adjusted the momentum on the battlefield in Ukraine.

Senator COTTON. Okay. On March 18, 2022, 3 weeks after the war started, President Biden had a call with Xi Jinping where he said do not provide, quote, “material support,” end quote, to Russia. Otherwise you and China could find yourself in, quote, “significant jeopardy,” end quote. That appeared to have gotten Xi Jinping’s attention in 2022, if you look at trade data, but over the last year China has now become what you and Secretary Blinken call Russia’s overwhelmingly number one supplier.

One of your predecessors as Deputy National Security Advisor says that Joe Biden is now not enforcing the red line he drew on March 18. Do you agree that President Biden is now refusing to enforce that red line he drew with Xi Jinping in March 2022, about providing material support to China?

Director HAINES. I do not. Here is the challenge that I think we have encountered, which is basically there was a lot of focus on China not providing lethal support, and what they have done is try to avoid what is characterized as lethal support, in other words, a fully constructed gun or weapon system, et cetera, to Ukraine, and that has been something that they have maintained. What has happened, in the meantime, is they provided effectively dual-use materials such as nitrocellulose, a whole series of other things that are critically important sort of folds in the tent for the Russia reconstitution of their defense industry. That has been the space that policymakers, I know, have been working, including with Congress, to try to prevent from going to Russia, and there has been mixed success in pushing back against that.

Senator COTTON. Well, my time is up. I would dispute the characterization that China is only providing dual-use material, but I do not think there is any question that President Biden drew a red line in March 2022, and he has not been enforcing it against China since.

Chairman REED.

[Presiding.] Thank you, Senator Cotton. Senator Gillibrand, please.

Senator GILLIBRAND. Director Haines, earlier this week the Administration published an updated national security memorandum on critical infrastructure security and resilience. How is the IC ensuring effective intelligence sharing and information exchange regarding threats to critical infrastructure, including threats to food and agriculture sector?

Director HAINES. Thank you, Senator. I know this has been an area that you have focused on for quite some time, and we are basically, through our Cybersecurity Threat Integration Intelligence Center we have been expanding our support, in effect, anticipating the NSM but also more generally for critical infrastructure working with CISA, working with the cyber director, obviously, out of the executive branch, and across the interagency. I think it continues to be an effort in moving across different sectors that are at risk in this area.

Senator GILLIBRAND. Given the recent news about avian bird flu has leapt to other animals, can you talk a little bit about since COVID-19, I have been advocating for a one-health approach to biosecurity that incorporates animal, plant, and environmental health in addition to human health, to detect and prevent the next pandemic. Do you believe that the IC is sufficiently equipped to detect and assess the full range of biological threats that can appear in humans, animals, and plants, and how is the National Counterproliferation and Biosecurity Center at ODNI supporting this effort?

Director HAINES. Yes, I think it would be always an overstatement to say that we can detect everything that would be ultimately a potential vector for both human and animal concerns.

But the fact is we have really expanded and invested a tremendous amount in improving our biosecurity practices, not just in terms of what the National Counterproliferation and Biosecurity Center does in the context of allocating resources for collection, to ensure that we actually have what we need in order to be able to identify vectors but also in doing some really extraordinary modeling for how it is that we can detect when there are outbreaks what is happening and how we can manage it, thinking through the analytic structure that we need to build it into a variety of different functional and regional areas that we are managing in these spaces, and supporting, which has been obviously a main effort by the policy community, a broader, all-of-government kind of biosecurity effort in these areas. So I do think we have improved, but I think there is still room to grow.

Senator GILLIBRAND. Because what the legislation would do, it would co-locate not only the IC community but with the agriculture and scientific communities, so that you are in constant communication, on a regular basis. In the same way we do fusion centers for

antiterrorism, fusion centers for cybersecurity, it would be a one-health fusion approach. I know that is not the exact organization today, but today are you at least having communications with those sectors to be informed and to get the most up-to-date information possible?

Director HAINES. Yes. Our director has actually invested quite a lot in improving our communication with non-title 50 agencies, which is how we think about it, including the Department of Agriculture and others, so that we can actually have those sorts of conversations. It has also been supported by the work that our Cybersecurity Threat and Integration Center has done, which has also been improving our communication with various non-Title 50 agencies and departments, including again the Department of Agriculture, because we see them as one of the major sorts of threat potential vectors.

Senator GILLIBRAND. Thank you. I think as you know, the National Defense Authorization Act from 2024 expanded the Cyber Service Academy to allow up to 10 percent of graduates to serve in the non-DOD Intelligence Community if that component enters into an agreement with the Department of Defense. Has ODNI entered into discussions with the DOD yet to take advantage of this source of cyber professionals, and have you encouraged non-DOD components of the IC to pursue this talent pool?

Director HAINES. Yes, absolutely, and I believe we are in discussions but we have not yet concluded an agreement.

Senator GILLIBRAND. Thank you. Thank you, Mr. Chairman.

Chairman REED. Thank you very much, Senator Gillibrand. Senator Mullin, please.

Senator MULLIN. Thank you, Mr. Chairman. Director Haines, you had mentioned briefly a little bit about Iran's economy. Do you want to broaden a little bit more on that?

Director HAINES. I should get you the fact and figures. I do not have them in front of me.

Senator MULLIN. But you said it was in bad shape, right?

Director HAINES. Yes.

Senator MULLIN. I do not disagree that it is probably not in great shape, but would you agree it is in better shape than it was 3 years ago?

Director HAINES. No. We just recently did a piece that really looked at some of the challenges.

Senator MULLIN. Ma'am, according to the statistics that study that, actually the GDP for Iran is projected to have a ninth consecutive year by 2029, and in the last 4 years since Biden released the sanctions they have actually doubled their GDP. In 2019, they were just about \$250 billion GDP, and in 2020, they had dropped to below 200, and today they are over 500, and projected to continue to grow until 2029, underneath the current statistics.

Now this stuff is open source that you can get, and I actually read it to you. The gross domestic product for GDP as currently priced in Iran was forecasted to continue to increase between 2024 and 2029, which has already had 4 consecutive years of increase, over \$101 billion, U.S. dollars, at a 24.15 percent increase over the next 4 years. Since 2025 to 2022, the gross domestic output is \$576.24 billion.

So have the sanctions that were lifted been a good thing or a bad thing for Iran and the war on terror?

Director HAINES. I will get you the figures that we have on this issue and see if that—

Senator MULLIN. I mean, these figures are government figures. I literally pulled them up since we were sitting here, since you said that, and so I think, I mean, you are the Director of Intelligence. These are something that you really should know, because the more money they have is not good for the U.S. Would you agree with that?

Director HAINES. I certainly think that the more money that they spend on destabilizing activities, on funding various groups—

Senator MULLIN. Is there any—

Director HAINES.—what we see as destabilizing, all of those things are not—

Senator MULLIN. Is there really any debate that Iran is the number one sponsor of war on terror at this point?

Director HAINES. They are absolutely a sponsor.

Senator MULLIN. So we can both agree that the more money they have is bad.

Director HAINES. For that, absolutely.

Senator MULLIN. Okay.

Director HAINES. But what I would say is—

Senator MULLIN. So is this—

Director HAINES.—for example, if you look at—

Senator MULLIN.—is this a good thing—

Director HAINES.—at the value of—

Senator MULLIN. Ma'am, what I am trying to get to is we saw a decrease in their GDP when Trump put in strong sanctions and worked with Congress. Those were lifted underneath the Biden administration. Do you agree with those actions?

Director HAINES. I do not take policy positions from the Intelligence Community.

Senator MULLIN. Well, the intelligence is following the money.

Director HAINES. I understand, and if you want—

Senator MULLIN. So from the intelligence perspective, not a policy, then, from an intelligence perspective, Director Haines, was that a good thing?

Director HAINES. It is neither a good thing nor a bad thing. If you want an assessment on whether or not—

Senator MULLIN. How can you say it is neither a good thing nor a bad thing, ma'am, when you just said they are the number one sponsor of war on terror? That is not debatable. We know that. A while ago you said that their economy was faltering, but yet we have seen that it has actually doubled underneath the Biden administration since they lifted the sanctions that Congress and the Trump administration put in place. That means they have more money to spend on this. That is not really a policy question. That is from an intelligence perspective. That has got to cause problems.

Director HAINES. Senator, so on the economy, why don't we get you our assessment of how they are doing. Even if I am right that they are having challenges economically, I do not think that necessarily is a line that you can draw directly between sanctions and how their economy is doing. There are a number of factors that ob-

viously you have to look at in order to determine that. I am more than happy to do an assessment for you that helps to identify what the impact of different sanctions, less sanctions, more sanctions, all of those things on the economy, and then how that relates to spending, for example, on national security issues that are of importance to us, which we do produce an annual report for you on.

Senator MULLIN. Well, I would appreciate that, and I do not think that we would say that their economy is in great shape. But we can say that throughout all of the Middle East, the middle of the Middle East, we can say that there is a problem there with their economy.

But what I am getting to is that the current position that the Administration, this current Administration, has taken underneath Biden has not been helpful for our security posture. We have seen that their economy has greatly increased and is going to continue to increase if we stay underneath the continued projection of the way we are treating Iran currently.

I think that our posture should, and you can agree, disagree, or not—in fact, you do not even have to answer it because I am not going to put you in that position again—that we have to relook at our posture we have with them, because their GDP has increased. That means their spending on the war on terror, against us and against our allies, has also increased.

With that I will yield back.

Chairman REED. Thank you, Senator Mullin.

Senator Warren, please.

Senator WARREN. Thank you, Mr. Chairman. So Director Haines, when you testified before the Committee last year we talked about how crypto is being used to help finance major threats against national security, like North Korea's nuclear weapons program, Iran's ability to evade sanctions, and ransomware attacks on American hospitals. It seems the problem is getting worse.

According to the Wall Street Journal last month, crypto has become, quote, "indispensable to Vladimir Putin's war machine, allowing Russia to get around sanctions and to throw billions of dollars into its war against Ukraine." According to the Treasury Department, Hamas' terrorist attacks against Israel in October were financed, in part, with crypto, and their current financing depends on crypto. According to the blockchain analytics firm, Elliptic, Iran is deep into crypto.

So let's focus for just a minute on how Iran is using crypto. Director Haines, reports from our Intelligence and National Security Agency say that Iran uses crypto to evade United States sanctions. For example, in 4 years, Binance, just one of many crypto exchanges, processed \$8 billion in transactions for Iran. Can you explain what threat that poses for our national security?

Director HAINES. Yes. There is no question that cryptocurrency is a significant issue for our national security, and as you say, we talked about DPRK last time, and today we continue to produce statistics that indicate that I think it is now over 50 percent of their foreign currency revenues are coming through crypto, that there is really just significant exploitation of this as a way to get around sanctions to ultimately engage in illegal transactions, to

support a system, and certainly the ransomware attacks and other things like that demonstrate it.

With respect to Iran, we see this. So there is no question that Iran permits the use of cryptocurrencies and smart contracts to pay for imported goods because it lacks access to the U.S. dollar, and that is a consequence of the sanctions regimes that are in place. What is also true, though, and I think just to frame it, does not mean that this is not a problem, but its use is relatively limited as compared to other transaction pieces.

So it has not been as much of a major factor, in our judgment, as it might otherwise seem. So in other words, we have got, in early August 2022, the country made its first official cryptocurrency payment for imports, which were \$10 million, out of a total of \$102 billion for imports. It is sort of a similar challenge in the context of Russia, as well, where we see them using cryptocurrency, and I think it is almost certainly going to expand in different ways.

But there are some kinds of structural limitations on their capacity to use that.

Senator WARREN. So let's look into that. Let's look at the structural limitations here, because I think what you are telling me is Iran is definitely using crypto to move money around.

Director HAINES. Yes.

Senator WARREN. To do that to evade sanctions and to fund Hamas, and your assessment is consistent with the assessment of the Treasury Department on this.

But that is not all that Iran is doing with crypto. Iran is also making money by processing crypto transactions for other people. As you know, crypto relies on middlemen—in the crypto world they are called miners or validators—and they process or verify transactions. The Iranian Government officially entered the crypto industry in 2019, because it could make money doing it.

So if I sent \$1,000 in Bitcoin over to you, Lieutenant General Kruse, and you and I might be sitting here in Washington when we engage in this transaction, but Iran may be the one that is processing the transaction for us and pocketing the transaction fee that I pay. Neither one of us would ever even know that we were enriching Iran through this transaction. According to one estimate, in 2021, Iran processed as much as 7 percent of the world's Bitcoin transactions, enough to earn them about \$1 billion.

So Lieutenant General Kruse, the bigger the crypto market gets, the more opportunities Iran has to profit by processing other people's crypto transactions. Let me ask you, how important is it that we cutoff this revenue source for Iran?

General KRUSE. Well, if I could, what I would say is this is not dissimilar to the previous conversation about the source of revenue, whatever Iran's source of revenue, crypto or other transactions, oil sales, and then how Iran uses it. So it does come to more finances they have available to them, this or other sources, certainly allows Iran to make decisions on how it is going to—

Senator WARREN. Look, we have the tools to cutoff countries like Iran from the banking transactions, but those tools were not designed for cryptocurrencies, so crypto money keeps flowing here. That is why I am concerned about any effort to regularize stablecoins without giving regulators the full set of tools they need



to crack down on terrorist financing. Anything Congress does to legitimize and grow the crypto market must have strong protections so we do not increase moneymaking opportunities for Iran and other adversaries.

Thank you, Mr. Chairman.

Chairman REED. Thank you, Senator Warren.

Senator Rosen, you are recognized.

Senator ROSEN. Thank you, Mr. Chairman, and I would like to thank Director Haines and General Kruse for testifying today and for your service.

So I guess the theme this morning is Iran, and of course I am going to expand a little bit about Iran and the Russia defense cooperation because Iran has used the war in Ukraine to bolster its own military partnership with Russia by providing Putin's regime hundreds of drones that have killed Ukrainian civilians. In return, Russia is providing Iran with missiles, cyber tools, air defense systems, and Iran is also seeking to acquire modern Russian fighter jets, helicopters, and radars.

So General Kruse, how does Iran's capacity to produce and export long-range attack drones, evident in both the Middle East and against Ukraine, potentially accelerate the spread of such capabilities globally, particularly with Iran supplying these systems to Russia for its use in war? I will just add, if you want to talk about both of these, how does this acquisition also enable Iran to take an even more aggressive posture right now in the Middle East?

General KRUSE. I think Iran has spent considerable time and effort to be able to produce the kinds of UAVs and other equipment that others would find of value, and they continue to improve the capabilities of what they have been selling over time. You mentioned several hundred. I would say it is probably even 1,000 or more of UAVs that Iran has provided directly to the Russians, that they are using on the battle space, and also providing designs so Russia can do their own manufacturing of that.

This has been a somewhat new business line. It is just a continuation of Iran's previous business line. But it does provide two things. One is a revenue source to Iran. It provides also some capabilities to the proxy organizations and other adversaries and increases their capability and their capacities over time.

Senator ROSEN. Thank you. I want to move on a little bit into what powers a lot of these systems, particularly as we think about Bitcoin, cyber, all these threats—artificial intelligence. So we have a little bit to worry about in artificial intelligence competition. So Director Haines, as we continue to explore really the potential of artificial intelligence, we have to really discuss these ethical boundaries, right, because there are growing concerns that our strategic competitors like China, Russia, and others may not adhere to the same ethical standards, especially regarding the weaponization of technology, potentially leading to abuse which can threaten our global security, our national security.

So could you discuss the implications of this difference in ethical standards for AI development and deployment, particularly in terms of threats to our security, and how do we work with our allies to put in these ethical standards, because we know artificial in-

telligence, it is garbage in, garbage out. Whatever you put in is what comes out, and that is why this is particularly important.

Director HAINES. Yes, absolutely. I mean, I agree with how you have characterized the challenge, and I think it is one of the—there is sort of the first-order issue, which is an ethical issue but may be even a step beyond what you are describing, which is to say that—

Senator ROSEN. It is an educational issue, because computers learn.

Director HAINES. Exactly, yes, and so one is it clearly, in many respects, generative AI in particular but AI generally can exacerbate existing threat streams, as we have seen them make our adversaries far more effective and also sort of lower the cost of entry into these kinds of threat streams. So in other words, for information operations, for cybersecurity, for biosecurity, other issues like that, obviously these are technologies that allow you to be more effective and to do so more cheaply, in many respects, in a number of scenarios. So there is that piece of it.

A second piece of it I would say is that there are, as you say, different standards that we apply. So for example, our commercial companies will only train their models on what is appropriate from an intellectual property perspective, whereas you may see other countries not paying attention to those kinds of standards and getting into other material, and that can create a different series of challenges in these spaces and how you sort of develop against that. You obviously need to ensure that you are paying attention, if that regulatory through standards or other things that can be useful to try to achieve that.

In addition, to your point, we obviously care very much about the governance of AI, how we are applying sort of privacy and civil liberty issues to the work that we are doing. I think on the one hand that may mean that we move sometimes just slightly more slowly or we are thinking through how it is that we are ensuring that what we are producing is consistent with our values and our ethics in these spaces.

But at the same time I actually think that can increase the efficacy, in many respects, of the work that we are doing, because ultimately what you really want to do is train AI on the best possible data, quality data, things that do not have inherent biases in them, things along those lines that will actually get you the answers that are more effective in answering the questions that you are ultimately trying to do.

So we are spending quite a bit of time, both on thinking about how we use it in a positive way and for our mission but also how to counter what it is what we are seeing obviously from allies in these spaces. Maybe I will leave it at that.

Senator ROSEN. Thank you. I have some questions on anti-semitism. I will submit them for the record. Thank you, Mr. Chairman.

Chairman REED. Thank you very much, Senator Rosen.

Senator Schmitt, please.

Senator SCHMITT. Thank you, Mr. Chairman. Director Haines, I have a couple of questions. Recently you stood up the Foreign Malign Influence Center, and you were quoted as stating that it would

allow the FMIC to track disinformation campaigns from a foreign country but also, quote, “the public opinion within the United States.” What does that mean?

Director HAINES. I do not know. That——

Senator SCHMITT. Oh, actually, okay. Well, are you tracking the public opinion of the United States?

Director HAINES. No.

Senator SCHMITT. Okay. How is FMIC different than CISA? I thought CISA was created to do this?

Director HAINES. Okay. So FMIC is actually, we established it pursuant to a statute——

Senator SCHMITT. Right.

Director HAINES.—that asked us to establish it. What we do within the Foreign Malign Influence Center, which encompasses our election threat work effectively across the community, is allocate resources in relation to collection. We work through analytic work that is supportive of what CISA does, for example, but also in coordination with our Cybersecurity Intelligence Threat Integration Center. We ultimately coordinate the work that the community is doing in order to counter foreign malign influence.

That is not something that CISA does. In other words, CISA is taking our products and the intelligence that we produce and is ultimately deciding what it is that needs to be, for example, shared with local and State partners, with industry depending on the cybersecurity threat or other things like that, in order to protect our critical infrastructure.

So in a sense we do the normal Intelligence Community work that we do and they basically take that information. Hopefully we are supporting them in their mission to actually take action in response.

Senator SCHMITT. Okay. In your 2024 unclassified Annual Threat Assessment, you make several mentions of the threats of misinformation and disinformation. Specifically the report mentions adversarial State actors leveraging disinformation intended to propagate divisive societal issues to weaken America and our democracy. It also references medical disinformation as a threat to global health security.

What are you doing here? Because as you know, a court has found that there has been great coordination between the Intelligence Community and Government Agencies to censor speech, in *Missouri v. Biden*, the Fifth Circuit, to censor speech, and so the determination was made that opinions about efficacy of masks or transmissibility of COVID after the vaccine was taken down at the behest of government actors.

My big concern is, are you using this to quell dissenting points of view? Because I do not know what medical disinformation means and why, you know, if you are involved with censoring or limiting speech of Americans who may have different points of view, let's say if masks work or not. So is that what you are talking about with medical misinformation?

Director HAINES. So just a few things. I obviously do not play a lawyer in this position, but I would not accept your characterization of what the court has found.

Senator SCHMITT. Well, I actually was the lawyer—I was the attorney general that filed the lawsuit, so I am pretty familiar with that case.

Director HAINES. Okay. Understood. I am just saying that from my perspective the Intelligence Community does not, and has not, engaged in any sort of censorship of—

Senator SCHMITT. Well, okay. I have limited time, so let me just—

Director HAINES. But let me focus on—

Senator SCHMITT. Okay, sure.

Director HAINES.—the question you are asking, which is just basically in the context of medical disinformation, so for example, we saw Chinese efforts to ultimately engage in disinformation campaigns about the United States vaccine, for example, the quality of those types of vaccines, that ultimately if you take a different vaccine you might be better, the Russian efforts to do that as well. So that is the kind of thing—

Senator SCHMITT. Is medical misinformation, if I were to go online right now and say that masks are ineffective and they might actually hurt kids, is that medical misinformation?

Director HAINES. Well, you are not a foreign actor so that would not be foreign malign influence. What we would be looking for is a campaign from another country such as Russia and China engaging in disinformation about, for example, what I just described in the context of—

Senator SCHMITT. So just one last question. So obviously you work with the FBI, right?

Director HAINES. Absolutely. The FBI is actually part of the Intelligence Community.

Senator SCHMITT. Correct. Have there been any consequences to the FBI's prebunking of the Hunter Biden laptop story? Because we know that Elvis Chan was claiming that the Hunter Biden laptop, even though it was in the FBI's possession, was a, quote/unquote, "Russian hack-and-leak operation." It was not, right. We know that it was not. But yet there are sworn affidavits now from senior executives of social media companies that said that it is exactly what they were told.

Have there been any repercussions? Has anybody been fired for claiming this was a Russian hack-and-leak operation, when in fact it was Hunter Biden's laptop, and by the way the story got censored? Have there been any repercussions? Have you done anything about that?

Director HAINES. I suspect that we are not going to have the same characterization of the scenario either. But I am happy to take this offline and see if there is anything that we need to answer—

Senator SCHMITT. I hope so, because I have genuine concerns about the credibility of the Intelligence Community after what has come to light in that litigation. Anyway, but I am happy to talk to you about it more. I am out of time. Thanks.

Chairman REED. Thank you, Senator Schmitt.

Senator Blumenthal, please.

Senator BLUMENTHAL. Thanks, Mr. Chairman. Thank you both for being here and thank you for your service to our Nation.

There have been reports, as recently as this morning, about potential progress in discussions with Saudi Arabia about a pact that in effect could lead to normalizing relations with Israel. Those discussions, I am aware, were underway before the October 7th attack, with great promise.

Could you update us as to what you know about those discussions and whether an agreement with Saudi Arabia directly, without involving Israel in the first stage, is possible at this point?

Director HAINES. Thank you, Senator. I could not. The Intelligence Community is not involved in those discussions, but I am happy to defer that, obviously, and we can get you an answer from the policy community.

Senator BLUMENTHAL. Thank you. On Iran, I am somewhat perplexed about what you say in your report—Iran is currently not undertaking the key nuclear weapons development activity necessary to produce a testable nuclear device. But then you say Iran continues to increase the size and enrichment level of its uranium stockpile, and so forth. Isn't Iran continuing to take steps that would put it in a position to have nuclear arms?

Director HAINES. Yes, I think we can probably talk about this more in closed session, but I think the distinction that is being made in the report, in that particular scenario, is basically to say that what they are doing is shortening the time period that it would take for them to actually, for example, enrich a sufficient amount of material for a nuclear weapon, if they make a decision to move forward on it, as opposed to actually having made a decision to move forward on it. Does that make sense?

Senator BLUMENTHAL. It does, and I guess that leads to the next question, which is what is the time period now that they have shortened to?

Director HAINES. Yes, I think we can discuss this in closed session.

Senator BLUMENTHAL. Okay. Could you talk a little bit about efforts to free Evan Gershkovich, the Wall Street Journal reporter currently imprisoned in Russia? Are we making any progress there?

Director HAINES. We are working on that. I think we can discuss that in closed session.

Senator BLUMENTHAL. Which leads to my next question. There is a lot of public interest in it, and I have long felt that there is overclassification of information. As you know, the present system dates from, I think it is Harry Truman. Executive orders in terms of classifications of different materials are, in my view, very antiquated. I have been to countless classified briefings in the SCIF, and I have read about them the next day, or the previous day, in the New York Times or wherever. Aren't we overclassifying information? Shouldn't we be disclosing more of it?

What I find—and I say it in these briefings—our adversaries know what you are telling us about them. We know our adversaries know all about it. They know we know. The only people who do not know are the American people. Aren't we overclassifying?

Director HAINES. Yes, I have been very public in saying that overclassification is an issue, and it is one that we are working quite hard on. It is not going to be solved quickly because it is actu-

ally, there are a lot of institutional issues that are at stake and challenging. One of the things that we are doing, for example, is related to the fact that we recognize we produce an enormous amount of information. Some of it gets declassified over time. It is necessary for us to get that information out. We are trying to use technology in a more productive way to actually ensure that we are doing this at a more rapid rate. We have had some progress on this, and there is actually money in our current budget proposals to try to increase the amount of technology and work that we can do in this area to ensure that we are pushing out information that should be pushed out.

We are working with our FOIA offices to basically ensure that they are better staffed, that they are in a position to be able to do more work, more quickly, prioritize what is of the highest public interest. We are working to try to ensure that we actually incentivize, to the greatest extent possible, accurately classifying things, not overclassifying things, et cetera.

I am happy to share we have got a lot of lines of effort, frankly, on this issue, to try to improve the situation.

Senator BLUMENTHAL. Just one last quick question on Evan Gershkovich. Are we making progress, or not?

Director HAINES. Honestly, this is not an area where I am involved in the specific talks, and I would rather, yes.

Senator BLUMENTHAL. Okay. Thank you.

Chairman REED. Thank you, Senator Blumenthal.

Senator Budd, please.

Senator BUDD. Thank you, Chairman. General, Director, thank you both for being here today.

Director Haines, the Annual Threat Assessment, it states that the Intelligence Community assesses that, and a quote from there is, "that Iranian leaders did not orchestrate, nor had foreknowledge of the Hamas attack against Israel." So how confident are you about that assessment, and to the extent that you can discuss it here, how has October 7th impacted the relationships and operations of the broader Iranian threat network?

Director HAINES. Sure. I can give a start at this and General Kruse may have more to add too. I mean, I think we are reasonably confident, and growing more confident over time, that that assessment is correct with respect to their foreknowledge of the attack. Then in terms of the relationship impact that it has had, as you indicate, I think it has certainly increased the degree of work that is being done between, for example, Iran and the Houthis. That was obviously a long-standing relationship, but that one continues to build, and the Houthis are increasingly relying on Iran for assistance in their capacity for weapons systems and so on, and to make them more precise, in many respects.

It has certainly continued. I mean, I think the relationship with the Iranian-aligned militia groups, as we often refer to them, within the region, these are classically Shia militia groups that have been working with Iran that get money, training, weapons systems, and so on from them. We continue to see that relationship. I do not know that it has had an enormous impact on the relationship since October 7th, but it has been one that has been quite active, obviously, during this period, and they have been assisting in the sort

of strategy that Iran has taken with respect to the conflict in the region during this period.

I would say that the relationship remains strong between Iran and Hezbollah. That continues to be a key partner from their perspective and one that they rely on to manage security in the region in many respects, from their perspective. I guess that is sort of a general waterfront landscape——

Senator BUDD. I am going to ask another part to that question, Director. Since October 7th, Iran has encouraged and enabled its proxies to conduct strikes against Israel and then also United States interests. In fact, we saw more than 100 attacks against United States Forces in the Middle East, including the killing of three American soldiers. These attacks have dissipated, but they seem to have started again.

Director, what is the IC's assessment of whether the Iran threat network will renew a campaign of attacks against United States Forces, or has some level of deterrence been established? Director, we will start with you, and General, if you would add in.

Director HAINES. Okay. Yes, currently they continue to sort of be in this pause. The question of how long it will last is unknown to us, but here are some of the factors that I think are relevant to it.

One is the Iranians have really been focused on pressuring the Iranian threat network, as you call it, the Iranian-aligned militia groups, on Israel, as you pointed out. That is sort of their primary instruction, in many respects, and what has really, in part, been driving the Iranian militia groups in this scenario, particular the Iraqi groups, has been also to drive United States Forces out of the region, and coalition forces out of the region, but particularly United States Forces.

So how the talks with the Higher Military Commission go, how the conversation goes in Iraq, and how much Sudani is able to manage that, President Sudani, will make a difference to essentially the calculus of those groups and whether or not they initiate continued attacks, is sort of where we are on this. But we will continue to watch this, and we do think, obviously, that the pause reflects a certain amount of deterrence that has been established during this period. But again, these factors can adjust that, and it is possible for it to start as any time as a consequence of that discussion. Please.

General KRUSE. I would probably just echo. The point I would have made would have been the Iraqi connection and what the drivers are and the calculus of the Iranian threat network and the Iranian-aligned militia groups.

Then the deterrence I think that we have seen temporarily, it is a fleeting piece and needs to be refreshed and renewed or rediscussed, and it is the variables that the Director laid out that I think will drive that.

Senator BUDD. Thank you. Bottom line, in the interest of time, could you describe the threats from Hamas and Hezbollah to the homeland and how they have evolved since October 7th, Director?

Director HAINES. Yes. I mean, in many respects the greatest threat that they pose to the homeland is the degree to which they inspire folks within the homeland to conduct attacks, and also for

other groups. As I mentioned in my opening remarks, al Qaeda and ISIS have basically directed, in a sense, renewed instructions to continue to go against United States interests. So that is more of the impact that they are having with respect to the homeland at this point. But over time that will develop, and I do not want to suggest in any way that the counterterrorism concerns that we have are significant at this point.

Senator BUDD. Thank you.

Chairman REED. Thank you, Senator Budd.

Senator Peters, please.

Senator PETERS. Thank you, Mr. Chairman. Director Haines, as you know all too well, rapid technological improvement like artificial intelligence and advanced photo editing is allowing malicious actors to spread very sophisticated deepfakes of photos, videos, auto-recordings. A notable example of that was a video that was circulated in early 2022, depicting Ukrainian President Zelensky appearing to surrender Russia troops in that deepfake.

In response to similar incidents, several Fortune 500 companies have created a Coalition for Content Prominence and Authenticity to address these threats and to verify the origins of digital content. In support of their efforts I was pleased to include a pilot program in the fiscal year 2024 NDAA for the DOD to assess the feasibility of establishing content standard technologies on DOD-produced and owned media content, which can be used by malicious forces.

So my question for you, Director Haines, is, with thousands of Government websites containing digital content easily altered by our adversaries, how concerned are you about the proliferation of deepfakes and the resulting impacts on our national security?

Director HAINES. Thank you, sir. I am very concerned about the proliferation of deepfakes and the capacity to use generative AI and other technologies, basically, to improve information operations, and I think that is true just across the board. As you indicated, there was the example that we saw in the context of Ukraine. There was also a deepfake audio recording that we saw in the Slovakian parliamentary elections that had impact. There are a variety of examples now of these types of things being produced, and whether they are produced from information that is available through a Government website or otherwise, frankly, they are a challenge.

Senator PETERS. Director Haines, I chair the Homeland Security Committee, and I am keenly aware of the current and emerging threats associated with unmanned aircraft systems, both for the homeland as well as our folks abroad. Major technological investments are going to be clearly needed to combat these risks. But just as importantly, we need to actually synchronize all of our fragmented interagency efforts.

So my question for you is, how is the Intelligence Community coordinating and sharing intelligence with your interagency partners to mitigate these UAS threats, and in response if you could tell us any roadblocks that you are facing in those coordination efforts to get everybody on the same page.

Director HAINES. Thank you, sir. Obviously you know that the Department of Defense has a counter-UAS strategy. We have nested essentially against that. We do these sorts of unified intel-



ligence collection strategies, and it is intended to support that strategy. That is sort of how we organize ourselves to ensure that we are, in fact, supporting the work that is getting done at DOD, but also in other parts of the U.S. Government on these issues.

We really have not encountered so much challenges in the context of interagency cooperation or sharing in this space but more in the sense of just actually going after the problem, ensuring that we are actually getting the information that we need for supporting them, and also including talking to private sector and others who may have knowledge about some of the technologies that are being used, mapping out supply chains so that we can help to disrupt issues, things along those lines.

Senator PETERS. Very good. General Kruse, Russian disinformation efforts, including attempts to influence EU elections and spread harmful propaganda are being used to achieve military objectives in the war in Ukraine.

My question for you sir is, what specific lessons has DIA gained from Russia's ongoing information operations?

General KRUSE. So there are probably a couple, and I think I would even add to your question to say what have some of our other adversaries learned from Russian misinformation campaigns. I worry probably less about our ability to how do we detect some of these pieces, which in partnership with the rest of the community, I think we are able to identify a lot of that data. The issue is how do you counter it, what is the pathway by which you can authoritatively say something is fake and then provide it to the people in an authoritative way.

The piece that I do worry about is what are the Chinese learning, what are the Iranians learning, what does the impact of disinformation mean on all future battle spaces, or in the lead-up to future conflicts, which drives the need to really get our arms around how do we effectively and efficiently detect deepfakes and other pieces and have a dissemination system in the same way that we do with traditional intelligence.

Senator PETERS. Thank you. Thank you, Mr. Chairman.

Chairman REED. Thank you very much, Senator Peters. Director, General, thank you for your excellent testimony. We will now adjourn the open session and we will reconvene, let's shoot for 12 noon in SVC-217.

With that I will adjourn the open session.

[Whereupon, at 11:44 a.m., the Committee recessed, to be continued in closed session.]

[Questions for the record with answers supplied follow:]

#### QUESTIONS SUBMITTED BY SENATOR MAZIE K. HIRONO

##### MISINFORMATION WITH MAUI WILDFIRES

1. Senator HIRONO. Director Haines and General Kruse, there were reports that misinformation was used after the Maui Wildfires to spread distrust of Federal Emergency Management Agency (FEMA). Do you have any more information on these incidents and if Russia was responsible?

Director HAINES. [Deleted.]

General KRUSE. DIA defers this question to the Office of the Secretary of Defense.

2. Senator HIRONO. Director Haines and General Kruse, how can we address or combat these misinformation campaigns that may affect responses to future natural disasters?

Director HAINES. [Deleted.]

General KRUSE. DIA defers this question to the Office of the Secretary of Defense.

#### CLIMATE CHANGE AND ENVIRONMENTAL DEGRADATION

3. Senator HIRONO. Director Haines, it is clear climate change contributes to global instability, and its effects are particularly acute for developing countries. Environmental disasters can weaken government institutions, causes migration, and force communities to turn to illegal activities to survive. As climate change intensifies, what additional national security challenges do you see it causing in the United States?

Director HAINES. [Deleted.]

4. Senator HIRONO. Director Haines, as sea ice recedes in the Arctic, competition over access and economic resources will increase. What is the Intelligence Community's assessment of how countries, particularly Russia and China, will attempt to leverage these changes?

Director HAINES. [Deleted.]

#### LINES OF COMMUNICATION WITH CHINA

5. Senator HIRONO. Director Haines, a couple weeks ago, Defense Secretary Lloyd Austin spoke with his Chinese counterpart for the first time since November 2022. Increasing the amount of bilateral dialog, especially military-to-military lines of communication, is critically important to avoid miscalculation and reduce the risk of an escalatory military encounter. Why do you think China has been reluctant to consistently engage in conversations with our senior military leaders?

Director HAINES. [Deleted.]

6. Senator HIRONO. Director Haines, what is the Intelligence Community's assessment of the likelihood of these conversations becoming more frequent in the future?

Director HAINES. [Deleted.]

#### CHINA'S INFLUENCE IN THE INDO-PACIFIC

7. Senator HIRONO. Director Haines, the annual threat assessment states China is "considering pursuing military facilities in multiple locations, including—but not limited to—Burma, Cuba, Equatorial Guinea, Pakistan, Seychelles, Sri Lanka, Tajikistan, Tanzania, and the UAE [United Arab Emirates]." How do you think China's establishment of overseas military installations and access agreements will affect our national security?

Director HAINES. [Deleted.]

8. Senator HIRONO. Director Haines, our network of allies and partners is the greatest asymmetric advantage we have in the long-term strategic competition with China. This network is sustained by mutually beneficial cooperation on issues not merely related to defense. How have the Chinese reacted to these initiatives and what is your assessment of their ability to successfully do the same?

Director HAINES. [Deleted.]

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### QUESTIONS SUBMITTED BY SENATOR JACKY ROSEN

#### ANTISEMITISM

9. Senator ROSEN. Director Haines, given the troubling rise in antisemitism here at home and around the world, can you elaborate on how our adversaries like Russia and China are amplifying antisemitic narratives to create further divisions in the United States and how are they using antisemitism to further their strategic interests?

Director HAINES. [Deleted.]

#### FOREIGN INFLUENCE

10. Senator ROSEN. Director Haines, news reports in recent years highlight efforts by Huawei and foreign government-owned companies to build telecommunications infrastructure or purchase land near intercontinental ballistic missile (ICBM) fields, U.S. military installations, training ranges, and sensitive national security areas,

for intelligence collection purposes. Discuss the threat this intelligence gathering poses and how the Intelligence Community works alongside the Federal Bureau of Investigation (FBI) to mitigate these threats?

Director HAINES. [Deleted.]

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#### QUESTIONS SUBMITTED BY SENATOR MICHAEL ROUNDS

##### SPECTRUM

11. Senator ROUNDS. Director Haines and General Kruse, are you aware of any, or of the Chinese efforts to encourage other nations to build out their 5G infrastructure on the 3.1 to 3.45 gigahertz portion of the spectrum?

Director HAINES. [Deleted.]

General KRUSE. China does encourage other nations to use the 3.1 to 3.45 gigahertz (GHz) portion of the radiofrequency spectrum. This frequency range falls into the industry standard “Mid-Band” for 5G, covering 1GHz–6GHz. Mid-Band is the ideal range to balance coverage, bandwidth, and speed requirements for most 5G applications, and many countries worldwide have already designated it for 5G, particularly in the 3.3 to 3.8 GHz range.

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#### QUESTIONS SUBMITTED BY SENATOR DAN SULLIVAN

##### ARCTIC INTELLIGENCE EFFORTS

12. Senator SULLIVAN. Director Haines, does the Intelligence Community (IC) have sufficient resources to collect on the People’s Republic of China (PRC) and Russian activities in the Arctic?

Director HAINES. [Deleted.]

13. Senator SULLIVAN. Director Haines, the Annual Threat Assessment mentions the growing relationship between Beijing and Moscow in regards to accessing the Arctic. Is the IC able to maintain persistent collection on Russian and Chinese vessels engaged in military activities and natural resource activities in the Arctic?

Director HAINES. [Deleted.]

14. Senator SULLIVAN. Director Haines, would an icebreaker provide the IC an ability to collect on Russian and Chinese activities in the Arctic in a meaningful way that overhead resources cannot?

Director HAINES. [Deleted.]

##### DOMESTIC SUPPLY FOR ENERGY AND MINERALS

15. Senator SULLIVAN. Director Haines, has the IC conducted a critical and strategic minerals supply chain assessment to determine U.S. supply chain vulnerabilities in the event of a conflict with the PRC?

Director HAINES. [Deleted.]

##### CHINESE AND RUSSIAN ECONOMIC OUTLOOK

16. Senator SULLIVAN. Director Haines and General Kruse, both the PRC and Russia have experienced economic disruptions due to a variety of factors, including United States sanctions and tariffs. How do your organization assess PRC and Russian economic vulnerabilities that have the greatest impact on their respective military capabilities?

Director HAINES. [Deleted.]

General KRUSE. [Deleted.]

##### WARTIME ECONOMIES AND DEFENSE SPENDING

17. Senator SULLIVAN. Director Haines and General Kruse, how much are Russia and the PRC spending on defense each year?

Director HAINES. [Deleted.]

General KRUSE. DIA Response for Russia: Moscow released budget information indicating that it intends to spend about \$120 billion on defense in 2024, which is nearly a 61 percent increase from the previous year.

[Deleted.]

18. Senator SULLIVAN. Director Haines and General Kruse, will you commit to producing unclassified assessments of total national security spending for Russia and the PRC?

Director HAINES. [Deleted.]

General KRUSE. DIA Response for Russia: [Deleted.]

DIA Response for China: Yes.

[Deleted.]

19. Senator SULLIVAN. Director Haines, Russia is reportedly spending 7 percent of its gross domestic product (GDP) on defense. The same is publicly reported for China, although the true number may be higher. Does the IC make any assessments on the sustainability of that level of spending and its impact?

Director HAINES. [Deleted.]

20. Senator SULLIVAN. Director Haines and General Kruse, how many analysts in your organization are focused on assessing PRC military spending, including dual-use technologies, the PRC Coast Guard, and PRC maritime militias?

Director HAINES. [Deleted.]

General KRUSE. [Deleted.]

21. Senator SULLIVAN. Director Haines and General Kruse, do you believe the number of analysts assigned to assess PRC military spending is adequate to appropriately inform policymakers?

Director HAINES. [Deleted.]

General KRUSE. [Deleted.]

22. Senator SULLIVAN. Director Haines and General Kruse, do you believe the number of analysts assigned to assess PRC military spending is adequate to appropriately inform policymakers?

Director HAINES. [Deleted.]

General KRUSE. [Deleted.]

23. Senator SULLIVAN. Director Haines and General Kruse, in your opinion, is the United States spending an appropriate percentage of GDP on defense to counter the PRC?

Director HAINES. [Deleted.]

General KRUSE. DIA defers this question to the Office of Secretary of Defense.

24. Senator SULLIVAN. Director Haines and General Kruse, in your opinion, would greater United States defense spending improve our ability to deter the PRC from invading Taiwan?

Director HAINES. [Deleted.]

General KRUSE. DIA defers this question to the Office of Secretary of Defense.

25. Senator SULLIVAN. Director Haines, in your opinion, what negative impact, if any, did the delay in passing the Fiscal Year 2024 National Security Supplemental have on how the PRC views our deterrence efforts in the Indo-Pacific?

Director HAINES. [Deleted.]

#### IRANIAN PROXIES

26. Senator SULLIVAN. Director Haines, have Iranian warships, either Islamic Republic of Iran Navy (IRN) or Islamic Revolutionary Guard Corps Navy (IRGCN), provided targeting data to the Houthis that have directly led to an attack on United States Navy ships?

Director HAINES. [Deleted.]

27. Senator SULLIVAN. Director Haines, do you have any indications that Iran has attempted to reign-in its proxies?

Director HAINES. [Deleted.]

#### ILLCIT DRUG SUPPLY

28. Senator SULLIVAN. General Kruse, how are fentanyl precursor chemicals from China getting to Mexican Transnational Criminal Organizations (TCOs)?

General KRUSE. China-based chemical companies are the primary suppliers of fentanyl precursor chemicals to Mexico-based fentanyl producers. Despite the regulations on precursors implemented by Beijing in the past year, China-based chem-

ical companies continue to advertise and sell 4-piperidone—the most crucial chemical in fentanyl production—and other precursors and essential chemicals, mainly through online marketplaces. Similarly, chemical brokers and Mexico-based transnational criminal organizations (TCOs) continue to employ deceptive shipping techniques, bribe government officials, and shift synthesis formulas to other non-regulated precursors to circumvent law enforcement efforts.

China-based chemical company employees, independent facilitators, and wholesalers sell precursor chemicals to Mexico-based brokers, TCOs, or independent buyers, according to open source reporting. These recipients make payments to chemical companies and brokers directly through bank wire transfers, cryptocurrencies, or money service businesses.

China-based suppliers arrange transportation through commercial air, freight forwarding companies, standard mail, and maritime shipping, and mislabel and disguise packages to obfuscate shipments, according to open source reporting. In addition, chemical suppliers ship precursor chemicals through third-party countries such as the United States and Germany for transshipment to Mexico to mask the nature and origin of the products.

Mexico-based fentanyl producers import China-origin precursor chemicals through major Mexican ports of entry such as Mexico City International Airport, the maritime port of Manzanillo, and the Nuevo Laredo land port of entry.

Mexico-based TCOs and a growing number of independent fentanyl producers continually adjust tactics to maintain access to precursor chemicals and production equipment, synthesize fentanyl, and move product into the United States. As of May 2023, Mexico-based TCOs had recruited chemists from Mexican universities to produce synthetic drugs. These chemists probably seek to experiment with synthesis methods to reduce reliance on internationally sourced precursors.

29. Senator SULLIVAN. Director Haines, do illicit drugs sales in the United States fund other types of organizations that pose a threat to U.S. interests beyond TCOs?  
Director HAINES. [Deleted.]

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#### QUESTIONS SUBMITTED BY SENATOR TED BUDD

##### UNITED STATES-ISRAEL INTELLIGENCE COOPERATION

30. Senator BUDD. General Kruse, what intelligence cooperation between the United States, Israel, and our global and regional partners contributed to the successful interception of Iranian missiles and drones?  
General KRUSE. [Deleted.]

31. Senator BUDD. Director Haines and General Kruse, how essential is the future of intelligence collaboration between the United States, Israel, and global and regional partners who worked to intercept Iranian missiles and drones to the protection of American national security interests and regional security?  
Director HAINES. [Deleted.]  
General KRUSE. [Deleted.]

##### CHINESE MARITIME CAPABILITIES

32. Senator BUDD. Director Haines, this year's annual threat assessment states, "In the South China Sea, Beijing will continue to use its growing military and other maritime capabilities to try to intimidate rival claimants and to signal it has control over contested areas." Where should we expect to see China expand its intimidation campaign in the South China Sea outside of the Second Thomas Shoal?  
Director HAINES. [Deleted.]

33. Senator BUDD. General Kruse, what is your assessment of the Chinese military's ability to conduct a cross-strait amphibious assault of Taiwan?

General KRUSE. The PLA is preparing its forces to be capable of compelling Taiwan to unify with China by force if Beijing perceives force is necessary, while simultaneously deterring or denying any third-party intervention, such as the United States and other like-minded partners, on Taiwan's behalf. As part of the military's preparation to hone contingency capabilities and signal Beijing's displeasure at deepening Washington-Taipei ties, the PLA has routinely conducted military operations near Taiwan and focused much of its training over the past several years on a Taiwan conflict. The PLA's lack of transparency about its modernization progress and plans limits the information available to discuss specific details on China's modernization efforts.

[Deleted.]

34. Senator BUDD. General Kruse, the Chinese military has now effectively practiced a blockade. In your assessment, are they ready for a major amphibious landing yet?

General KRUSE. In May, the PLA's Eastern Theater Command announced Exercise JOINT SWORD-2024A following the inauguration of Taiwan's President Lai, which probably allowed the PLA to exercise some elements of a blockade. Having such a capability probably would enable a more permissive environment for an amphibious operation to take place, although it would not necessarily serve as a direct component of such an operation.

The PLA's lack of transparency about its modernization progress and plans limits the information available to discuss specific details on its capabilities.

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**APPENDIX A**

**ANNUAL THREAT ASSESSMENT  
OF THE U.S. INTELLIGENCE COMMUNITY**



OFFICE OF THE DIRECTOR OF NATIONAL INTELLIGENCE

February 5, 2024

## ANNUAL THREAT ASSESSMENT OF THE U.S. INTELLIGENCE COMMUNITY

February 5, 2024

### INTRODUCTION

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This annual report of worldwide threats to the national security of the United States responds to Section 617 of the FY21 *Intelligence Authorization Act* (Pub. L. No. 116-260). This report reflects the collective insights of the Intelligence Community (IC), which is 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.

This assessment focuses on the most direct, serious threats to the United States primarily during the next year. The order of the topics presented in this assessment does not necessarily indicate their relative importance or the magnitude of the threats in the view of the IC. All require a robust intelligence response, including those where a near-term focus may help head off greater threats in the future.

Information available as of 22 January was used in the preparation of this assessment.



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## FOREWORD

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During the next year, the United States faces an increasingly fragile global order strained by accelerating strategic competition among major powers, more intense and unpredictable transnational challenges, and multiple regional conflicts with far-reaching implications. An ambitious but anxious China, a confrontational Russia, some regional powers, such as Iran, and more capable non-state actors are challenging longstanding rules of the international system as well as U.S. primacy within it. Simultaneously, new technologies, fragilities in the public health sector, and environmental changes are more frequent, often have global impact and are harder to forecast. One need only look at the Gaza crisis—triggered by a highly capable non-state terrorist group in HAMAS, fueled in part by a regionally ambitious Iran, and exacerbated by narratives encouraged by China and Russia to undermine the United States on the global stage—to see how a regional crisis can have widespread spillover effects and complicate international cooperation on other pressing issues. The world that emerges from this tumultuous period will be shaped by whoever offers the most persuasive arguments for how the world should be governed, how societies should be organized, and which systems are most effective at advancing economic growth and providing benefits for more people, and by the powers—both state and non-state—that are most able and willing to act on solutions to transnational issues and regional crises.

New opportunities for collective action, with state and non-state actors alike, will emerge out of these complex and interdependent issues. The 2024 Annual Threat Assessment highlights some of those connections as it provides the IC's baseline assessments of the most pressing threats to U.S. national interests. It is not an exhaustive assessment of all global challenges, however. It addresses traditional and nontraditional threats from U.S. adversaries, an array of regional issues with possible larger, global implications, as well as functional and transnational challenges, such as proliferation, emerging technology, climate change, terrorism, and illicit drugs.

China has the capability to directly compete with the United States and U.S. allies and to alter the rules-based global order in ways that support Beijing's power and form of governance over that of the United States. China's serious demographic and economic challenges may make it an even more aggressive and unpredictable global actor. Russia's ongoing aggression in Ukraine underscores that it remains a threat to the rules-based international order. Local and regional powers are also trying to gain and exert influence, often at the cost of neighbors and the world order itself. Iran will remain a regional menace with broader malign influence activities, and North Korea will expand its WMD capabilities while being a disruptive player on the regional and world stages. Often, U.S. actions intended to deter foreign aggression or escalation are interpreted by adversaries as reinforcing their own perceptions that the United States is intending to contain or weaken them, and these misinterpretations can complicate escalation management and crisis communications.

Regional and localized conflicts and instability, such as from the HAMAS attacks against Israel and Israel's subsequent invasion of Gaza, will demand U.S. attention as states and non-state actors struggle in this evolving global order, including over major power competition and shared transnational challenges. From this, conflicts and bouts of instability from East Asia to Africa to the Western Hemisphere—exacerbated by global challenges—have greater potential to spill over into many domains, with implications for the United States, U.S. allies and partners, and the world.

Economic strain is further stoking this instability. Around the world, multiple states are facing rising, and in some cases unsustainable, debt burdens, economic spillovers from the war in Ukraine, and increased cost and output losses from extreme weather events even as they continue to recover from the COVID-19 pandemic. While global agricultural food commodity prices retreated from their 2022 peak, domestic food price inflation remains high in many countries and food security in many countries remains vulnerable to economic and geopolitical shocks.

At the same time, the world is beset by an array of shared, universal issues requiring cooperative global solutions. However, the larger competition between democratic and authoritarian forms of government that China, Russia, and other countries are fueling by promoting authoritarianism and spreading disinformation is putting pressure on longstanding norms encouraging cooperative approaches to the global commons. This competition also exploits technological advancements—such as AI, biotechnologies and related biosecurity, the development and production of microelectronics, and potential quantum developments—to gain stronger sway over worldwide narratives affecting the global geopolitical balance, including influence within it. The fields of AI and biotechnology, in particular, are rapidly advancing, and convergences among various fields of science and technology probably will result in further significant breakthroughs. The accelerating effects of climate change are placing more of the world's population, particularly in low- and middle-income countries, at greater risk from extreme weather, food and water insecurity, and humanitarian disasters, fueling migration flows and increasing the risks of future pandemics as pathogens exploit the changing environment.

The 2024 Annual Threat Assessment report supports the Office of the Director of National Intelligence's commitment to transparency and the tradition of providing regular threat updates to the American public and the United States Congress. The IC is vigilant in monitoring and assessing direct and indirect threats to U.S. and allied interests. For this requirement, the IC's National Intelligence Officers—and the National Intelligence Council that they collectively constitute—work closely and regularly with analysts across the IC. This work diagnostically examines the most serious of both the immediate and long-term threats to the United States, along with the evolving global order and other macro-trends, that will most influence the direction and potential impact of these threats.

The National Intelligence Council stands ready to support policymakers with additional information in a classified setting.

## STATE ACTORS

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### PREFACE

Several states are engaging in competitive behavior that directly threatens U.S. national security while a larger set of states—including some allies—are facing intrastate conflict or domestic turmoil. These pressures and dynamics have the potential to spill over borders and across regions to destabilize areas and threaten the livelihoods, safety, and stability of billions of people. China vies to surpass the United States in comprehensive national power and secure deference to its preferences from its neighbors and from countries around the world, while Russia directly threatens the United States in an attempt to assert leverage regionally and globally.

### CHINA

#### Regional and Global Activities

*President Xi Jinping envisions China as the preeminent power in East Asia and as a leading power on the world stage. The Chinese Communist Party (CCP) will attempt to preempt challenges to its reputation and legitimacy, undercutting U.S. influence, driving wedges between Washington and its partners, and fostering global norms that favor its authoritarian system. Most significantly, the People's Republic of China (PRC) will press Taiwan on unification, an effort that will create critical friction points with the United States.* Despite economic setbacks, China's leaders will maintain statist economic policies to steer capital toward priority sectors, reduce dependence on foreign technologies, and enable military modernization.

- China views Washington's competitive measures against Beijing as part of a broader U.S. diplomatic, economic, military, and technological effort to contain its rise, undermine CCP rule, and prevent the PRC from achieving its regional and global power ambitions. Nevertheless, China's leaders will seek opportunities to reduce tension with Washington when they believe it benefits Beijing and protects core interests, such as Xi's willingness to meet with President Biden at the APEC Summit in late 2023.
- China faces myriad domestic challenges that probably will hinder CCP leaders' ambitions. CCP leaders have long believed that China's technology-powered economic growth would outpace Western countries. However, China's growth almost certainly will continue slowing thanks to demographic challenges and a collapse in consumer and investor sentiment due in large part to Beijing's heavyhanded policies.
- PRC leaders' regional and global ambitions are also hampered by growing resistance to China's heavyhanded and coercive economic, diplomatic, and military tactics toward Taiwan and other countries. In particular, China's policies have led many countries and businesses to accelerate de-risking in key sectors and to limit exports of sensitive technology to China, which is further hindering PRC leaders' goals for technology-enabled economic and military development.

*The PRC combines its economic heft with its growing military power and its diplomatic and technological dominance for a coordinated approach to strengthen CCP rule, secure what it views as its sovereign territory and regional preeminence, and pursue global power.* In particular, Beijing uses these whole-of-government tools to compel others to acquiesce to its preferences, including its assertions of sovereignty over Taiwan.

- In 2024, following Taiwan's presidential and legislative election, Beijing will continue to apply military and economic pressure as well as public messaging and influence activities while promoting long-term cross-strait economic and social integration to induce Taiwan to move toward unification. Taiwan is a significant potential flashpoint for confrontation between the PRC and the United States as Beijing claims that the United States is using Taiwan to undermine China's rise. Beijing will use even stronger measures to push back against perceived increases in U.S. support to Taiwan.
- In the South China Sea, Beijing will continue to use its growing military and other maritime capabilities to try to intimidate rival claimants and to signal it has control over contested areas. Similarly, China is pressing Japan over contested areas in the East China Sea.
- Beijing aims to expand its influence abroad and be viewed as a champion of global development via several multinational forums and PRC-branded initiatives such as the Belt and Road Initiative, the Global Development Initiative, and the Global Security Initiative. China is promoting an alternative to existing, often Western-dominated international development and security forums in favor of norms that support state sovereignty and place political stability over individual rights. As part of this effort, Beijing seeks to champion development and security in the Global South—areas that Beijing perceives are receptive to engagement with China because of shared historical experiences under colonial and imperialistic oppression—as a way to build global influence; demonstrate leadership; and expand its economic, diplomatic, and military presence.

*Beijing is balancing the level of its support to Moscow to maintain the relationship without incurring risk to its own economic and diplomatic interests.* In return, China is securing favorable energy prices and greater access to the Arctic.

- The PRC is providing economic and security assistance to Russia's war in Ukraine through support to Russia's defense industrial base, including by providing dual-use material and components for weapons. Trade between China and Russia has been increasing since the start of the war in Ukraine, and PRC exports of goods with potential military use rose more than threefold since 2022.

## Economics

*During the next few years, China's economy will slow because of structural barriers and Beijing's unwillingness to take aggressive stimulus measures to boost economic growth.* Beijing understands its problem but is avoiding reforms at odds with Xi's prioritization of state-directed investment in manufacturing and industry. A slower Chinese economy probably would depress commodity prices

worldwide, erode export competitiveness of countries that directly compete against China, and slow global growth, but it is unlikely to curtail Beijing's spending on state priorities.

- China's slowing economy could create resource constraints in the long run and force it to prioritize spending between social issues, industrial policy, military, and overseas lending.
- Xi is prioritizing what he deems "high-quality growth"—which includes greater self-sufficiency in strategic sectors and a more equitable distribution of wealth—replacing the focus on maximizing GDP growth, while also attempting to mitigate the threat of U.S. sanctions and unhappiness with semiconductor export controls.

### Technology

*China seeks to become a world S&T superpower and to use this technological superiority for economic, political, and military gain.* Beijing is implementing a whole-of-government effort to boost indigenous innovation and promote self-reliance, and is prioritizing advanced power and energy, AI, biotechnology, quantum information science, and semiconductors. Beijing is trying to fast-track its S&T development through investments, intellectual property (IP) acquisition and theft, cyber operations, talent recruitment, scientific and academic collaboration, and illicit procurements.

- In 2023, a key PRC state-owned enterprise has signaled its intention to channel at least \$13.7 billion into emerging industries such as AI, advanced semiconductors, biotechnology, and new materials. China also announced its Global AI Governance Initiative to bolster international support for its vision of AI governance.
- China now rivals the United States in DNA-sequencing equipment and some foundational research. Beijing's large volume of genetic data potentially positions it to lead in precision medicine and agricultural biotechnology applications.
- China is making progress in producing advanced chips for cryptocurrency mining and cellular devices at the 7-nanometer (nm) level using existing equipment but will face challenges achieving high-quality, high-volume production of cutting-edge chips without access to extreme ultraviolet lithography tools. By 2025, 40 percent of all 28-nm legacy chips are projected to be produced in China, judging from the number of new factories expected to begin operating during the next two years.

### WMD

*China remains intent on orienting its nuclear posture for strategic rivalry with the United States because its leaders have concluded their current capabilities are insufficient.* Beijing worries that bilateral tension, U.S. nuclear modernization, and the People's Liberation Army's (PLA) advancing conventional capabilities have increased the likelihood of a U.S. first strike. As its nuclear force grows, Beijing's confidence in its nuclear deterrent probably will bolster the PRC's resolve and intensify conventional conflicts.

- China probably has completed construction of more than 300 new ICBM silos and has loaded at least some of those silos with missiles.

China probably possesses capabilities relevant to chemical and biological warfare (CBW) that pose a threat to U.S., allied, and partner forces as well as civilian populations.

## Military

*Beijing will focus on building a fully modernized national defense and military force by 2035 and for the PLA to become a world-class military by 2049.* In the meantime, the CCP hopes to use the PLA to secure what it claims is its sovereign territory, to assert its preeminence in regional affairs, and to project power globally, particularly by being able to deter and counter an intervention by the United States in a cross-Strait conflict. However, China lacks recent warfighting experience, which probably would weaken the PLA's effectiveness and leaders' willingness to initiate a conflict. In addition, PRC leaders almost certainly are concerned about the ongoing impact of corruption on the military's capabilities and reliability, judging from a purge of high-level officers including the defense minister in 2023.

- The PLA has fielded modern systems and improved its competency to conduct joint operations that will threaten U.S. and allied forces in the western Pacific. It operates two aircraft carriers and is expected to commission its most advanced carrier in 2024, operates a host of ballistic and cruise missiles as well as the DF-17 hypersonic glide vehicle, and is fielding fifth-generation fighter aircraft.
- PLA ground forces have conducted increasingly realistic training scenarios to improve their readiness and ability to execute operations, including a potential cross-Strait invasion.

The PLA is developing and deploying new technologies to enhance its capability to process and use information at scale and machine speed, allowing decisionmakers to plan, operate, and support cross-domain unconventional and asymmetrical fighting. The PLA is researching various applications for AI, including support for missile guidance, target detection and identification, and autonomous systems.

- The PLA is accelerating the incorporation of command information systems, providing forces and commanders with enhanced situational awareness and decision support to more effectively carry out joint missions and tasks.

The PLA will continue to pursue the establishment of overseas military installations and access agreements in an attempt to project power and protect China's interests abroad. Beyond developing its military base in Djibouti and its military facility at Ream Naval Base in Cambodia, Beijing reportedly is considering pursuing military facilities in multiple locations, including—but not limited to—Burma, Cuba, Equatorial Guinea, Pakistan, Seychelles, Sri Lanka, Tajikistan, Tanzania, and the UAE.

For at least a decade, Beijing and Moscow have used high-profile, combined military activities to signal the strength of the China–Russia defense relationship but have made only minor enhancements to interoperability in successive exercises.

## Space

*China remains committed to becoming a world-class space leader and continues to demonstrate its growing prowess by deploying increasingly capable space systems and working towards ambitious scientific feats. By 2030, China probably will achieve world-class status in all but a few space technology areas.*

- Space-based intelligence, surveillance, and reconnaissance (ISR), as well as position, navigation, and timing, and satellite communications are areas the PLA continues to improve upon to close the perceived gap between itself and the U.S. military.
- In early 2023, China's Manned Space Agency announced its intention to land astronauts on the Moon around 2030 and is engaging countries to join its lunar research station effort as part of its broader attempt to develop an alternative bloc to the U.S.-led Artemis Accords.
- China's commercial space sector is growing quickly and is on pace to become a major global competitor by 2030. For example, China is developing its own low-earth orbit (LEO) satellite Internet service to compete with Western commercial satellite Internet services.

*Counterspace operations will be integral to potential PLA military campaigns, and China has counterspace-weapons capabilities intended to target U.S. and allied satellites. China already has fielded ground-based counterspace capabilities including electronic warfare (EW) systems, directed energy weapons, and antisatellite (ASAT) missiles intended to disrupt, damage, and destroy target satellites.*

- China also has conducted orbital technology demonstrations, which while not counterspace weapons tests, prove China's ability to operate future space-based counterspace weapons.

## Cyber

*China remains the most active and persistent cyber threat to U.S. Government, private-sector, and critical infrastructure networks. Beijing's cyber espionage pursuits and its industry's export of surveillance, information, and communications technologies increase the threats of aggressive cyber operations against the United States and the suppression of the free flow of information in cyberspace.*

- PRC operations discovered by the U.S. private sector probably were intended to pre-position cyber attacks against infrastructure in Guam and to enable disrupting communications between the United States and Asia.
- If Beijing believed that a major conflict with the United States were imminent, it would consider aggressive cyber operations against U.S. critical infrastructure and military assets. Such a strike would be designed to deter U.S. military action by impeding U.S. decisionmaking, inducing societal panic, and interfering with the deployment of U.S. forces.
- China leads the world in applying surveillance and censorship to monitor its population and repress dissent. Beijing conducts cyber intrusions targeted to affect U.S. and non-U.S. citizens beyond its borders—including journalists, dissidents, and individuals it views as threats—to counter views it considers critical of CCP narratives, policies, and actions.



## Malign Influence Operations

*Beijing is expanding its global covert influence posture to better support the CCP's goals.* The PRC aims to sow doubts about U.S. leadership, undermine democracy, and extend Beijing's influence. Beijing's information operations primarily focus on promoting pro-China narratives, refuting U.S.-promoted narratives, and countering U.S. and other countries' policies that threaten Beijing's interests, including China's international image, access to markets, and technological expertise.

- Beijing's growing efforts to actively exploit perceived U.S. societal divisions using its online personas move it closer to Moscow's playbook for influence operations.
- China is demonstrating a higher degree of sophistication in its influence activity, including experimenting with generative AI. TikTok accounts run by a PRC propaganda arm reportedly targeted candidates from both political parties during the U.S. midterm election cycle in 2022.
- Beijing is intensifying efforts to mold U.S. public discourse—particularly on core sovereignty issues, such as Hong Kong, Taiwan, Tibet, and Xinjiang. The PRC monitors Chinese students abroad for dissident views, mobilizes Chinese student associations to conduct activities on behalf of Beijing, and influences research by U.S. academics and think tank experts.

*The PRC may attempt to influence the U.S. elections in 2024 at some level because of its desire to sideline critics of China and magnify U.S. societal divisions. PRC actors' have increased their capabilities to conduct covert influence operations and disseminate disinformation. Even if Beijing sets limits on these activities, individuals not under its direct supervision may attempt election influence activities they perceive are in line with Beijing's goals.*

## Intelligence Operations

*China will continue to expand its global intelligence posture to advance the CCP's ambitions, challenge U.S. national security and global influence, quell perceived regime threats worldwide, and steal trade secrets and IP to bolster China's indigenous S&T sectors.*

- Officials of the PRC intelligence services will try to exploit the ubiquitous technical surveillance environment in China and expand their use of monitoring, data collection, and advanced analytic capabilities against political security targets beyond China's borders. China is rapidly expanding and improving its AI and big data analytics capabilities for intelligence operations.
- More robust intelligence operations also increase the risk that these activities have international consequences, such as the overflight of the United States by the high-altitude balloon in February 2023.

## Challenges

*Xi Jinping's prioritization of security and stability for the CCP is undermining China's ability to solve complex domestic problems and will impede achieving the CCP's goal of becoming a major power on the world stage.* China's leaders probably are most concerned about corruption, demographic

imbalances, and fiscal and economic struggles—all of which influence economic performance and quality of life, two key factors underpinning domestic support for the government and political stability.

- Beijing's growing national security focus has generated new laws on data security and anti-espionage targeting foreign firms, driven a crackdown on PRC technology companies, and calls for all of China's society to participate in counterintelligence activities.
- Xi continues to regularly reprimand, publicly warn, investigate, and conduct firings based on the dangers of corruption. However, anti-corruption efforts probably never will uproot underlying problems because of the unrivaled power of top party officials, and Xi's insistence that the party apparatus has exclusive power to monitor and fight corruption.
- Despite an easing of restrictions on birth limits, China's birth rate continues to decline. Marriage rates are on a similar downward trajectory, which will reinforce negative population trends and a shrinking labor force.
- Xi's blending of domestic and foreign security threats is undermining China's position and standing abroad, reducing Beijing's ability to influence global perceptions and achieve its objectives. Beijing's hardline approach to alleged separatism in Xinjiang, Hong Kong, and Tibet, as well as broader crackdowns on religion and dissent in China, have generated widespread global criticism of China's human rights abuses and extraterritorial interference.

## RUSSIA

### Regional and Global Activities

*Russia's war of aggression against Ukraine has resulted in enormous damage at home and abroad, but Russia remains a resilient and capable adversary across a wide range of domains and seeks to project and defend its interests globally and to undermine the United States and the West.* Russia's strengthening ties with China, Iran, and North Korea to bolster its defense production and economy are a major challenge for the West and partners. Russia will continue to pursue its interests in competitive and sometimes confrontational and provocative ways and press to influence other countries in the post-Soviet space to varying extents.

- Russia almost certainly does not want a direct military conflict with U.S. and NATO forces and will continue asymmetric activity below what it calculates to be the threshold of military conflict globally. President Vladimir Putin probably believes that Russia has blunted Ukrainian efforts to retake significant territory, that his approach to winning the war is paying off, and that Western and U.S. support to Ukraine is finite, particularly in light of the Israel–HAMAS war.
- Putin has upended Russia's geopolitical, economic, and military revival and damaged its international reputation with the large-scale invasion of Ukraine. Nevertheless, Russia is implementing policies to mitigate these costs and leveraging foreign relationships to minimize sanctions-related damage and rebuild its credibility as a great power.
- Moscow's deep economic engagement with Beijing provides Russia with a major market for its energy and commodities, greater protection from future sanctions, and a stronger partner in opposing the United States. China is by far Russia's most important trading partner with bilateral trade reaching more than \$220 billion in 2023, already surpassing their record total 2022 volume by 15 percent.

*Moscow will continue to employ all applicable sources of national power to advance its interests and try to undermine the United States and its allies, but it faces a number of challenges, such as severance from Western markets and technology and flight of human capital, in doing so.* This will range from using energy to try to coerce cooperation and weaken Western unity on Ukraine, to military and security intimidation, malign influence, cyber operations, espionage, and subterfuge.

- Russia's GDP is on a trajectory for modest growth in 2024 but its longer-term competitiveness has diminished in comparison to its pre-war outlook. Russia has increased social spending, which probably has reduced public backlash, and increased corporate taxes, which has provided enhanced budget flexibility and financing options.
- Moscow has successfully diverted most of its seaborne oil exports and probably is selling significant volumes above the G-7-led crude oil and refined product price caps, which came into effect in December 2022 and February 2023, respectively—in part because Russia is increasing its use of non-Western options to facilitate diversion of most of its seaborne oil exports and because global oil prices increased last year.

- Russia will retain significant energy leverage. In the first half of 2023, Russia was still the second-largest supplier of liquefied natural gas to Europe and announced reduction in its crude oil exports as part of its OPEC+ commitment.
- Russia is offsetting its decline in relations with the West by expanding ties to China, Iran, North Korea, and key Global South countries.
- The renewed efforts of Armenia, Moldova, and some Central Asian states to seek alternative partners highlight how the war has hurt Moscow's influence, even in the post-Soviet space. Russia's unwillingness to expend the resources and political capital to prevent Azerbaijan from reacquiring Nagorno-Karabakh from ethnic Armenians through a military offensive in September 2023 underscores how Moscow's war in Ukraine has weakened its role as a regional security arbiter.

### Conflict in Ukraine

*Russia's so-called special military operation against Ukraine has incurred major, lasting costs for Russia, failed to attain the complete subjugation of Ukraine that Putin initially sought, and rallied the West to defend against Russian aggression.* Russia has suffered more military losses than at any time since World War II—roughly 300,000 casualties and thousands of tanks and armored combat vehicles.

- The Russian military has and will continue to face issues of attrition, personnel shortages, and morale challenges, though its reliance on mines, prepared defensive positions, and indirect fires has helped it blunt Ukraine's offensives in 2023.
- Nonetheless, this deadlock plays to Russia's strategic military advantages and is increasingly shifting the momentum in Moscow's favor. Russia's defense industry is significantly ramping up production of a panoply of long-range strike weapons, artillery munitions, and other capabilities that will allow it to sustain a long high-intensity war if necessary. Meanwhile, Moscow has made continual incremental battlefield gains since late 2023, and is benefitting from uncertainties about the future of Western military assistance.

### Military

*Moscow's military forces will face a multi-year recovery after suffering extensive equipment and personnel losses during the Ukraine conflict.* Moscow will be more reliant on nuclear and counterspace capabilities for strategic deterrence as it works to rebuild its ground force. Regardless, Russia's air and naval forces will continue to provide Moscow with some global power projection capabilities.

- Moscow's announced plans to massively expand its ground forces almost certainly will fall short, but nonetheless will over time result in a larger even if not qualitatively better military. Russia has been successfully recruiting record numbers of contract enlisted personnel by offering significant benefits and manipulating propaganda about the war in Ukraine. Ongoing increases in defense spending probably will provide sufficient funding to gradually increase manpower without Moscow having to resort to mobilizing reservists.

### Russian Private Military and Security Companies and Paramilitary Activities

Russia will rely on private military and security companies (PMSCs) and paramilitary groups to achieve its objectives on the battlefield in Ukraine, to augment Russian forces, to move weapons and to train fighters, to hide Moscow's hand in sensitive operations, and to project influence and power in the Middle East and Africa.

### WMD

***Russia will continue to modernize its nuclear weapons capabilities and maintains the largest and most diverse nuclear weapons stockpile.*** Moscow views its nuclear capabilities as necessary for maintaining deterrence and achieving its goals in a potential conflict against the United States and NATO, and it sees this as the ultimate guarantor of the Russian Federation.

- Russia's inability to achieve quick and decisive battlefield wins, coupled with Ukrainian strikes within Russia, continues to drive concerns that Putin might use nuclear weapons. In 2023, Putin publicly touted his willingness to move nuclear weapons to Belarus in response to a longstanding request from Minsk.
- Moscow will continue to develop long-range nuclear-capable missiles and underwater delivery systems meant to penetrate or bypass U.S. missile defenses. Russia is expanding and modernizing its large and diverse set of nonstrategic systems, which are capable of delivering nuclear or conventional warheads, because Moscow believes such systems offer options to deter adversaries, control the escalation of potential hostilities, and counter U.S. and Allied conventional forces.

***Russia will continue to pose a CBW threat.*** Scientific institutes there have researched and developed CBW capabilities, including technologies to deliver CBW agents. Russia retains an undeclared chemical weapons program and has used chemical weapons at least twice during recent years: in assassination attempts with Novichok nerve agents, also known as fourth-generation agents, against Russian opposition leader Aleksey Navalny in 2020 and against UK citizen Sergey Skripal and his daughter Yuliya Skripal on UK soil in 2018.

### Cyber

***Russia will pose an enduring global cyber threat even as it prioritizes cyber operations for the Ukrainian war.*** Moscow views cyber disruptions as a foreign policy lever to shape other countries' decisions and continuously refines and employs its espionage, influence, and attack capabilities against a variety of targets.

- Russia maintains its ability to target critical infrastructure, including underwater cables and industrial control systems, in the United States as well as in allied and partner countries.

## Malign Influence Operations

*Russia will remain a serious foreign influence threat because of its wide-ranging efforts to try to divide Western alliances, undermine U.S. global standing, and sow domestic discord, including among voters inside the United States and U.S. partners around the world.* Russia's war in Ukraine will continue to feature heavily in its messaging.

- Moscow views U.S. elections as opportunities and has conducted influence operations for decades and as recently as the U.S. midterm elections in 2022. Russia is contemplating how U.S. electoral outcomes in 2024 could impact Western support to Ukraine and probably will attempt to affect the elections in ways that best support its interests and goals.
- Russia's influence actors have adapted their efforts to better hide their hand, and may use new technologies, such as generative AI, to improve their capabilities and reach into Western audiences.

## Space

*Russia will remain a key space competitor despite facing difficulties from the effects of additional international sanctions and export controls, domestic space-sector problems, and increasingly strained competition for program resources within Russia.* Moscow is prioritizing assets critical to its national security and integrating space services—such as communications; positioning, navigation, and timing; and ISR.

- Moscow employs its civil and commercial remote-sensing satellites to supplement military-dedicated capabilities and has warned that other countries' commercial infrastructure in outer space used for military purposes can become a legitimate target.
- Russia continues to train its military space elements and field new antisatellite weapons to disrupt and degrade U.S. and allied space capabilities. It is expanding its arsenal of jamming systems, directed energy weapons, on-orbit counterspace capabilities, and ground-based ASAT missiles that are designed to target U.S. and allied satellites.
- Russia is investing in EW and directed energy weapons to counter Western on-orbit assets and continues to develop ground-based ASAT missiles capable of destroying space targets in LEO.

## Challenges

*While Putin portrays the failure of the PMSC Wagner revolt in June 2023 as evidence that Russian society is united behind his leadership, he continues to face domestic challenges, including support from elites, economic pressure, and the burden of the war in Ukraine.*

- Moscow probably needs to balance increased military spending with the need for additional revenue without overburdening private and state-backed firms or the Russian public with the cost of the war. Russia faces long-term problems including a lack of foreign investment, particularly in its energy sector.

## IRAN

### Regional and Global Activities

*Iran will continue to threaten U.S. interests, allies, and influence in the Middle East and intends to entrench its emergent status as a regional power while minimizing threats to the regime and the risk of direct military conflict.* Tehran will try to leverage recent military successes through its emboldened threat network, diplomatic gains, its expanded nuclear program, and its military sales to advance its ambitions, including by trying to further bolster ties with Moscow. Iran will seek to use the Gaza conflict to denounce Israel, decry its role in the region, and try to dissuade other Middle Eastern states from warming ties with Israel, while trumpeting Iran's own role as the champion of the Palestinian cause. However, Iran's position on the conflict is unlikely to mask the challenges that it faces internally, where economic underperformance and societal grievances still test the regime.

- Decades of cultivating ties, providing support, funding, weapons, and training to its partners and proxies around the Middle East, including Lebanese Hizballah, the Huthis, and Iranian-backed militias in Iraq and Syria, will enable Tehran to continue to demonstrate the efficacy of leveraging these members of the "Axis of Resistance", a loose consortium of like-minded terrorist and militant actors. Tehran was able to flex the network's military capabilities in the aftermath of HAMAS' attack on 7 October, orchestrating anti-Israel and anti-U.S. attacks from Lebanon to the Bab al-Mandeb Strait while shielding Iranian leaders from significant consequences.
- During 2023, Iran expanded its diplomatic influence through improved ties with Russia, Saudi Arabia, and Iraq. Iran stipulated a readiness to re-implement the 2015 Joint Comprehensive Plan of Action (JCPOA) to gain sanctions relief, but Tehran's continued support to terrorist proxies and threats to former U.S. officials have not favored a deal.
- The economic, political, and societal seeds of popular discontent are still present in Iran and could threaten further domestic strife such as was seen in the wide-scale and prolonged protests inside of Iran during late 2022 and early 2023.
- Iran also will continue to directly threaten U.S. persons in the Middle East and remains committed to its decade-long effort to develop surrogate networks inside the United States. Iran seeks to target former and current U.S. officials as retaliation for the killing of Islamic Revolutionary Guard Corps (IRGC)-Qods Force Commander Qasem Soleimani in January 2020, and previously has attempted to conduct lethal operations in the United States.
- The conflict in Gaza and Iran's support to HAMAS could further weaken Iran's attempts to improve its international stature and entice foreign investment.

*Iran will remain a threat to Israel and U.S. allies and interests in the region well after the Gaza conflict, and probably will continue arming and aiding its allies to threaten the United States as well as backing HAMAS and others who seek to block a peace settlement between Israel and the Palestinians.* While Iran will remain careful to avoid a direct conflict with either Israel or the United States, it nonetheless enabled scores of militia rocket, missile, and UAV attacks against U.S. forces in Iraq and Syria; Hizballah exchanges of fire with Israel on the north border with Lebanon; and Huthi missile and

UAV attacks, both on Israel directly and on international commercial shipping transiting the Red Sea.

## WMD

*Iran is not currently undertaking the key nuclear weapons-development activities necessary to produce a testable nuclear device. Since 2020, however, Tehran has stated that it is no longer constrained by any JCPOA limits, and Iran has greatly expanded its nuclear program, reduced IAEA monitoring, and undertaken activities that better position it to produce a nuclear device, if it chooses to do so.*

- Iran uses its nuclear program to build negotiating leverage and respond to perceived international pressure. Tehran said it would restore JCPOA limits if the United States fulfilled its JCPOA commitments and the IAEA closed its outstanding safeguards investigations. Tehran down blended a small quantity of 60 percent enriched uranium and significantly lowered its rate of production from June to November 2023.
- Iran continues to increase the size and enrichment level of its uranium stockpile, and develop, manufacture, and operate advanced centrifuges. Tehran has the infrastructure and experience to quickly produce weapons-grade uranium, if it chooses to do so.
- Iran probably will consider installing more advanced centrifuges, further increasing its enriched uranium stockpile, or enriching uranium up to 90 percent in response to additional sanctions, attacks, or censure against its nuclear program.

Iran probably aims to continue research and development of chemical and biological agents for offensive purposes. Iranian military scientists have researched chemicals, toxins, and bioregulators, all of which have a wide range of sedation, dissociation, and amnesic incapacitating effects.

## Military

*Iran's hybrid approach to warfare—using both conventional and unconventional capabilities—will pose a threat to U.S. interests in the region for the foreseeable future.* Iran's unconventional warfare operations and network of militant partners and proxies enable Tehran to pursue its interests and maintain strategic depth with a modicum of deniability.

- Iran has started taking delivery of advanced trainer aircraft and probably will seek to acquire new conventional weapon systems, such as advanced fighter aircraft, helicopters, and main battle tanks. However, budgetary constraints will slow the pace and scale of acquisitions.
- Iran's missile, UAV, air defense, and naval capabilities will continue to threaten U.S. and partner commercial and military assets in the Middle East.

*Iran's ballistic missile programs have the largest inventory in the region and Tehran is emphasizing improving the accuracy, lethality, and reliability of its missiles.* Meanwhile, Iran's work on space launch vehicles (SLVs)—including its Simorgh—would shorten the timeline to produce an ICBM, if it decided to develop one, because the systems use similar technologies.



## Cyber and Malign Influence Operations

*Iran's growing expertise and willingness to conduct aggressive cyber operations make it a major threat to the security of U.S. and allied and partner networks and data.* Tehran's opportunistic approach to cyber attacks puts U.S. infrastructure at risk for being targeted, particularly as its previous attacks against Israeli targets show that Iran is willing to target countries with stronger cyber capabilities than itself. Iran will continue to conduct malign influence operations in the Middle East and in other regions, including trying to undermine U.S. political processes and amplify discord.

*Ahead of the U.S. election in 2024, Iran may attempt to conduct influence operations aimed at U.S. interests, including targeting U.S. elections, having demonstrated a willingness and capability to do so in the past.*

- During the U.S. election cycle in 2020, Iranian cyber actors obtained or attempted to obtain U.S. voter information, sent threatening emails to voters, and disseminated disinformation about the election. The same Iranian actors have evolved their activities and developed a new set of techniques, combining cyber and influence capabilities, that Iran could deploy during the U.S. election cycle in 2024.

## Challenges

Despite weathering protests in late 2022 and early 2023, Iran continues to face domestic challenges that constrain the regime's ability to achieve its goals. Mismanagement and international sanctions are brakes on the economy that limit the regime's ability to buy domestic support and legitimacy.

- Iran's economy continues to struggle amidst high inflation—likely to top 40 percent for 2023, sanctions pressure, and a depreciating currency. Most wages are unable to keep pace with the higher prices, leading to declines in households' spending power. During the coming years, Iran also will be increasingly challenged by climate change as water becomes scarcer.
- Iran's dependency on oil export revenues and slowing economic growth in China—Iran's largest buyer of oil—portend weaker revenues for Tehran and potentially higher budget deficits, probably forcing lower government spending on infrastructure, including for power and water.
- Iran's Supreme Leader, Ali Khamenei, has been serving in the position since 1989 and is in his mid-80s. His eventual passing could challenge a system characterized by elite factionalism that has only undergone a single supreme leader transition.

## NORTH KOREA

### Regional and Global Activities

*North Korean leader Kim Jong Un will continue to pursue nuclear and conventional military capabilities that threaten the United States and its allies, which will enable periodic aggressive actions as he tries to reshape the regional security environment in his favor.* North Korea has emerged from its deepest period of isolation driven by a combination of nearly two decades of severe UN sanctions and its self-imposed COVID-19 lockdown. Today, it is pursuing stronger ties with China and Russia with the goal of increasing financial gains, diplomatic support, and defense cooperation. Kim almost certainly has no intentions of negotiating away his nuclear program, which he perceives to be a guarantor of regime security and national pride. In addition, Kim probably hopes that he can use his burgeoning defense ties with Russia to pursue his goal of achieving international acceptance as a nuclear power.

- In late 2023, Kim hosted high-level Chinese and Russian delegations in Pyongyang, and made his first trip overseas since the onset of the COVID-19 pandemic to meet with President Putin. Since this meeting, North Korea probably has begun shipping munitions to Russia in support of the conflict with Ukraine in exchange for diplomatic, economic, and military concessions.
- In response to strengthening trilateral cooperation between the United States, Japan, and South Korea, Pyongyang has sought to demonstrate the danger posed by its military through missile launches and rhetoric threatening nuclear retaliation. North Korea routinely times its missile launches and military demonstrations to counter U.S.–South Korea exercises in part to attempt to coerce both countries to change their behavior and counteract South Korean President Yoon Suk Yeol's hardline policies toward the North.
- North Korea increasingly will engage in illicit activities, including cyber theft labor deployments and the import and export of UN-proscribed commodities, to fund regime priorities such as the WMD program.

### WMD

*Kim remains strongly committed to expanding the country's nuclear weapons arsenal, which serves as the centerpiece of his national security structure.*

- In March 2023, Kim ordered an increase in the nuclear weapons stockpile and the expansion of weapon-grade nuclear material production. North Korea also unveiled a purported tactical nuclear warhead and claimed it could be mounted on at least eight delivery systems, including an unmanned underwater vehicle and cruise missiles.
- North Korea has been prepared to resume nuclear tests at the Punggye site since mid-2022.

North Korea maintains its CBW capabilities, and Pyongyang may use such weapons during a conflict or in an unconventional or clandestine attack.

## Military

*North Korea's military will pose a serious threat to the United States and its allies by its investment in niche capabilities designed to provide Kim with options to deter outside intervention, offset enduring deficiencies in the country's conventional forces, and advance his political objectives through coercion.* Kim remains strongly committed to developing capabilities intended to challenge regional missile defense, diversify options to deliver nuclear warheads, and enhance second-strike capabilities.

- North Korea is working to develop its conventional capabilities, although testing and fielding occurs at a slower pace compared with developments in the missile force, given priority and systemic resource constraints. In 2023, North Korea showcased new UAV systems that appear similar to the U.S. MQ-9 Reaper and Global Hawk, though the technical capability probably is limited compared to the U.S. systems.

Kim will continue to prioritize efforts to build a more capable missile force—from cruise missiles through ICBMs, and hypersonic glide vehicles—designed to evade U.S. and regional missile defenses and imports a variety of dual-use goods in violation of UN sanctions, primarily from China and Russia.

- In 2023, North Korea launched its ballistic missile submarine following years of modifying an old Romeo-class submarine. Kim has stated his intention to convert more submarines for a similar mission.
- In January 2024, Pyongyang launched a new, solid-propellant missile that it claims is an intermediate-range ballistic missile equipped with a maneuverable, hypersonic reentry vehicle.
- In 2023, North Korea launched three SLVs, two failed and the third successfully placed a satellite in orbit.
- In 2023, North Korea conducted five flight tests of its ICBMs, including the Hwasong-15 and Hwasong-17 liquid-propellant ICBMs as well as its new solid-propellant ICBM, the Hwasong-18.

## Cyber

*North Korea's cyber program will pose a sophisticated and agile espionage, cybercrime, and attack threat. Pyongyang's cyber forces have matured and are fully capable of achieving a variety of strategic objectives against diverse targets, including a wider target set in the United States and South Korea.*

North Korea will continue its ongoing cyber campaign, particularly cryptocurrency heists; seek a broad variety of approaches to launder and cash out stolen cryptocurrency; and maintain a program of IT workers serving abroad to earn additional funds.

## Challenges

While North Korea has managed to weather the effects of the pandemic and its extreme self-imposed isolation; in the long term, Kim will have to balance his desire for absolute state control

with the negative impact upon his country's economic well-being. The Kim regime has prioritized recentralizing authority above its population and its economy with brutal crackdowns and serious mismanagement of agriculture that probably are worsening living conditions. The North Korean regime has long feared losing control over its people and is trying to roll back the relatively modest levels of private economic activity that have arisen since the 1990s and to ensure state domination over everyday life.

- The regime's recentralization campaign is meant to ensure the long-term survival of Kim-family rule. Its intensity stems from the collapse of fellow communist dictatorships during the 1990s in which the gradual erosion of authority and infiltration of foreign ideas eventually undermined the state. The crackdown restricts livelihoods and promotes inefficient state controls, contributing to food shortages and some decline in civil order—particularly violent crime.

## CONFLICTS AND FRAGILITY

### Preface

*The potential for interstate conflict and domestic turmoil in other countries around the world also continues to pose challenges for U.S. national security, both directly and as threats to our allies and partners.* Rising tension and instability from these flashpoints can be exacerbated by the intensifying global power competition given the complex and interconnected security landscape. Conflicts, particularly those that disrupt global trade and investment flows, might lead to rising energy prices and increased economic fragility even in countries that are not directly involved or are far removed from the conflict. For example, tourism, which is a major foreign exchange earner for Egypt, Jordan, and Lebanon, has fallen sharply since the onset of the Gaza conflict and disruptions in Ukrainian food exports in 2022 helped to fuel rising global food prices. Regional and localized conflicts have far-reaching and sometimes cascading implications for not only neighboring countries, but also the world. In addition to being illustrative of this phenomenon, the ongoing conflict in Gaza also highlights the potential for spillover into larger and more dangerous conflict.

### Gaza Conflict

*The HAMAS attack against Israel in October 2023 and Israel's responding military campaign in Gaza has increased tensions throughout the region as Iranian proxies and partners conduct anti-U.S. and anti-Israel attacks, both in support of HAMAS and to pressure the United States. Media coverage of the destruction and loss of life are being amplified by active social media campaigns on all sides, roiling public reactions among neighboring countries and around the world.* Israel will face mounting international pressure because of the dire humanitarian situation in the Gaza Strip, and Iranian-backed attacks will jeopardize stability in Lebanon, Iraq, the Gulf, and the Red Sea. The risk of escalation into direct interstate conflict, intended or otherwise, remains high.

- The Gaza conflict is posing a challenge to many key Arab partners, who face public sentiment against Israel and the United States for the death and destruction in Gaza, but also see the United States as the power broker best positioned to deter further aggression and end the conflict before it spreads deeper into the region.

Israel and Iran are trying to calibrate their actions against each other to avoid escalation into a direct full-scale conflict. We assess that Iranian leaders did not orchestrate nor had foreknowledge of the HAMAS attack against Israel.

Since October 2023, Iran has encouraged and enabled its various proxies and partners—including Hizballah, Iranian-backed groups in Iraq and Syria, and the Huthis in Yemen—to conduct strikes against Israeli or U.S. interests in the region.

- Hizballah is calibrating this pressure on Israel from the north while trying to avoid a broader war that would devastate Hizballah and Lebanon. Hizballah's leadership, though, probably will consider a range of retaliatory options depending on Israel's actions in Lebanon during the upcoming year.

- In Iraq, Iranian-aligned militias almost certainly will continue attacks against U.S. forces in Iraq and Syria.
- The Huthi's continued ballistic missile, cruise missile, and UAV attacks against merchant vessels transiting the Red Sea, which are disrupting international shipping, and on Israel create a real risk of broader escalation.

Both al-Qa'ida and ISIS, inspired by the HAMAS attack against Israel, have directed their supporters to conduct attacks against Israeli and U.S. interests. The HAMAS attack is encouraging individuals to conduct acts of antisemitic and Islamophobic terror worldwide and is galvanizing individuals to leverage the Palestinian plight for recruitment and inspiration to conduct attacks. The Nordic Resistance Movement—a transnational neo-Nazi organization—publicly praised the attack, illustrating the conflict's appeal to a range of threat actors.

*In regard to Gaza, Jerusalem remains focused on destroying HAMAS, which its population broadly supports.* Moreover, Israel probably will face lingering armed resistance from HAMAS for years to come, and the military will struggle to neutralize HAMAS's underground infrastructure, which allows insurgents to hide, regain strength, and surprise Israeli forces.

The governance and security structures in Gaza and the West Bank as well as the resolution of the humanitarian situation in Gaza and rebuilding will be key components of the long-term Israeli–Palestinian relationship.

- Israeli Prime Minister Binyamin Netanyahu has publicly stated his opposition to postwar diplomacy with the Palestinian Authority (PA) toward territorial compromise.
- Netanyahu's viability as leader as well as his governing coalition of far-right and ultraorthodox parties that pursued hardline policies on Palestinian and security issues may be in jeopardy. Distrust of Netanyahu's ability to rule has deepened and broadened across the public from its already high levels before the war, and we expect large protests demanding his resignation and new elections. A different, more moderate government is a possibility.

HAMAS's and the PA's continued animosity will be a factor in governance outcomes as will HAMAS's broad popular support. Much also will hinge on Israel's decisions regarding how to deal with Gaza in the aftermath of its campaign as well as scale and scope of its support for the PA.

## Potential Interstate Conflict

*Interstate conflict can have broader cascading security, economic, and humanitarian implications on a regional and even global scale.* The following are a few of the potential conflicts between states that could spill over with repercussions that may require immediate U.S. attention.

### China Maritime

*Beijing's efforts to try to assert sovereignty claims over islands in the South and East China Seas will result in persistently high tension between the PRC and its neighboring competing claimants and increase opportunities for miscalculation, even though Beijing probably prefers to avoid direct conflict.* Beijing

maintains a maritime presence near contested areas, and its military bases in the Spratly Islands allow for a sustained presence in disputed areas and provide the capability to rapidly react to crises in the South China Sea.

- In 2023, the PRC Coast Guard used water cannons and floating barriers to block Filipino access to disputed areas in the South China Sea. The PRC's collisions with Filipino supply ships generated media attention that highlighted China's aggressive behaviors. Manila is unlikely to relinquish its outpost at Second Thomas Shoal presenting more opportunities for inadvertent escalation by either side.
- Tension between China and Japan over the Senkaku Islands last flared up a decade ago. Since then, Chinese ships have constantly remained in the proximity of the disputed islands, occasionally entering the territorial zone, and driving responses from Japan's Self-Defense Force to monitor the activity.

#### **India–China**

*The shared disputed border between India and China will remain a strain on their bilateral relationship.*

While the two sides have not engaged in significant cross-border clashes since 2020, they are maintaining large troop deployments, and sporadic encounters between opposing forces risk miscalculation and escalation into armed conflict.

#### **India–Pakistan**

*New Delhi and Islamabad are inclined to sustain the current fragile calm in their relationship following their renewal of a cease-fire along the Line of Control in early 2021.* However, neither side has used this period of calm to rebuild their bilateral ties as each government has focused on more pressing domestic priorities including election preparations and campaigning and for Pakistan, concerns over rising militant attacks in its west. Pakistan's long history of supporting anti-India militant groups and India's increased willingness, under the leadership of Prime Minister Narendra Modi, to respond with military force to perceived or real Pakistani provocations raise the risk of escalation during a crisis. There remains the potential for an event to trigger a rapid escalation.

#### **Azerbaijan–Armenia**

*Relations between Armenia and Azerbaijan are likely to remain tense, but Azerbaijan's retaking of Nagorno-Karabakh (N-K) has reduced volatility, and a military confrontation probably would be limited in duration and intensity. Nevertheless, the lack of a bilateral peace treaty, the proximity of their military forces, the lack of a cease-fire enforcement mechanism, and Azerbaijan's readiness to use calibrated military pressure to advance its goals in talks with Armenia will remain.* Moreover, the transition of N-K governance from ethnic Armenians to Azerbaijanis and Azerbaijan's demand for access to a land corridor linking Azerbaijan to its exclave will elevate the risk of armed confrontation.

- In September 2023, Azerbaijan initiated a military operation that led to the defeat of the N-K Self Defense Force and the surrender of the de facto N-K authorities. The rapid exodus of most of the region's ethnic Armenian population and the planned self-dissolution of the

government allowed Baku to advance plans to integrate the region with Azerbaijan, effectively removing this longstanding issue from the bilateral peace agenda.

### Potential Intrastate Turmoil

*Intrastate turmoil—whether grounded in domestic unrest, economic discontent, or governance challenges—can fuel cycles of violence, insurgencies, and internal conflict.* The challenges often are intertwined with diminished socioeconomic performance, endemic corruption, population dislocations, pressures from climate change, and the spread of extremists' ideologies from terrorist and insurgent groups. During the past decade, an erosion of democracy around the world, strains in U.S. alliances, and challenges to international norms have made it more difficult for the United States and its allies to tackle global issues while creating greater opportunities for rogue governments and groups to operate with impunity. Below we highlight a few instances that will have the potential for greater impact on global security and the potential for action from the United States, its allies, and partners.

#### The Balkans

*The Western Balkans probably will face an increased risk of localized interethnic violence during 2024.* Nationalist leaders are likely to exacerbate tension for their political advantage and outside actors will reinforce and exploit ethnic differences to increase or protect their regional influence or thwart greater Balkan integration into the EU or Euro-Atlantic institutions.

- Clashes between Serb nationalists and Kosovar authorities have led to deaths and injuries, including injuries to NATO peacekeepers, in 2023.
- Bosnian Serb leader Milorad Dodik is taking provocative steps to neutralize international oversight in Bosnia and secure de facto secession for his Republika Srpska. His action could prompt leaders of the Bosniak (Bosnian Muslim) population to bolster their own capacity to protect their interests and possibly lead to violent conflicts that could overwhelm peacekeeping forces.

#### Afghanistan

The Taliban regime has strengthened its power in Afghanistan, suppressed anti-Taliban groups, bolstered international engagement, and will continue to prioritize enforcement of theocratic rule. However, the Taliban will not adequately address Afghanistan's persistent humanitarian crisis or structural economic weaknesses.

- The Taliban will continue to implement restrictive measures, carry out public punishments, crack down on protests, and prevent most women and girls from attending secondary school and university. However, near-term prospects for regime-threatening resistance remain low because large swathes of the Afghan public are weary of war and fearful of Taliban reprisals, and armed remnants lack strong leadership and external support.



- Regional powers will continue to focus largely on keeping problems contained in Afghanistan and seek to develop transactional arrangements with the Taliban while proceeding cautiously with Taliban requests for formal recognition.

#### Sudan

*Prolonged conflict heightens the risks of conflict spreading beyond Sudan's borders, external actors joining the fray, and civilians facing death and displacement.* The Sudanese Armed Forces and Rapid Support Forces are still fighting because their leaders calculate that they can achieve their goals absent a negotiated cessation of hostilities. With Sudan at the crossroads of the Horn of Africa, the Sahel, and North Africa, it could once again become an ideal environment for terrorist and criminal networks.

- Sudan's warring security forces may be receiving more foreign military support, which is likely to hamper progress on any future peace talks. Any increased involvement by one external actor could prompt others to quickly follow suit.

#### Ethiopia

*Ethiopia is undergoing multiple, simultaneous internal conflicts, heightening interethnic tension and the risk of atrocities against civilians.* A new conflict emerged in the Amhara Regional State in April 2023, when the Ethiopian Government clashed with Amhara militia and fighting persisted throughout the year. While the Cessation of Hostilities Agreement in November 2022 between the Ethiopian Government and the Tigrayans ended a two-year war, unresolved territorial issues could lead to a resumption of conflict.

#### The Sahel

*Since 2020, the Sahel has experienced seven irregular transfers of power because leaders have failed to address poor governance and public grievances or adequately resourced their militaries to achieve their missions. This turmoil raises the likelihood that these crises will metastasize and spillover to neighboring countries in Coastal West Africa in 2024.* Many Coastal West African governments are facing potential coups because of lingering civil-military strains, growing public dissatisfaction with their failure to deliver improved governance and living standards, and an increase in foreign partners willing to condone military rule to focus on narrow security interests. Future coup leaders most likely will calculate that competition among major powers will create the space to weather any international fallout.

- Russia has opportunistically capitalized on domestic turmoil, offering rhetorical and, in some instances, substantive support to those seeking to oust regimes.
- Mounting crises are beginning to fray regional institutions, further hampering their ability to develop effective regional security responses. In 2023, juntas in Burkina Faso, Mali, and Niger formed a separate alliance to buck pressure from the Economic Community of West African

States (ECOWAS), historically one of the most consistent bodies in trying to uphold anti-coup norms in the region.

- Several Western partners are focusing on core security interests in the region—such as stemming migrant flows, containing geopolitical rivals, and CT gains—at the expense of longer-term support to democracy and governance.

#### Haiti

*Conditions will remain unpredictable as weak government institutions lose their grip on power to gang territorial control, particularly in the capital Port-au-Prince.* This will be coupled with an eroding economy, infrastructure, and an increasingly dire humanitarian situation. Gangs will be more likely to violently resist a foreign national force deployment to Haiti because they perceive it to be a shared threat to their control and operations.

- Top Haitian gang leaders such as G-9 leader Jimmy “Barbeque” Cherizier and Kraze Barye leader Vitelhomme Innocent have called for the overthrow of Prime Minister Ariel Henry’s government.
- The Haitian National Police has been unable to counter gang violence and has been plagued by resource issues, corruption challenges, and limited training.

#### Venezuela

*Disputed Venezuelan President Nicolas Maduro will retain a solid hold on power and is unlikely to lose the 2024 presidential election because of his control of state institutions that influence the electoral process and his willingness to exercise his power.* The opposition, which has often been divided, holds few public positions of influence.

- Support from China, Iran, and Russia help the Maduro regime evade sanctions.
- So far, the regime has banned top opposition candidates from holding public office, restricted media coverage of opposition politicians, and placed close allies in the National Electoral Council to ensure Maduro’s victory while also trying to avoid blatant voting fraud.

More than 7.7 million Venezuelans have left the country since 2017, 6.5 million of whom are living in Latin America and the Caribbean. Venezuelan emigration to the region and the United States is likely to remain elevated through next year as the lack of economic opportunities are likely to persist.

- More than 80 percent of Venezuelans have incomes below the poverty line and low-levels of economic growth would be insufficient to lift most out of poverty or mitigate drivers of migration.

## TRANSNATIONAL ISSUES

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### PREFACE

Transnational threats interact in a complex system along with threats from state-actors, often reinforcing each other and creating compounding and cascading risks to U.S. national security. Increasing interconnections among countries also have created new opportunities for transnational interference and conflict. Several clear and direct challenges are the rapid development of technologies, the spread of repression beyond physical borders, the threats posed by transnational organized crime and terrorism, and the societal effects of international migration.

### CONTESTED SPACES

#### Disruptive Technology

*New technologies—particularly in the fields of AI and biotechnology—are being developed and are proliferating at a rate that makes it challenging for companies and governments to shape norms regarding civil liberties, privacy, and ethics. The convergence of these emerging technologies is likely to create breakthroughs, which could lead to the rapid development of asymmetric threats—such as advanced UAVs—to U.S. interests and probably will help shape U.S. economic prosperity.*

- For example, stealth technology has significantly impacted conventional defense systems and has driven the efforts of varying countries to start a new round of research on detection systems and guided weapons. A key trend is the development of advanced materials with enhanced stealth properties with reduced reflection and absorption properties.

Advances in AI and new machine learning models are moving AI into its industrial age, with potentially huge economic impacts for both winners and followers and unintended consequences—from rampant deepfakes and misinformation to the development of AI-generated computer viruses or new chemical weapons. Generative AI is a means for discovering and designing novel technologies and advanced system-level processes that could strengthen a country's technological, economic, and broader strategic competitiveness.

- China is pursuing AI for smart cities, mass surveillance, healthcare, drug discovery, and intelligent weapons platforms. Chinese AI firms are already world leaders in voice and image recognition, video analytics, and mass surveillance technologies.
- PRC researchers have described the application of generative AI to drug discovery as “revolutionary.” On average, it takes more than 10 years and billions of dollars to develop a new drug. AI can make drug discovery faster and cheaper by using machine-learning models to predict how potential drugs might behave in the body and cut down on the need for painstaking lab work on dead-end compounds.

- Russia is using AI to create deepfakes and is developing the capability to fool experts. Individuals in warzones and unstable political environments may serve as some of the highest-value targets for such deepfake malign influence.

Innovators in synthetic biology probably will control new military and commercial applications and hold trillions of dollars in production capacity, including supply chains for products that vary from disease-resistant crop seeds to metals to pharmaceuticals.

- Countries, such as China and the United States, that lead biotechnological breakthroughs in fields such as precision medicine, synthetic biology, big data, and biomimetic materials, will not only drive industry growth, but also international competition and will exert substantial influence over the global economy for generations.

### **Digital Authoritarianism and Transnational Repression**

*Foreign states are advancing digital and physical means to repress individual critics and diaspora communities abroad, including in the United States, to limit their influence over domestic publics. States are also growing more sophisticated in digital influence operations that try to affect foreign publics' views, sway voters' perspectives, shift policies, and create social and political upheaval.* Digital technologies have become a core component of many governments' repressive toolkits even as they continue to engage in physical acts of transnational repression, including assassinations, abductions, abuse of arrest warrants and familial intimidation. The PRC probably is the top perpetrator of physical transnational repression.

- During the next several years, governments are likely to exploit new and more intrusive technologies—including generative AI—for transnational repression. From 2011 to 2023, at least 74 countries contracted with private companies to obtain commercial spyware, which governments are increasingly using to target dissidents and journalists.
- PRC expatriates have faced accusations of false bomb threats in countries around the world, resulting in local police investigations, revoked visas, placement on travel blacklists, and sometimes detention, as means to harass dissidents overseas. The PRC also probably will seek to maintain its public security bureaus also known as “overseas police stations” to monitor and repress the Chinese diaspora.

### **WMD**

#### **Nuclear Weapons**

*The expansion of nuclear weapons stockpiles and their delivery systems, coupled with increasing regional conflicts involving nuclear weapons states, pose a significant challenge to global efforts to prevent the spread and use of nuclear weapons.* Arms control efforts through 2035 will change in scope and complexity as the number of strategic technologies and the countries that have them grow.

- China and Russia are seeking to ensure strategic stability with the United States through the growth and development of a range of weapons capabilities, including nontraditional weapons intended to defeat or evade U.S. missile defenses.
- North Korea continues to threaten to conduct a seventh nuclear test and the potential for heightened tension between Pakistan and India could increase the risk of nuclear escalation.

#### **Chemical Weapons**

*The use of chemical weapons, particularly in situations other than state-on-state military operations, could increase in the near future.* During the past decade, state and non-state actors have used chemical warfare agents in a range of scenarios, including the Syrian military's use of chlorine and sarin against opposition groups and civilians, and North Korea's and Russia's use of chemical agents in targeted killings. More state actors could use chemicals in operations against dissidents, defectors, and other perceived enemies of the state; protestors under the guise of quelling domestic unrest; or against their own civilian or refugee populations.

#### **Biological Weapons**

*Current biological agents and rapidly advancing biotechnology underscore the diverse and dynamic nature of deliberate biological threats.* Rapid advances in dual-use technology, including bioinformatics, synthetic biology, nanotechnology, and genomic editing, could enable development of novel biological threats.

- Russia, China, Iran, and North Korea probably maintain the capability to produce and use pathogens and toxins, and China and Russia have proven adept at manipulating the information space to reduce trust and confidence in countermeasures and U.S. biotechnology and research.

## SHARED DOMAINS

### Environmental Change and Extreme Weather

*The risks to U.S. national security interests are increasing as the physical effects of climate and environmental change intersect with geopolitical tension and vulnerabilities of some global systems.*

Climate-related disasters in low-income countries will deepen economic challenges, raise the risk of inter-communal conflict over scarce resources, and increase the need for humanitarian and financial assistance.

- Climate-related disasters and economic losses in low-income countries are poised to continue contributing to cross-border migration.
- Competition over access and economic resources in the Arctic, as sea ice recedes, increases the risk of miscalculation, particularly while there is military tension between Russia and the other seven countries with Arctic territory.
- El Nino weather patterns are combining with the effects of climate change and pre-existing vulnerabilities in critical infrastructure to worsen populations' exposure to flooding, drought, heatwaves, and intense storms. El Nino-related events are projected to reduce global economic growth, resulting in more than \$3 trillion in lost GDP during the rest of the decade.
- Droughts are decreasing shipping capacity and energy generation in Central America, China, Europe, and the United States, and insurance losses from catastrophes have increased 250 percent during the past 30 years.
- Changing weather patterns' effects on major agricultural exporters and important local agricultural areas may put more stress on food systems in vulnerable areas of Africa, Latin America, and South Asia. The sustainable fish stocks on which some coastal populations depend are declining because of rising ocean temperatures and overfishing, particularly by illegal, unreported, and unregulated (IUU) fishing.

Intensifying effects of climate change—combined with El Nino weather patterns—are likely to exacerbate risks to human health, primarily but not exclusively, in low- and middle-income countries. Rising land and ocean temperatures, changing precipitation patterns, and increased frequency of severe weather events are likely to intersect with environmental degradation, pollution, and poor resource management to exacerbate food and water insecurity, malnutrition, and disease outbreaks.

### Health Security

*National health system shortfalls, public mistrust and medical misinformation, and eroding global health governance will impede the capacity of countries to respond to health threats.*

Countries remain vulnerable to the introduction of a new or reemerging pathogen that could cause another devastating pandemic.

- The predicted shortage of at least 10 million healthcare workers by 2030 will occur primarily in low- and middle-income countries.
- Global health governance and adherence to UN health protocols may be eroded during the coming year by continued disregard by governments of international health institutions and norms and adversary interference in global health initiatives.
- Drivers for infectious disease emergence are on the rise, including deforestation, wildlife harvesting and trade, mass food production, and lack of international consensus on biosafety norms. These drivers are compounded by factors that facilitate global spread, such as international travel and trade, inadequate global disease surveillance and control, weakened health systems, public distrust, and medical misinformation.
- Significant outbreaks of highly pathogenic avian influenza, cholera, dengue, Ebola, monkeypox, and polio have stretched global and national disease detection and response systems further straining the international community's ability to address health emergencies.

#### Our Assessment of the Origins of COVID-19

*The IC continues to investigate how SARS-CoV-2, the virus that causes COVID-19, first infected humans.* All agencies assess two hypotheses are plausible: natural exposure to an infected animal and a laboratory-associated incident.

- The National Intelligence Council and four other IC agencies assess that the initial human infection with SARS-CoV-2 most likely was caused by natural exposure to an infected animal that carried SARS-CoV-2 or a close progenitor, a virus that probably would be more than 99 percent similar to SARSCoV-2. The Department of Energy and the FBI assess that a laboratory-associated incident was the most likely cause of the first human infection with SARS-CoV-2, although for different reasons. The CIA and another agency remain unable to determine the precise origin of the COVID-19 pandemic, as both hypotheses rely on significant assumptions or face challenges with conflicting reporting.
- Beijing continues to resist sharing critical and technical information about coronaviruses and to blame other countries, including the United States, for the pandemic.

#### Anomalous Health Incidents

We continue to closely examine anomalous health incidents (AHIs), particularly in areas we have identified as requiring additional research and analysis. Most IC agencies have concluded that it is very unlikely a foreign adversary is responsible for the reported AHIs. IC agencies have varying confidence levels because we still have gaps given the challenges collecting on foreign adversaries—as we do on many issues involving them. As part of its review, the IC identified

critical assumptions surrounding the initial AHIs reported in Cuba from 2016 to 2018, which framed the IC's understanding of this phenomenon, but were not borne out by subsequent medical and technical analysis. In light of this and the evidence that points away from a foreign adversary, causal mechanism, or unique syndromes linked to AHIs, IC agencies assess those symptoms reported by U.S. personnel probably were the result of factors that did not involve a foreign adversary.

- These findings do not call into question the very real experiences and symptoms that our colleagues and their family members have reported. We continue to prioritize our work on such incidents, allocating resources and expertise across the government, pursuing multiple lines of inquiry and seeking information to fill the gaps we have identified.

## Migration

*Conflict, violence, political instability, poor economic conditions, and natural disasters will continue to displace growing numbers of people within their own national borders and internationally—straining countries' capacity to absorb new arrivals and governments' abilities to provide services and manage domestic public discontent.* The Western Hemisphere most likely will continue to sustain high levels of intra-regional migrant flows driven by poor socioeconomic conditions and insecurity as well as pull factors that include economic opportunity, family reunification, and perceptions of immigration policies in recipient or transit countries.

- The number of individuals internally displaced from their homes in 2022 was more than three times higher than the average of the previous 10 years. Irregular migration to high-income countries is increasing as several countries in Africa, Latin America, and the Caribbean experience political turmoil and poor economic performance.
- Political repression and lack of economic opportunities will continue to drive Cuban, Nicaraguan, and Venezuelan emigration; however, those regimes will continue to blame U.S. sanctions and policies for irregular emigration from their countries.
- Changes to Western Hemisphere countries' visa requirements—such as Nicaragua's relaxation of requirements for nationals from Haiti—could trigger new surges in U.S.-bound irregular migration.



## NON-STATE ACTOR ISSUES

### Transnational Organized Crime

*Transnational criminal organizations (TCOs) threaten U.S. and allied public health systems, exploit the international financial system, and degrade the safety and security of the United States and partner nations.* TCOs incite instability and violence, drive migration, and provide some U.S. adversaries with additional avenues to advance their geopolitical interests.

#### Foreign Illicit Drugs

*Western Hemisphere-based TCOs involved in illicit drug production and trafficking bound for the United States and partner nations, endanger the health and safety of millions of individuals and contribute to a global health crisis. Illicit drugs including fentanyl, heroin, methamphetamine, and South American-sourced cocaine all contribute to global demand for drugs.*

- Mexico-based TCOs are the dominant producers and suppliers of illicit drugs to the U.S. market, including fentanyl, heroin, methamphetamine, and South American-sourced cocaine.
- Both Colombia and Ecuador are impacted by record levels of cocaine being produced and trafficked to international markets contributing to a global drug demand, while fueling drug related violence within their borders.

#### Fentanyl

*Illicit fentanyl will continue to pose a major threat to the health of Americans.* In 2023, a majority of the more than 100,000 annual drug overdose deaths in the United States are attributed to illicit fentanyl mostly supplied by Mexican-based TCOs, even as U.S. law enforcement seized record amounts of illicit fentanyl, precursor chemicals, and pill pressing equipment.

- Mexico-based TCOs are the dominant producers of illicit fentanyl for the U.S. market, although there also are independent illicit fentanyl producers, and the fragmentation of fentanyl operations has made disruption efforts challenging. Some aspects of fentanyl production are spilling over into the United States with drug traffickers conducting the finishing stages of fentanyl pill packing or pressing in the United States.
- China remains the primary source for illicit fentanyl precursor chemicals and pill pressing equipment. Brokers circumvent international controls through mislabeled shipments and the purchase of unregulated dual-use chemicals. However, Mexico-based TCOs also are sourcing precursor chemicals to a lesser extent from other nations such as India.

#### Money Laundering and Financial Crimes

*TCOs are defrauding individuals, businesses, and government programs, while laundering billions of dollars of illicit proceeds through U.S. financial institutions.* Their fraud schemes and tactics vary

widely. Some use shell and front companies to obfuscate their illicit activities and some TCOs rely on professional money launderers or financial experts and other tactics to launder illicit proceeds.

- TCOs still rely on traditional money laundering methods and bulk cash smuggling operations to repatriate drug proceeds from the United States, while some money launderers are using cryptocurrency transactions.

### **Cyber Crime**

*Transnational organized criminals involved in ransomware operations are improving their attacks, extorting funds, disrupting critical services, and exposing sensitive data.* Important U.S. services and critical infrastructure such as health care, schools, and manufacturing continue to experience ransomware attacks; however, weak cyber defenses, coupled with efforts to digitize economies, have made low-income countries' networks also attractive targets.

- The emergence of inexpensive and anonymizing online infrastructure combined with the growing profitability of ransomware has led to the proliferation, decentralization, and specialization of cyber criminal activity. This interconnected system has improved the efficiency and sophistication of ransomware attacks while also lowering the technical bar for entry for new actors.
- Transnational organized criminals sometimes cease operations temporarily in response to high-profile attention, law enforcement action, or disruption of infrastructure, although group members also find ways to rebrand, reconstitute, or renew their activities.
- Absent cooperative law enforcement from Russia or other countries that provide cyber criminals a safe haven or permissive environment, mitigation efforts will remain limited.

### **Undermining Rule of Law**

*TCOs and criminal gangs undermine the rule of law through exploiting corruption networks, committing acts of violence, and overpowering regional security forces.* TCOs regularly co-opt foreign government officials through bribes or threats to create a permissive operating environment and target officials who support stronger counter-drug efforts.

- TCOs bribe foreign political candidates and security officials in an effort to limit enforcement actions and to protect illicit operations, such as illicit drug production or cross-border smuggling operations.
- Drug-related gang violence in Ecuador has led to surging homicide rates and the assassination of a presidential candidate. The nation has declared multiple states of emergency, suspending essential public services—including public transportation—and closing schools and businesses.

### **Human Trafficking**

*TCOs and criminal actors view human trafficking, including sex trafficking and forced labor, as low risk crimes of opportunity.* Multiple criminal actors engage in operations that seek to exploit vulnerable

individuals and groups to bolster illicit revenue streams. TCOs that engage in human trafficking may also engage in drug trafficking, weapons smuggling, human smuggling, and money laundering.

- Human traffickers typically coerce or defraud their victims into sex trafficking or forced labor, confiscating identification documents and requiring the payment of debts. In 2023, U.S. law enforcement officials noted multiple incidents where unaccompanied minors were exploited in forced labor operations in U.S. food processing plants to pay off debts.
- TCOs based in the Western Hemisphere and Asia are most likely to engage in human trafficking activity with ties to the United States.

Migrants transiting the Western Hemisphere to the United States are exploited by criminal actors through kidnapping for ransom, targets of forced labor, or victims of sex trafficking operations. TCOs, human smugglers, gangs, and lone criminal actors are all taking advantage of elevated levels of U.S.-bound migration, and vulnerable migrants are at risk of being trafficked.

- Some migrants, who voluntarily use human smuggling networks to facilitate their travel to the United States, are trafficked during their journey.

### Global Terrorism

*U.S. persons and interests at home and abroad will face an ideologically diverse threat from terrorism.*

*This threat is mostly likely to manifest in small cells or individuals inspired by foreign terrorist organizations and violent extremist ideologies to conduct attacks.* While al-Qa'ida has reached an operational nadir in Afghanistan and Pakistan and ISIS has suffered cascading leadership losses in Iraq and Syria, regional affiliates will continue to expand. These gains symbolize the shift of the center of gravity in the Sunni global jihad to Africa.

- Terrorists will maintain an interest in conducting attacks using chemical, biological and radioactive materials against U.S. persons, allies, and interests worldwide. Terrorists from diverse ideological backgrounds continue to circulate instructions of varied credibility for the procurement or production of toxic or radioactive weapons using widely available materials in social media and online fora.

### ISIS

*ISIS will remain a centralized global organization even as it has been forced to rely on regional branches in response to successive leadership losses during the past few years.* External capabilities vary across ISIS's global branches, but the group will remain focused on attempting to conduct and inspire global attacks against the West and Western interests.

- ISIS–Greater Sahara and ISIS–West Africa contribute to and capitalize on government instability, communal conflict, and anti-government grievances to make gains in Nigeria and the Sahel.
- ISIS-Khorasan is trying to conduct attacks that undermine the legitimacy of the Taliban regime by expanding attacks against foreign interests in Afghanistan.

### Al-Qa'ida

*Al-Qa'ida's regional affiliates on the African continent and Yemen will sustain the global network as the group maintains its strategic intent to target the United States and U.S. citizens.* Al-Qa'ida senior leadership has not yet announced the replacement for the former emir, Ayman al-Zawahiri, reflecting the regionally focused and decentralized nature of the organization.

- Al-Shabaab continues to advance its attack capabilities by acquiring weapons systems while countering a multinational CT campaign, presenting a risk to U.S. personnel. In 2023, al-Shabaab also expanded its operations in Northeast Kenya.

### Hizballah

*Lebanese Hizballah will continue to develop its global terrorist capabilities as a complement to the group's growing conventional military capabilities in the region. Since October 2023, Hizballah has conducted attacks along Israel's northern border to tie down Israeli forces as they seek to eliminate HAMAS in Gaza. Hizballah probably will continue to conduct provocative actions such as rocket launches against Israel throughout the conflict.*

- Hizballah seeks to limit U.S. influence in Lebanon and the broader Middle East, and maintains the capability to target U.S. persons and interests in the region, worldwide, and, to a lesser extent, in the United States.

### Transnational Racially or Ethnically Motivated Violent Extremists

*The transnational racially or ethnically motivated violent extremists (RMVE) movement, in particular motivated by white supremacy, will continue to foment violence across Europe, South America, Australia, Canada, and New Zealand inspiring the lone actor or small-cell attacks that pose a significant threat to U.S. persons.* The loose structure of transnational RMVE organizations and networks, which encourage or inspire but do not typically direct attacks, will challenge local security services and creates resilience against disruptions.

- Lone actors are difficult to detect and disrupt because of their lack of affiliation. While these violent extremists tend to leverage simple attack methods, they can have devastating, outsized consequences.
- RMVE publications and manifestoes from previous attackers feed the RMVE movement with violent propaganda, targets, and tactics. The Terrorgram Collective, a loosely connected network of online channels and chatrooms, has a global reach and with its sophisticated online publications seek to inspire violence.
- Since early 2022, we have identified five RMVE attacks and five suspected RMVE attacks, killing a total of 27 people, by apparent lone actors in the United States and abroad. During the same period, there have been disrupted RMVE plots, arrests, and threats reported in several European countries.

### Private Military and Security Companies

*PMSCs are a growing presence in the international environment, and a handful of these firms associated with U.S. rivals, such as Russia, threaten global security in many countries and regions through their ability to potentially foment violence and escalate instability in already fragile regions*

- PMSCs have become an essential component of modern military operations and the demand for their services is likely to grow. The largest part of the industry are corporations who provide for-hire security services for commercial interests or states. However, China, Russia, Turkey, and the UAE see PMSCs as a valuable tool in their arsenal for either advancing or protecting their interests abroad.
- Many governments will look to PMSCs to play an important role as a force multiplier for their conventional militaries—filling highly technical or manpower-intensive tasks such as maintenance, logistics, or fixed site security—or in some cases providing highly specialized, turn-key direct-action capabilities absent in their forces.
- Only a small number of PMSC contracts involve direct intervention, which are high-risk activities that may require the application of deadly force.
- No other PMSC has the funding sources, training, and size to operate on Vagner's scale as a proxy force, although a state actor could similarly scale a smaller PMSC's activities within one to two years.