HEARING TO RECEIVE TESTIMONY ON
WORLDWIDE THREATS

Tuesday, May 23, 2017

U.S. Senate
Committee on Armed Services
Washington, D.C.

The committee met, pursuant to notice, at 9:31 a.m. in Room SD-G50, Dirksen Senate Office Building, Hon. John McCain, chairman of the committee, presiding.
OPENING STATEMENT OF HON. JOHN McCAIN, U.S. SENATOR FROM ARIZONA

Chairman McCain: The Senate Armed Services Committee meets this morning to receive testimony on worldwide threats.

We are pleased to welcome our distinguished witnesses, Dan Coats, who is the Director of National Intelligence, and Lieutenant General Vince Stewart, Director of the Defense Intelligence Agency.

Out of respect for the scheduling commitments of our witnesses and a unanimous request on the part of all our members, we will conclude this hearing at 11:30. In the interest of time and to ensure the members of the committee to be able to ask their questions, I will be very brief. I know that comes as a disappointment, especially to the Senator from South Carolina.

I would ask our witnesses to please submit their written statements for the record, if they can. That is not required.

Last night’s horrific attack in Manchester was a gruesome reminder that the world is on fire. Everywhere we turn, we can see threats to the rules-based order that underpins global security and prosperity. Yet, when it come understood the great national security challenges we face, U.S. policy and strategy are consistently lacking. Whether
it is China, Russia, North Korea, Iran, or radical Islamist terrorism, I have heard few compelling answers about how the United States intends to use its alliances, its trade, its diplomacy, its values, but most of all, its military to protect and defend our national interests and the rules-based order that supports them, especially with sequestration still the law of the land.

This is still a young administration. Cogent, coherent policy and strategy take time to develop. But we should be ever mindful that our adversaries are not waiting for us to get our act together. Time is of the essence.

Senator Reed?
STATEMENT OF HON. JACK REED, U.S. SENATOR FROM RHODE ISLAND

Senator Reed: Mr. Chairman, in keeping with your spirit, I will abbreviate my statement, but ask that the full statement be made part of the record.

The Chairman: Without objection.

Senator Reed: Thank you, Mr. Chairman, for holding this important hearing. I also want to thank our witnesses for appearing here today to provide their analysis of the national security threats and other challenges facing us around the world.

I would also like to welcome back our former colleague, Director Coats, for his first appearance before the committee and, General Stewart, thank you for your continued strong leadership of the intelligence professionals of the Defense Intelligence Agency.

The national military strategy is organized, appropriately so, around the so-called four plus one primary threats facing our nation today, namely Russia, China, North Korea, Iran, and the enduring non-state challenge of violent extremism, a tragic example of what we witnessed last evening in Manchester, England. And our hearts and prayers and thoughts go out to the people of England and people of the world. We are pursuing these issues, and I know you gentlemen are at the forefront in terms of our intelligence
efforts, and I appreciate what you do.

The four plus one threats I have just touched upon inform the capabilities we develop, the size of the force we build, and the scenarios we plan against. However, to paraphrase former Secretary Gates, we have a near perfect record in predicting the nature of the next threat we will face: we have always gotten it wrong. We rely heavily on our intelligence community to highlight those emerging threats, the ones that we have not identified already, and I hope our witnesses will provide the committee with their candid thoughts on the other challenges we should pay close attention to moving forward, in addition to the four plus one that I have outlined.

Thank you, Mr. Chairman.

[The prepared statement of Senator Reed follows:]
The Chairman: Since a quorum is now present, I ask the committee to consider six civilian nominations and a list of 818 pending military nominations. First, I ask the committee to consider the nomination of the Honorable David L. Norquist to be Under Secretary of Defense, Comptroller; Robert Daegle to be Director of Cost Assessment and Program Evaluation, Department of Defense; Elaine McCusker to be Principal Deputy Under Secretary of Defense, Comptroller; Kari Bingen to be Principal Deputy Under Secretary of Defense for Intelligence; Robert S. Karem to be Assistant Secretary of Defense for International Security Affairs; Mr. Kenneth P. Rapuano to be Assistant Secretary of Defense for Homeland Security and Global Security.

Is there a motion to favorably report these six nominations to --

Senator Reed: So moved.

The Chairman: Is there a second?

Senator Inhofe: Second.

The Chairman: All in favor, say aye.

[Chorus of ayes.]

The Chairman: The ayes have it.

Welcome to our old and dear friend, Director Coats, and Lieutenant General Stewart who continues to serve with distinction and with great honor. I thank you. Director Coats, given your advanced age, we begin with you.
[Laughter.]
STATEMENT OF HON. DANIEL R. COATS, DIRECTOR OF NATIONAL INTELLIGENCE

Mr. Coats: Thank you, Mr. Chairman. You and I have an ongoing race between who is the more aged and experienced. And you win every time --

[Laughter.]

Mr. Coats: -- which is quite an accomplishment.

I am pleased to be before you, Chairman McCain and Ranking Member Reed, and members of the committee.

I must admit when I walked through the door, instinctively I made a right turn trying to find my seat up on the panel, and said, oh, yeah, that is right. I got to come down here.

The Chairman: You are welcome at any time to come and take a trip down memory lane, Mr. Coats.

Mr. Coats: Thank you.

Let me just reiterate what the chairman said relative to what happened in Manchester last evening. I just returned from London a couple of days ago and met with all of my intelligence community colleagues there. We spent a significant amount of time discussing threats to our respective homelands and it is a tragic situation that we see all too much of happening in countries around the world, particularly our allies. So it, once again, reminds us that this threat is real. It is not going away and needs
significant attention to do everything we can to protect our
people from these kinds of attacks.

I am here today with Lieutenant General Vince Stewart
from the DIA to discuss the IC’s assessment of the multitude
of threats facing our country. Vince will give some brief
opening comments as well, and I have tried to condense my
opening remarks, knowing this is an unclassified session, so
that we will have plenty of time for your questions.

We are here to describe in an unclassified way the
complexity of the threat environment which is ever expanding
and has challenged the IC to stay ahead of the adversary.
And this has not been an easy task. We appreciate the
support from this committee to address these threats in a
way that will give the President, the Congress, and other
policymakers the best and most integrated intelligence we
can assemble.

In the interest of time, I will discuss just some of
the many challenges that we currently face. The IC’s
written statement that was submitted earlier discusses these
and many other threats in much greater detail.

Let me start with North Korea. North Korea is an
increasingly grave national security threat to the United
States because of its growing missile and nuclear
capabilities, combined with the aggressive approach of its
leader, Kim Jong-un. Kim is attempting to prove that he has
the capability to strike the U.S. mainland with a nuclear
weapon. We assess that all flight tests this year,
including the two this month, have demonstrated capabilities
short of an ICBM at this point in time. However, North
Korea updated its constitution in 2012 to declare itself a
nuclear power, and its officials consistently state nuclear
weapons as the basis for regime survival, suggesting Kim
does not intend to negotiate them away.

In Syria, we assess that the regime will maintain its
momentum on the battlefield provided, as is likely, that it
maintain support from Iran and Russia. A continuation of
the Syrian conflict will worsen already dangerous conditions
for Syrians in regional states.

Furthermore, as you all know, on April 4th, the Syrian
regime used the nerve agent sarin against the opposition in
Khan Shaykhun in what was probably the largest chemical
attack by the regime since August 2013. Since that sarin
attack, we have observed more than five allegations of
Syrian regime chlorine use. We assess that Syria is
probably both willing and able to use chemical weapons in
future attacks. We are still acquiring and continue to
analyze all intelligence related to the question of whether
Russian officials had foreknowledge of the Syrian chemical
weapon attack on 4 April.

Let me turn to cyber threats. Cyber threats continue
to represent a critical national security issue for the
United States for at least two key reasons.

First, our adversaries are becoming more bold, more
capable, and more adept at using cyberspace to threaten our
interests and to shape real-world outcomes. And the number
of adversaries grows as nation states, terrorist groups,
criminal organizations, and others continue to develop cyber
capabilities.

And second, the potential impact of these cyber threats
is amplified by the ongoing integration of technology into
our critical infrastructure and into our daily lives. We
see this today in the form of the Wanna Cry ransomware
attack, which victimized companies, services, and
individuals in well over 100 nations within days of its 12
May release. As this activity continues, the U.S.
Government investigation is ongoing.

The worldwide threat of terrorism is geographically
diverse and multifaceted, and it poses a continuing
challenge for the United States, for our allies and partners
who seek to counter it. ISIS is experiencing territorial
losses in Iraq and Syria. However, we assess ISIS will
continue to be an active terrorist threat to the United
States due to its proven ability to direct and inspire
attacks against a wide range of targets around the world. I
might mention that ISIS has claimed responsibility for the
attack in Manchester, although they claim responsibility for virtually every attack. We have not verified yet the connection.

Outside Iraq and Syria, ISIS is seeking to foster interconnectedness among its global branches and networks, align their efforts to its strategy, and withstand counter-ISIS efforts. We assess that ISIS maintains the intent and capability to direct, enable, assist, and inspire transnational attacks.

Al Qaeda and its affiliates continue to pose a significant terrorist threat overseas as they remain primarily focused on local and regional conflicts.

And homegrown violent extremists remain the most frequent and unpredictable terrorist threat to the United States homeland. This threat will persist with many attacks happening with little or no warning.

I would like to take a quick run through some key areas of the Middle East. In Iraq, Baghdad’s primary focus through 2017 we assess will be recapturing and stabilizing Mosul and other territory controlled by ISIS. We assess that Iraq will still face serious challenges to its stability, political viability, and territorial integrity even as the threat from ISIS is reduced. Reconstruction will cost billions of dollars, and ethno-sectarian and political reconciliation will be an enduring challenge.
In Iran, Tehran’s public statements suggest that it wants to preserve the Joint Comprehensive Plan of Action because it views the deal as a means to remove sanctions while preserving some nuclear capabilities. We assess that the JCPOA agreement has extended the amount of time Iran would need to produce enough fissile material for nuclear weapons from a few months to about a year.

In the meantime, Tehran’s malign activities continue. For example, Iran provides arms, financing, and training, and manages as many as 10,000 Iraqi, Afghan, and Pakistani Shia fighters in Syria to support the Assad regime. Iran has sent hundreds of its own forces, to include members of the Islamic Revolutionary Guard Corps, the IRGC, and IRGC Quds Force to Syria as advisors.

The reelection on 19 May of President Rouhani suggests the Iranian populace also broadly supports the JCPOA. Shortly before the election, Rouhani criticized the IRGC for attempting to sabotage the deal and called for Iran to restart interaction with the world and not be under, quote, the evil shadow of war.

In Yemen, fighting will almost certainly persist in 2017 between Houthi alliance forces trained by Iran and the Yemeni Government backed by a Saudi-led coalition. Neither side has been able to achieve decisive results through military force. Al Qaeda in the Arabian Peninsula, AQAP,
and an ISIS branch in Yemen have exploited the conflict in Yemen and the collapse of government authority to gain new recruits and allies and expand their influence.

The IC assesses that the political and security situation in Afghanistan will almost certainly deteriorate through 2018 even with a modest increase in military assistance by the United States and its partners. This deterioration is underpinned by Afghanistan’s dire economic situation. Afghanistan will struggle to curb its dependence on external support until it contains the insurgency or reaches a peace agreement with the Taliban.

Meanwhile, we assess that the Taliban is likely to continue to make gains, especially in rural areas. Afghan Security Force’s performance will probably worsen due to a combination of Taliban operations, combat casualties, desertions, poor logistic support, and weak leadership.

Pakistan is concerned about international isolation and sees its position through the prism of India’s rising international status, including India’s expanded foreign outreach and deepening ties to the United States. Pakistan will likely turn to China to offset its isolation, empowering a relationship that will help Beijing to project influence in the Indian Ocean.

In addition, Islamabad has failed to curb militants and terrorists in Pakistan. These groups will present a
sustained threat to the U.S. interests in the region and continue to plan and conduct attacks in India and Afghanistan.

Russia is likely to become a more assertive nation in global affairs, more unpredictable in its approach to the United States, and more authoritarian in its approach to domestic politics. We assess that Russia will continue to look to leverage its military support to the Assad regime to drive a political settlement process in Syria on Russia’s terms. Moscow is also likely to use Russia’s military intervention in Syria in conjunction with efforts to capitalize on fears of a growing ISIS and extremist threat and expand its role in the Middle East.

We also have noticed and discussed in significant detail and may do so during this session Russia’s influence campaign and strategies to undermine democratic institutions and interfere with elections. As I said, I just returned from Europe. Clearly in France in its election, now in Germany with its pending election, in England with its pending election, we are seeing duplications of what has happened here in our election. So the Russian strategy continues.

Let me talk a little bit about Ukraine and Russia. We assess that Moscow’s strategic objectives in Ukraine, maintaining long-term influence over Kiev and frustrating
Ukraine’s attempts to integrate into Western institutions will remain unchanged in 2017. Russia continues to exert military and diplomatic pressure to coerce Ukraine into implementing Moscow’s interpretation of the political provisions of the Minsk II agreement, among them constitutional amendments that would effectively give Moscow a veto over Kiev’s strategic decisions.

I will finish up here with China. China will continue to pursue an active foreign policy, especially within the Asia-Pacific region, highlighted by a firm stance on competing territorial claims in the East China Sea and South China Sea, relations with Taiwan and its pursuit of economic engagement across East Asia. China, which views a strong military as a critical element in advancing its interests, will also pursue efforts aimed at fulfilling its ambitious One Belt, One Road initiative to expand China’s strategic influence and economic role across Asia through infrastructure projects.

In the interest of time and to get to your questions, I will defer assessments on western hemisphere issues, which I trust we will discuss during the question period.

However, I would like to make one final point on a key authority for the IC going forward. As you are all well aware, section 702 of the FISA Amendments Act is due to expire at the end of the year. I cannot stress enough the
importance of this authority in how the IC does its work to keep Americans safe. Section 702 is an extremely effective tool to protect our Nation from terrorists and other threats. As I described in my confirmation hearing, 702 is instrumental to so much of the IC’s critical work in protecting the American people from threats from abroad. We are committed to working with all of you to assure that you understand not only how we use this authority, but also how we protect privacy and civil liberties in the process.

In conclusion, the intelligence community will continue its tireless work against these and all other threats, but we will never be omniscient. Although we have extensive insight into many threats in places around the world, we have gaps in others. Therefore, we very much appreciate the support provided by your committee and will continue to work with you to ensure that the intelligence community has the capabilities it needs to meet its many mission needs.

I will now turn to General Stewart for a few brief remarks.

[The prepared statement of Mr. Coats follows:]
STATEMENT OF LIEUTENANT GENERAL VINCENT R. STEWART,
USMC, DIRECTOR, DEFENSE INTELLIGENCE AGENCY

General Stewart: Chairman McCain, Ranking Member Reed, members of the committee, thank you for this opportunity appear with DNI Coats to provide an assessment of the threats to our national security.

I concur with the Director’s statement in its entirety. However, I would like to reinforce for this committee and, by extension, the American people your Defense Intelligence Agency’s view on five military threats facing the Nation. We in DIA call these our no-fail missions because the risk is too high for us to fail in pursuing these missions. They include a nuclear-capable and increasingly provocative North Korea, a resurgent Russia, a modernizing China, an ambitious regional power in Iran, and violent extremist organizations, the last category encompassing ongoing operations in Afghanistan, Iraq, Syria, and elsewhere.

The world is focused on events in Pyongyang and for good reasons. Since assuming power, Kim Jong-un has conducted three nuclear tests, and the regime has tested an unprecedented number of ballistic missiles of varying ranges over the past year. Although shortfalls remain, key milestones have been met in specific systems, and they continue to obtain valuable data and insights from each test. Let me be very clear on this point. If left on its
current trajectory, the regime will ultimately succeed in fielding a nuclear armed missile capable of threatening the United States homeland. While nearly impossible to predict when this capability will be operational, the North Korean regime is committed and is on a pathway where this capability is inevitable.

Russia views military power as critical to achieving its key strategic objective and devotes significant resources to its military modernization program. The Russian Government seeks to be the center of influence in what it describes as a multi-polar, post-West world order. To support this world view, Moscow pursues aggressive foreign and defense policies by employing a full spectrum of influence and coercion aimed at challenging U.S. interests around the globe. Out-of-area operations remain a priority, as demonstrated by its ongoing deployment to Syria and long-range aviation approaching U.S. airspace.

China is in the third decade of an unprecedented military modernization program involving weapon systems, doctrine, tactics, training, space and cyber operations. It now stands firmly in the category as a near-peer U.S. competitor. New bases are being built in the South China Sea, and evidence suggests that these outposts will be used for military purposes. A key component of China’s strategy for a regional contingency is planning for potential U.S.
intervention in a conflict in the region. Its navy remains on a course for 350 ships by the year 2020, and anti-access/area denial capabilities continue to improve.

Turning to Iran, despite sanctions, Tehran is putting considerable resources into conventional military priorities such as ballistic and cruise missiles, naval systems, unmanned aerial vehicles, air defense systems that could threaten the U.S. and our interests in the region. Iran’s conventional military doctrine is designed to protect Iran from the consequences of its assertive regional policy spearheaded by the Iranian Revolutionary Guard’s Quds Force and its regional proxy, Lebanese Hezbollah, and in concert with certain Iraqi Shia militias and the Houthis. We should expect Iran to continue to undermine the current regional security architecture using terrorist organizations and proxies to complicate U.S. efforts throughout the region.

Finally, we are making steady progress against trans-regional terrorism but still have a long way to go. ISIS has been greatly diminished in Libya, will soon lose control of Mosul, and the capital in Raqqa is nearly isolated. We have killed many ISIS and Al Qaeda leaders and numerous terrorist plots have been averted. The trend lines are moving in the right direction, but this fight will not end soon. The enemy remains highly adaptable and capable, and instability and under-governed territory may give them
opportunities to resurge. I am particularly concerned about
the long-term impact of returning foreign fighters and the
potential for these groups to capitalize on the
proliferation of armed unmanned aerial vehicles to do harm
to U.S. and our allied interests.

Mr. Chairman, the men and women of your DIA are
providing unique defense intelligence around the world and
around the clock to warfighters, defense policymakers and
planners, and the defense acquisition community. They are
doing so on the battlefield at combatant commands,
headquarters, here on the banks of the Potomac, and in the
capitals of the world through our defense attache service.
It has been a privilege to serve with them the last 2 and a
half years and see firsthand their service and contribution
to our country.

I look forward to the committee’s questions.

[The prepared statement of General Stewart follows:]
The Chairman: Thank you very much.

Director Coats, according to the "Washington Post" story this morning, President Trump asked two of the Nation's top intelligence officials in March to help him push back against an FBI investigation into possible coordination between his campaign and the Russian Government. According to current and former officials, Trump made separate appeals to the Director of National Intelligence, Daniel Coats, and to Admiral Michael S. Rogers, the Director of the NSA, urging them to publicly deny the existence of any evidence of collusion during the 2016 elections. Coats and Rogers refused to comply with the request, which they both deemed to be inappropriate.

Is that an accurate reporting, Director Coats?

Mr. Coats: Mr. Chairman, as the President's principal intelligence advisor, I am fortunate to be able and need to spend a significant amount of time with the President discussing national security interests and intelligence as it relates to those interests. We discuss a number of topics on a very regular basis. I have always believed that given the nature of my position and the information which we share, it is not appropriate for me to comment publicly on any of that. So on this topic, as well as other topics, I do not feel it is appropriate to characterize discussions and conversations with the President.
The Chairman: And is it not true that some of these leaks can be damaging to national security, Director Coats?

Mr. Coats: Leaks have become a very significant -- played a very significant negative role relative to our national security. The release of information not only undermines confidence in our allies but our ability to maintain secure information that we share with them. It jeopardizes sources and methods that are invaluable to our ability to find out what is going on and what those threats are. Lives are at stake in many instances, and leaks jeopardize those lives.

The Chairman: Thank you.

In light of the tragedy in Manchester last night, does it not lend significant urgency to retaking Raqqa where all this originates?

Mr. Coats: Well, that will not solve the problem, particularly the homegrown and inspired attacks. Clearly going to the heart of ISIS and driving a stake through that heart we assess will significantly improve the situation, the plotting and the planning that comes from a centralized caliphate or safe haven for ISIS. We have seen the damage that has occurred. We do assess, however, that its ideology and methods have spread like tentacles into many places, most of them ungoverned countries, and sent some foreign fighters back home that might want to carry on their
mission. But clearly the strategy I believe is the right strategy and that is to go to the heart and disperse their planning and their leadership.

The Chairman: The Defense Science Board told this committee at least in the next decade, the offensive cyber capabilities of our most capable adversaries are likely to far exceed the United States’ ability defend key critical infrastructure. Do you agree with that assessment?

Mr. Coats: I do. I do. I think cyber has risen to the top, close to the top of one of the most serious challenges that we face. As I mentioned in my opening statement, we need to see this as a very significant challenge to our public safety, as well as the public health.

The Chairman: 2 years in a row we have authorized the provision of defensive lethal weapons in the defense authorization bill to Ukraine. Do you believe that we should seriously consider that in light of continued Russian aggression in the country?

Mr. Coats: Well, Mr. Chairman, that is a little bit outside my portfolio. It is a policy decision that perhaps General Stewart may want to discuss. But we want to try to continue to provide the intelligence that would shape and fashion that decision among our policymakers, General Mattis and others.
The Chairman: Finally, on the issue of cyber, right now we have no policy nor did we for the previous 8 years of the last administration. And so, therefore, without a policy, we do not have a strategy. So, therefore, when we do not have a strategy, we do not know how to act.

Is that a true depiction of the scenario as we see it as far as cyber is concerned?

Mr. Coats: Well, I think we are learning that we do need to take this seriously, which we do. We do need to fashion a means by which we address these cyber attacks that are growing by the day. Our critical infrastructure is at risk. Our personal lives are at risk. Our financial community, commercial communities, military, and other entities that are important to our national security are at risk, and shaping a policy and a plan to address this I think rises to a top priority.

The Chairman: I want to thank you and General Stewart for your outstanding work for our country.

Senator Reed?

Senator Reed: Thank you very much, Mr. Chairman.

Thank you both, gentlemen.

Director Coats, apparently the alleged call was prompted by the testimony of Mr. Comey that the FBI was conducting an investigation into the nature of any links between individuals associated with the Trump campaign and
the Russian Government and whether there was any
coordination between the campaign and Russia’s efforts. In
your capacity as Director of all the intelligence services,
including many aspects of the FBI, are you aware of such an
investigation?

Mr. Coats: Well, I am aware of the investigations that
are underway both by the House and the Senate, now special
counsel.

Senator Reed: And the FBI.

Mr. Coats: And the FBI, yes.

Senator Reed: And do you have any reason to question
the appropriateness of the investigations?

Mr. Coats: No. I think these investigations are in
place to get us to the right conclusion so that we can move
on with a known result.

Senator Reed: There are other allegations in the
article which suggests that either the President or White
House personnel contacted other people in the intelligence
community with requests to drop the investigation into
General Flynn. Are you aware of any other contacts, not
just yourself personally but to others in the intelligence
community to conduct such activity?

Mr. Coats: I am not aware of that.

Senator Reed: You have and General Stewart have
painted a very challenging picture of the threats that face
us. Let me raise two specific issues.

One, with respect to Iraq, there have been discussions in the Kurdish community of a referendum to declare essentially their independence or their desire for independence. In your estimation, Director Coats, then General Stewart, what would that do to the ability of the Iraqi Government to come together after the defeat of ISIS?

Mr. Coats: Well, it certainly adds an issue that is going to need to be worked through. As complicated as the situation is, it would add one more complication. I would turn to General Stewart relative to the military aspects of that.

General Stewart: Once ISIS is defeated in Mosul, the greatest challenge to the Iraqi Government is to reconcile the differences between the Shia-dominated government, the Sunnis out west, and the Kurds to the north. Resolving the Kirkuk oilfield, the revenues associated with the oilfields, resolving the ownership of the City of Kirkuk will be significant political challenges for the Iraqi Government. Failure to address those challenges, coming up with a political solution, will ultimately result in conflict among all of the parties to resolve this and going back to what could devolve into civil strife in Iraq. Those are significant challenges. Kurdish independence is on a trajectory where it is probably not if but when, and it will
complicate the situation unless there is an agreement in Baghdad, an agreement that all of the parties can live with. So this is a significant referendum that comes up in October this year.

Senator Reed: Director Coats, just for a moment going back, I understand that you feel that you cannot comment on any communications between you and the President. But just hypothetically if a President reached out to the Director of National Security and made such a request, would you think that would be appropriate?

Mr. Coats: Mr. Vice Chairman, I made it clear in my confirmation hearing before the Senate Select Committee on Intelligence that my role and the role of the Director of National Intelligence is to provide intelligence information relevant to policymakers so that they can base their judgments on that. Any political shaping of that presentation or intelligence would not be appropriate. I have made my position clear on that to this administration, and I intend to maintain that position.

Senator Reed: Thank you, Mr. Director.

Thank you, Mr. Chairman.

The Chairman: Senator Inhofe?

Senator Inhofe: Director Coats, in your opening statement, you just made a couple of brief comments about what happened in Manchester last night, and then you
responded to a couple questions. Is there anything that you
would like to elaborate on that incident last night,
particularly when we have witness after witness coming in
here talking about the threat which you have talked about
too to this country? And it is only a matter of time.
Anything else that you would like to add in terms of last
night’s attack?

Mr. Coats: Well, in my discussions with my
counterparts in London, MI5, MI6, the various intelligence
agencies, and my counterpart to my position, their greatest
concern was the inspired or homegrown violent extremist
attacks because they are very hard to assess and detect.
Initial reports that we have received are that it was,
indeed, a suicide attack. Whether there were others
implicated in that is under assessment.

My counterpart actually will be boarding a plane to
come to the United States to testify before -- I am not sure
which committee it is -- and I am sure he will have some
information on that. I have a call in to him to try to see
what the latest information is --

Senator Inhofe: You have had conversations since this
happened this morning?

Mr. Coats: Pardon?

Senator Inhofe: You have had conversations with these
counterparts since this happened?
Mr. Coats: My colleagues in the IC have been talking. My direct discussion with my counterpart -- he was actually briefing the Prime Minister at the time. We have called up as soon as this hearing is finished.

Senator Inhofe: Okay.

On North Korea, we all know the significance of May 14th, the capability that is there, the anticipation that they are going to have the capability to do something with the payload that they can survive the exit and reentry strategy. That is of great concern, but it already was a concern to us.

Now, I understand and I have heard from different witnesses that intelligence gathering in North Korea is more difficult than it is in other parts of the world. You cannot use whistleblowers and some other things. Could you talk about the difficulty that is unique to North Korea in gathering information?

Mr. Coats: It is one of the hardest, if not the hardest, collection nation that we have to collect against. You know, if you look at that satellite picture of the lights at night from the satellite, there is one dark area with no lights on, and that is North Korea. Their broadband is extremely limited. So using that as an access to collection -- we get very limited results. We do not have consistent ISR capabilities. And so there are gaps. The
North Koreans know about these. So it becomes a difficult challenge relative to a society as closed and as isolated as North Korea is to get the right intelligence that we need.

Senator Inhofe: Well, I know it is a problem. And that has to make us question the accuracy of the product a little bit more than we would some of the other countries that we are involved in in intelligence.

Mr. Coats: Clearly.

Senator Inhofe: The last hearing that we had, we talked quite a bit in some detail about the fact that we know in North Korea the big problem is that it is unpredictable. It is managed by someone who may be mentally deranged, and so we have things that are true there that are not elsewhere when we talk about the danger that is there.

But they did also say in the last hearing that we had last week -- they talked about maybe one of the opportunities we have is a new awakening in China, that China now may no longer be as close to them as they had been in the past. Do you see an opportunity? I noticed when you went over and did an excellent job the seven different areas of problems, the last one was China. But you did not say anything about maybe a change that will enable us to make a little bit more progress in North Korea.

Mr. Coats: Well, as you know, the President had a very positive meeting with Prime Minister Xi. Our Secretary of
State and others have been working very closely with the Chinese. We see them as playing a very integral role in dealing with the situation in North Korea, and there is a strategy in place relative to sort of a ratcheting up of efforts with China to influence North Korea to cease and desist their nuclear weapons goals. So that, along with the election in South Korea with its new president, is part of our strategy to leverage efforts against North Korea to get them to reassess their current strategy.

Senator Inhofe: Thank you, Director Coats.

The Chairman: Senator Shaheen?

Senator Shaheen: Thank you, Mr. Chairman.

And thank you both for being here this morning.

Director Coats, you talked about Russia’s influence campaign and its effort to undermine Western elections as we saw here in 2016, we saw in France, we are seeing in Germany. So far, we have failed to hold Russia accountable for that interference which, would you agree, sends a message to other countries that would threaten our cybersecurity here at home that we have failed to hold Russia accountable?

Mr. Coats: Well, I think we are looking at every opportunity to hold Russia accountable. I think it is still in process in determining what kind of actions that we should take. But there clearly is a consensus that Russia
has meddled in our election process, as it is in Germany. I
was in France just after the election of Macron, and that
clearly had Russian influence attempting to address that
election. I was in Berlin. Germany is facing the same
thing. The UK is experiencing the same thing with an
election coming up. We see this happening all across
Europe. Russia has always been doing these kind of things
with influence campaigns, but they are doing it much more
sophisticated through the use of cyber and other techniques.

Senator Shaheen: And they have not actually tried to
influence the outcome of our elections in the past in the
same way that they did in 2016, as we heard from our
intelligence community.

Do you think it would be helpful for Congress to
increase sanctions on Russia that would be a response to
what they did in our elections? There is a bipartisan bill
in Congress that has been introduced that would have a
significant impact on Russia.

Mr. Coats: Well, I would leave that to my former
colleagues. I have had to remove my policy hat, which has
not been easy after a career in politics, and put on my
intelligence hat. My job now is to provide you with the
intelligence to make those decisions. I keep having to
correct myself and say, whoops, I am not supposed to go
there. That is up to our executive and congressional branch
to make the policy that they feel is necessary to address
the problem.

Senator Shaheen: Well, I certainly hope that the
administration will come out with a proposal that will hold
Russia accountable at some point in the near term.

Let me ask you, though, about pointing to the events of
last night in Manchester, that horrible tragedy, and the
threat posed by transnational terrorism. Both of you have
talked about that. I think that points to the need for
robust intelligence sharing. So what kind of message does
it send to our allies that we have revelations that
classified information was disclosed in a meeting with
Secretary Lavrov? And just let me point out this is an
issue that has been raised with me recently by a high-
ranking official of one of our closest allies, about whether
their country could count on information that was shared
with us with being kept secret.

Mr. Coats: Well, one of the purposes of my trip was to
ensure that we maintain that kind of relationship that you
are talking about. It is essential, given the threats that
we face today, that we are all in dealing with this issue.
There is no safe haven anymore among our allies in terms of
being a target for an attack, and the better that we can
share information, the better that we can maintain our
relationships and trust those relationships, the better able
we are to prevent these kinds of attacks.

I would say two things. One, we have had some significant successes in providing information back and forth relative to preventing attacks. But secondly, to a country, the consensus is the most difficult attack to prevent is that which is inspired by an individual --

Senator Shaheen: Sure. I think the members of this committee --

Mr. Coats: -- by someone who just has a hatred and wants to do damage.

Senator Shaheen: I do not want to interrupt, Director Coats, but I think all of us on this committee understand that. And I am about out of time, and I do want to ask you have you reassured our own men and women in the intelligence community that their work to protect this country and the relationships will be safeguarded?

Mr. Coats: Oh, absolutely. My initial message to all of the intelligence community is do your job, provide us the best intelligence of any entity in the world, keep your focus on what we are here to do. And I am confident that that is what is happening. I know General Stewart wanted just to make a comment.

General Stewart: We remain focused on our missions. Nothing has changed. Our relationships with our partners have grown over the last year. I have seen no indication
that our partners are walking away from us in collaborating
and sharing insights on the threats that we face around the
world. None.

Senator Shaheen: Thank you.

The Chairman: They are very worried, General.

Senator Fischer?

Senator Fischer: Thank you, Mr. Chairman.

I want to thank both of you gentlemen for being here
today and for your service to this country.

General Votel and General Nicholson have both testified
about Russia’s assistance to the Taliban, and recent news
reports have suggested that it is increasing, to include
weapons, logistical and financial support, and even medical
treatment to Taliban fighters. What do each of you assess
Russia’s goal to be in Afghanistan? And, General, if you
could also discuss the impact that this assistance has had
on the battlefield.

General Stewart: So Russia continues to view itself,
as I mentioned earlier, as a global power. It is going to
be influencing actions around the world. Its narrative is
that primarily ISIS in the Khorasan Province is a threat to
the Central Asian states and ultimately a threat to Russia.
That is their argument. It is a pretty weak argument, and
they use that argument as the avenue to get the Taliban
forces to fight ISIS Khorasan Province. So they are in
conversation with the Taliban. We have seen indications
that they have offered some level of support, but I have not
seen real physical evidence of weapons or money being
transferred. They have had conversation because they want
to be part of the solution, quote/unquote, in the Afghan
theater. So they are going to continue to meddle. They are
going to continue to bet on all of the horses, including
Taliban, so that they will have a say at the seat when there
is a political solution.

Senator Fischer: Director?

Mr. Coats: Well, I am privileged to be able to serve
with General Stewart. One of the great things about this
job that I inherited is that I inherited a group of people
that are experienced in the areas that they direct. And
they have been enormously supportive and helpful.

So I think it points out the fact that the IRTPA act,
which was passed in about 2005 I believe it was and enacted
in 2006, has really benefited in terms of our ability to
reach out to all of the 16 agencies to collect the
information necessary to integrate that into a coherent and
effective intelligence assessment.

Senator Fischer: And would you agree with the
General’s assessment of Russia’s involvement then?

Mr. Coats: I agree with that. Yes, I do.

Senator Fischer: Thank you.
And both of you in your opening statements, you note
that increasing investments are being made by other nations
with regard to their nuclear forces, especially Russia and
China. And, Director and General, how does that discussion
of the escalate to deescalate approach to nuclear weapons
effect a change in the Russian thinking or planning with
respect to the use of nuclear weapons?

General Stewart: Russia builds nuclear capability with
the intent of using it on the high end of conflict for war
termination or escalate to deescalate or some people call it
escalate to terminate idea that if the crisis is going in a
decidedly negative way for Russia, that the tactical use of
nuclear weapons will discourage further actions by NATO or
U.S. forces. So the idea is tactical use of nuclear weapons
causes us to pause, causes us to think about whether we want
to continue the fight and create the opportunity where they
can settle the contest in more favorable terms.

They are the only country that I know of that has this
concept of escalate to terminate or escalate to deescalate,
but they do have that built into their operational concept.
We have seen them exercise that idea, and it is really kind
of a dangerous idea because it could escalate to further
escalate.

Senator Fischer: Have you seen any indication that
they are changing their path on that at all?
General Stewart: None. No, Senator.

Senator Fischer: With regard to China and their modernization efforts, do you see any of their views with nuclear weapons -- do you see any of their views changing?

General Stewart: Certainly nuclear weapons and modernization of their nuclear force is an integral part. All of these countries view nuclear weapons as the guarantor of their regime. It is much like North Korea. So China continues to modernize all levels, including nuclear forces, including capability to deter U.S. forces from entering the west Pacific. They do not talk about a first use, but they do talk about use of nuclear weapons as part of warfighting.

Mr. Coats: I might add to that despite the heroic and really incredible efforts by former Senators Nunn and Lugar toward minimizing and reducing the use of nuclear weapons, the success we had in Libya, the success we had in Ukraine--unfortunately, the lessons learned have been if you have nuclear weapons, never give them up because it is a deterrent from other actors who may want to interfere in your country. If you do not have them, get them. And so we see what has happened in Ukraine. It probably would not have happened if they had maintained nuclear weapon capability. But we see what is happening in North Korea who believes that regime survival is dependent solely on becoming a nuclear power. And so we, unfortunately, tend to
be moving in the wrong direction as countries around the world think that gaining nuclear capability is a protection, either a deterrent or for survival of their country or potentially it could be used for offensive capabilities.

Senator Fischer: If I could follow up with you later, Mr. Director, I would appreciate it. Thank you.

The Chairman: Senator Gillibrand?

Senator Gillibrand: Thank you, Mr. Chairman.

Director Coats, if a memo exists documenting you or Admiral Rogers’ conversations with the President regarding the Russian investigation, will you make those documents available to Special Counsel Robert Mueller and the congressional Intelligence Committees?

Mr. Coats: I have no documents to make relevant.

Senator Gillibrand: In an opinion piece in the “New York Times” last week, it called Israel the eyes and ears of the United States in the Middle East when it comes to intelligence. Would you agree with that assessment?

Mr. Coats: Israel is a very valued partner in terms of supporting us in any number of ways, including intelligence sharing.

Senator Gillibrand: The piece also suggests that President Trump’s alleged unsanctioned sharing of highly sensitive information that we received from Israel could do permanent damage to the special intelligence relationship.
Without speaking to what President Trump may have revealed to Foreign Minister Lavrov and Ambassador Kislyak, could the unsanctioned sharing of highly classified information from Israel or other countries with whom we have intelligence partnerships harm those relationships and therefore our ability to gather intelligence and protect Americans?

Mr. Coats: I have not seen any evidence of that or any reporting relative to anything that would lead to that conclusion.

Senator Gillibrand: With regard to the documents, whether they exist or not, if you get called in front of the Intelligence Committee, will you share your conversations with President Trump in that hearing in that setting?

Mr. Coats: Well, as I mentioned to Senator McCain in answer to his question, I do believe that the information and discussions that I have had with the President are something that should not be disclosed. On the other hand, if I am called before an investigative committee, I certainly will provide with them what I know and what I do not know.

Senator Gillibrand: Reports indicate that Moscow is a lifeline to Pyongyang in a way that might undermine international pressure to convince North Koreans to give up their nuclear programs. Please describe what you can tell us in an open setting about the extent of Russia’s ties to
Mr. Coats: I am sorry. Would you repeat that last statement?

Senator Gillibrand: Can you describe to us in this open setting the extent of Russia’s ties to North Korea?

Mr. Coats: That is something I think I would rather reserve for a classified session.

Senator Gillibrand: Researchers at Kaspersky Labs reportedly found evidence linking the recent global ransomware attack to North Korea cyber operatives. The North Korean threat is clear and present. So too is the cyber threat that the country poses to us and our allies.

How do you think about the most recent attack, if it was by the North Koreans, fits into your plans?

Mr. Coats: Well, I am sorry. Would you state that question again?

Senator Gillibrand: How do you think this most recent attack, if it was by the North Koreans, fits into their plans?

Mr. Coats: Well, we do not have evidence yet to confirm that. There has been that link. We do know North Korea possesses the capability of doing this kind of thing, but we are still assessing as to what the source is.

Senator Gillibrand: Do you feel we are prepared to meet further cyber challenges from North Korea and other
Mr. Coats: I think we need a constant evaluation and engagement in terms of how we deal with cyber and the threats that it poses to us. The question was asked earlier and I agree. This has risen to a significant, if not the most significant, threat to the United States at this current time, and our policymakers need to be fully engaged I believe in how we deal with these both from a defensive and offensive way of addressing this particular issue. So I have been outspoken relative to the need to do this, and we will continue to provide as much intelligence as we can to support that view.

Senator Gillibrand: Do you believe that our voting infrastructure is critical infrastructure, and do you believe we should have a national security plan so that each of the States have to be certified for cyber compliance and cyber resiliency?

Mr. Coats: I think those are two very relevant issues that ought to be thought through and policy ought to be devised and defined in terms of how we best address that. But on the critical infrastructure side, we are so interconnected now that it poses a major threat to the United States and our individual States also.

The Chairman: Senator Rounds?

Senator Rounds: Thank you, Mr. Chairman.
Gentlemen, first of all, thank you for your service to our country.

Director Coats, you began a conversation in response to Senator Fischer's question with regard to nuclear weapons, and you made an interesting statement that what we are learning is that if you have nuclear weapons, you keep them, and if you do not have nuclear weapons, you get them. For a lot of years now, many of our allies have depended upon arrangements or agreements with the United States in which we are carrying nuclear weapons and that we, in many cases, are responsible for carrying that nuclear deterrent so they do not have to, which keeps nuclear weapons out of other countries' hands, but it also requires a responsibility for us.

You have suggested something here which is critical, and that is that those countries out there are learning a different understanding of the world that perhaps is not consistent with our message to them. Could you elaborate on this in terms of your analysis of the information, and why is it you believe right now that that is their belief, that if they have them, they keep them, and if they do not have them, they need to get them?

Mr. Coats: Well, it is just an assessment of mine. It is almost a personal -- I was not quoting an intelligence community report. I was simply saying it appears that based
on what has happened in past years here relative to the nuclear capability question, that --

Senator Rounds: Is it due, sir, to a policy that was not followed up on?

Mr. Coats: No.

Senator Rounds: Was it something that we failed to follow up on to reassure our allies?

Mr. Coats: Well, I think that is a relevant question that you ask, and I do not know that I have the answer. But I do know -- I do not know, but I believe and have heard that some of the narrative out there relative to the situation in Ukraine has led some thinking along the regard of -- and then watching what is happening in North Korea and how they have basically linked nuclear weapon possession and capability even by amending their constitution to declare themselves a nuclear state.

Senator Rounds: Would it be fair to say that for those who are our allies, that it would be appropriate for us to reinforce our policy provisions in defense of their own security where we have made that commitment? Would that be appropriate?

Mr. Coats: I think it would be appropriate. I think we want to reassure our policy allies that we have the capabilities to provide that. At the same time, we are basically saying, you know, we have to up our game, whether
it is conventional or whatever, because these threats are real and having the capability to address these.

I would like to turn to General Stewart to let him follow up.

General Stewart: If I can offer this. I think our allies are very comfortable with the arrangements, the protection that comes from our nuclear umbrella. It is the rogue states. And it is not just about nuclear capability. Rogue states are looking for anything that will guarantee their survival, their hold on power. And one of those things that they believe guarantees their hold on power is to have a nuclear device that can threaten either its neighbors or the United States.

Senator Rounds: But, General, you would not consider Ukraine a rogue state, would you?

General Stewart: No.

Senator Rounds: And yet, they must have that thought process there, and I would consider them to be an ally of ours.

General Stewart: I do not know if they fall in the ally category, to be honest. I know they are a strong partner. I do not know that we have an alliance with Ukraine, but I suspect that the Ukrainian Government probably views that the fact that they gave up much of their capability as part of the disarmament put them at greater
risk and greater pressure from the Russian Government. So I would imagine that right now they probably wish they had some lethal -- to go back to Senator McCain’s question, some lethal capability that could hold at risk Russian interference in their government and in their way of life.

Senator Rounds: But among our allies, you are suggesting that they have a strong belief that we would respond, if necessary, and you do not see our allies who do not currently have nuclear weapons as feeling that our policies are clear and that our resolve is clear as well?

General Stewart: That is a fair statement, Senator.

Mr. Coats: And I agree with that assessment. I was not attempting to suggest otherwise, but rogue states or marginal states I think are thinking on a different level than that, not our allies.

Senator Rounds: Thank you, Mr. Chairman.

The Chairman: Senator Heinrich?

Senator Heinrich: Director Coats, you have refused today to confirm or deny whether the President asked you to intervene with Director Comey. If you are asked for those details by Special Counsel Bob Mueller, will you be forthcoming?

Mr. Coats: Yes, I will.

Senator Heinrich: You said earlier lives are at stake and leaks jeopardize those lives. If the President held any
other position in our government, what he told the Russians could be considered the mother of all leaks. Was it dangerous for the President to share that classified information with the Russian Government?

Mr. Coats: Well, I was not in the room and I do not know what the President shared. All I have read is the public --

Senator Heinrich: So you have not discussed this? All you have read is the public reports?

Mr. Coats: I have not expressed that. First of all, I have been on travel, and secondly --

Senator Heinrich: You have been on travel.

Mr. Coats: And I have not discussed this issue with the President.

Senator Heinrich: I find that troubling.

Mr. Coats: Well, I was in Europe, and he was in the White House.

Senator Heinrich: Can you describe the interagency process that the intelligence community undertakes when deciding what intelligence information can be shared with a foreign government?

Mr. Coats: Well, we work through a process. I cannot specifically describe that process here today. I am new to the job, weeks in. But there are procedures and processes in place. I will be happy to get those back to you.
Senator Heinrich: Did the Trump administration undergo that interagency clearance process prior to the President’s May 10th meeting with the Russian Government?

Mr. Coats: I have no awareness of that.

Senator Heinrich: Sir, if they did, you are not aware of it.

Mr. Coats: I am not aware of it, no.

Senator Heinrich: That is disappointing, but shifting gears, I have got another question I want to get to the bottom of having to do with whether or not the Office of the Director of National Intelligence has received any guidance from the Trump administration, either written or verbally, that the ODNI or any other agency, for that matter, is not to respond to oversight inquiries from Members of Congress.

Mr. Coats: I am not aware of any information to that extent.

Senator Heinrich: No information to say that they will only respond to chairs and ranking members?

Mr. Coats: To my knowledge, no.

Senator Heinrich: Thank you.

Mr. Chair, I am going to yield back.

The Chairman: Senator Ernst?

Senator Ernst: Thank you, gentlemen, for being here today.

Director Coats, we do expect an announcement on the
President’s new strategy in Afghanistan shortly. And what I hope we do not hear is an accelerated plan of what we have already been doing in Afghanistan. I do hope that we see some new ideas. And hopefully the plan that we see is one that will take into account a broader strategic problem. And something that we all understand and know is that we cannot address terrorist groups in Afghanistan on the ground without addressing their safe havens in Pakistan.

And so my question to you is what steps do we need to see Afghanistan’s neighbors take to help stabilize that region, and how do we make sure that they are following through?

Mr. Coats: Well, once again, we provide the intelligence relative to the policymaking, but to directly answer your question, I think certainly an evaluation of how we work with Pakistan to address the situation of the harboring of terrorist groups would be essential to a strategy that affects Afghanistan going forward in Afghanistan because that is potentially a very disrupting situation, putting our own troops at risk and undermining the strategy of dealing with the Taliban and local groups that are trying to undermine the government. So it is a very clear link that I think would have to be addressed in conjunction with whatever is done in Afghanistan.

Senator Ernst: Thank you.
And, General Stewart, I had the pleasure of flying into Afghanistan with you last year at Thanksgiving time. So it was very good to catch up with you.

Besides more troops, which I anticipate might be part of the plan that we see, do we need to implement a different strategy on the ground in Afghanistan?

General Stewart: Thanks, Senator. Again, I hate to talk about either policy or strategy, not just intel. So let me frame the response this way.

Pakistan views Afghanistan -- desires for Afghanistan some of the same things we want, a safe, secure, stable Afghanistan. One addition: one that does not have heavy Indian influence in Afghanistan. They view all of the challenges through the lens of an Indian threat to the state of Pakistan. So they hold in reserve a terrorist organization. We define terrorist organizations. They hold them in reserve so that if Afghanistan leans towards India, they will no longer be supportive of an idea of a stable and secure Afghanistan that could undermine Pakistan interests.

So we have got to get a couple of things. One, very clear that Afghanistan’s security and stability is in the interest of all of the parties in the region and does not pose a threat to Pakistan.

We got to convince Pakistan that if they are harboring of the Haqqani Network members that it is not in their
interest to continue to host the Haqqani Network, that we ought to be working together to go after those 20 terrorist organizations that undermine not just Afghanistan, not just Pakistan, but all of the region. And so we have got to make sure we are pushing them to do more against the Haqqani Network.

They separate the Taliban from the Pashtun. They want a Pashtun-dominated Afghanistan.

So we got to get the conversation going again with Pakistan about their role in not harboring any of these terrorists, helping to stabilize Afghanistan, and I think maybe we will have some progress. They also have some influence in bringing the parties to the table. So we got to get them to think about reconciliation, that the status quo is not in their best interests.

Senator Ernst: Do you think that we can frame the intelligence in a way that would state that we need Pakistan to be a good friend to not only Afghanistan and the United States in order for the United States to be a good friend to Pakistan?

General Stewart: I am hoping to do just that in the weeks ahead, ma’am.

Senator Ernst: Okay. Thank you.

I will yield back my time. Thank you, Mr. Chair.

The Chairman: Senator Donnelly?
Senator Donnelly: Thank you, Mr. Chairman.

I want to thank both the witnesses for being here. We are greatly appreciative of your hard work. And, Director, everyone back home in Indiana is very, very proud of you, and we feel more safe in our country having you in that position.

In February, North Korea tested a solid fuel missile which we were told caught the U.S. by surprise. My understanding from STRATCOM is that the type of fuel, the launcher erector, and even the location of the tests were not anticipated. Just over a week ago, North Korea tested a missile they say is capable of carrying a nuclear warhead.

One at a time. Are either of you able to confirm whether the recent missile tested is in fact capable of carrying a nuclear warhead?

General Stewart: I would prefer not to talk about that in this setting, Senator.

Mr. Coats: I was just about to say that, the same thing.

Senator Donnelly: General Stewart, can you speak to what technological hurdles North Korea would need to overcome in order to successfully mate a nuclear warhead to an ICBM capable of reaching the U.S. and surviving reentry?

General Stewart: The technical hurdle remains in the survival of the reentry platform. They have certainly
demonstrated a range of missiles, a range of fuel types, a range of boosters. They have the Taepodong 2 that launched a space launch vehicle. So that, if modified, could have intercontinental range. The single hurdle that we have not seen all the pieces put together is the reentry vehicle surviving the atmosphere. But that is really a matter of enough trial and error to make that work. They understand the physics, but it is just a matter of design.

Senator Donnelly: I was just going to talk to you about the trial and error. You hear sometimes folks almost smile that they have had a failure or something in their testing. But to me -- and I want to check with you -- the way you learn is by trying and by doing. And the fact that it is a failure is not so much a failure for North Korea. They are learning all the time and it is becoming of increasing concern. Would you agree with that?

General Stewart: They not only are learning with every test, but they are not encumbered by some of the challenges we have in our safety and acquisition program. So they will take greater risk. And so the timeline where we would see things and we would say, based on our model, it will take 7 years, they are accelerating that timeline because they are not encumbered by some of the bureaucratic burdens that we have in our weapons acquisition program.

Senator Donnelly: Understanding that North Korea may
not currently be able to deliver a nuclear weapon to the continental United States, can you speak to their capability to use a nuclear weapon against South Korea where we have 30,000 troops stationed or Japan where we have 50,000 troops stationed?

General Stewart: I would not want to answer that in this hearing, Senator.

Senator Donnelly: Thank you.

Let me ask you about something else, and that would be the Chinese and their efforts to try to affect the decision-making by Kim Jong-un. Have you seen any indication that they have become more serious in this effort, that they are taking the kind of steps necessary to alter Kim Jong-un’s decision-making process? Have you seen that they are aware of the sufficient, grave situation we have here? And then as a follow-up on that, what do you think are the kind of steps that China could take that might actually get Kim Jong-un’s attention?

Mr. Coats: We certainly have been able to get their attention, and they have taken some steps. At this point, it has not produced the results that we had hoped. Secretary Tillis defines this as a series of steps relative to increasing pressure on North Korea and that we are just at the early stages of that. So clearly China’s engagement in helping us address this issue is critical, deemed that
way, and we continue to work with the Chinese in that regard. Beyond that I would think the opportunity to address that to Secretary Tillis -- Tillerson -- I mentioned one of my colleagues.

Senator Donnelly: I knew who you meant.

Mr. Coats: -- Tillerson to get a better detail of what we are trying to do. But clearly China needs to play a role.

It has been suggested that -- speaking of Senator Tillis, he just walked in. I equated you with the Secretary of State. You are smiling. I am not sure you want that job.

It has been publicly stated that China has rejected some coal imports from North Korea to somewhat significant efforts. There is a question about oil that is provided and other economic issues. But it really falls outside of my category and more into the Secretary of State’s category.

Senator Donnelly: Understood.

Thank you both.

Thank you, Mr. Chairman.

The Chairman: Senator Graham?

Senator Graham: Thank you both for very compelling testimony.

When it comes to Russia, former Director of the CIA Brennan said today that Russia brazenly interfered in our
2016 election. Do both of you agree with that?

Mr. Coats: I agree. We have high confidence from all of our sources that there was a significant involvement.

Senator Graham: And you agree with that, General?

General Stewart: Yes, Senator.

Senator Graham: Iran. The President said this morning, I think, in Israel that Iran will not be allowed to get a nuclear weapon. Director Coats, do you believe that the current agreement with Iran regarding their nuclear program will accomplish this goal?

Mr. Coats: No. I think it was made clear that it would not accomplish this goal. It would only accomplish a deferment relative to their having a free hand at developing nuclear capability.

Senator Graham: Do you agree with that, General?

General Stewart: It defers the effort, and I do not see any indication that Iran is pursuing breaking out of that deal at this point.

Senator Graham: The question is, does it accomplish the goal of denying them nuclear capability?

General Stewart: Ultimately it does not deny forever. It defers for 10 years, if I understand the agreement.

Senator Graham: Iran, do you agree, is more aggressive since the agreement in terms of activity within the region?

Mr. Coats: We have seen a lot of malign efforts on the
part of Iran that are very provocative. On the confirmation of the last 90-day certification that has to be signed every 90 days relative to the Iranian compliance with JCPOA, while the intelligence did not suggest a breach that would deny confirming that --

Senator Graham: The question is have they been more aggressive in the region.

Mr. Coats: Absolutely more aggressive.

Senator Graham: Do you agree with that, General?

General Stewart: I do not know that I would necessarily say they are more aggressive. Their actions in Syria was the same.

Senator Graham: What about Yemen?

General Stewart: In Yemen, that has picked up because --

Senator Graham: Would you say they are a destabilizing force in the region?

General Stewart: Absolutely.

Senator Graham: Is there any indication they have taken the sanctions money and put it in rogue schools and hospitals?

General Stewart: That would be impossible to detect.

Senator Graham: Is it fair to say that they have increased their military capabilities since the agreement?

General Stewart: Some of the money that they have
gained has gone to the military. The preponderance of the money gone to economic development and infrastructure.

Senator Graham: Is Iran a greater threat or lesser threat since the agreement, or the same?

Mr. Coats: I would say it is certainly a threat to the region. Whether it is greater or lesser, based on the agreement, I am not sure I can assess that.

Senator Graham: How do you get on the ballot in Iran to run for president?

Mr. Coats: The question is how do you --

Senator Graham: Yes. How do you get on the ballot to run for president in Iran?

Mr. Coats: It looks like you can get on the ballot, but you can get kicked off.

Senator Graham: Who has the final say who gets on the ballot?

Mr. Coats: I think it is the Supreme Leader.

Senator Graham: Do you agree with that, General Stewart?

General Stewart: Yes, sir.

Senator Graham: Nobody is on the ballot he does not want.

North Korea. Is it the policy of the United States to stop North Korea from developing a missile with a nuclear weapon on top that could hit America, or is it the policy of
the United States to contain that threat by trying to shoot
it down if they launch it?

Mr. Coats: It is the policy of the United States to
prevent it.

Senator Graham: Do you agree with that, General
Stewart?

General Stewart: Yes, Senator.

Senator Graham: So that would mean all options are on
the table to prevent it. Is that correct?

General Stewart: I am certainly not in a position to
remove any of the options.

Senator Graham: ISIL. Our strategy to take Raqqa back
has a heavy reliance on YPG Kurds. Are you both familiar
with that?

Mr. Coats: Yes.

General Stewart: Yes.

Senator Graham: Is that creating friction with Turkey?

Mr. Coats: Yes.

General Stewart: Yes.

Senator Graham: Do you agree that it would be better
if we had more Arabs in the fight and less Kurds from a
regional point of view?

Mr. Coats: I think General Mattis is the best person
to answer that question. I think he is very comfortable
with what the balance is.
Senator Graham: From an intelligence point of view, do you see growing friction between Turkey and Kurdish elements in the region?

Mr. Coats: It appears likely.

Senator Graham: Is that being driven by our policy to arm the YPG Kurds with heavy weapons?

Mr. Coats: I think it contributes to it.

Senator Graham: Do either one of you know anything about bitcoin?

Mr. Coats: You know, I tried to figure out what it was and I never got a good answer or at least one that I could comprehend. I am still using dollars and coins.

Senator Graham: Me too. But could you do me a favor and look at that issue and report back to the committee whether or not you believe bitcoin will become the currency of terrorists and criminals down the road?

Mr. Coats: We would be happy to look into that. I think there is some indication that it is being used for that purpose, but we can give you an assessment of that.

Senator Graham: Sequestration would be a disaster for both of your agencies if it kicked back in?

General Stewart: It would continue to cut into real capability.

Senator Graham: The same for you?

Mr. Coats: It is a little difficult for me to answer
that question relative to the community as a whole, but it would depend on what other supplemental measures of resources would be available.

Senator Graham: Thank you both.

Senator Reed [presiding]: On behalf of Chairman McCain, Senator Warren, please.

Senator Warren: Thank you.

I do not want to duplicate the questions that others have asked, important questions. So what I would like to do is just take up another area about a serious threat to our security and economic issues around the world, and that is climate change. The science is unmistakable. Human activities are releasing greenhouse gases into the atmosphere and contributing to climate change.

A Defense Department report from 2 years ago observed global climate change will have wide-ranging implications for U.S. national security interests over the foreseeable future because it will aggravate existing problems such as poverty, social tensions, environmental degradation, ineffectual leadership, and weak political institutions. In short, this DOD report describes climate change as a threat multiplier.

Director Coats, do you agree?

Mr. Coats: I do not know if I would describe it as a threat multiplier, although our job is simply to assess the
consequences of potential changes in climate relative to migration, relative to humanitarian issues. The science falls to other federal agencies.

Senator Warren: That is the question I am --

Mr. Coats: I think there have always in the history of the world been reactions to different climate changes, and it is an issue that continues.

Senator Warren: Well, and the Department of Defense report has identified that climate change exacerbates, aggravates -- this is their words -- existing problems, poverty, social tensions, environmental degradation, ineffectual leadership, and weak political institutions. Do you disagree with any of that?

Mr. Coats: No, I do not disagree. I am simply saying that I think that has been an ongoing issue throughout the ages.

Senator Warren: Let me ask the question this way then. How should we be integrating climate change risks into our national security strategy?

Mr. Coats: We should be assessing the consequences of changes that are relevant to security issues. That should be part of the assessment, and it is.

Senator Warren: Climate change is clearly a threat to international peace and security, and I just think it is critically important that we take this seriously and we
adapt accordingly.

Let me ask you another question. Others have asked about the interference of the Russians in our election and now in other elections. You talked about this in your opening statement. The question I want to ask about is we all agree that interference by foreign actors in our democratic process is unacceptable, but right now, it does not seem like we are doing enough about it.

So my question, Director Coats, is what more do we need to do to make sure the U.S. is sufficiently prepared to defend against Russian-style cyber attacks on our elections and particularly those that could escalate to attempted manipulation directly of voting machines or alteration of registration rolls in our 2018 and 2020 elections?

Mr. Coats: Well, that is a matter for those of you sitting on the dais here. That is a policy decision that the country needs to make. We provide the intelligence and the basis of the accuracy, to the best that we can, of what has happened. The response to what has happened is something that the executive --

Senator Warren: So you do not have any advice on this?

Mr. Coats: My job is to provide the intelligence. My job is not to make policy. It used to be when I sat up there.

Senator Warren: Could I ask it differently? Do you
think we should treat our election systems as critical
infrastructure and provide cybersecurity assistance directly
to State and local officials?

Mr. Coats: Oh, I think that is something we certainly
should do. Anybody who is trying to undermine the
democratic institutions of the United States -- it ought to
be addressed.

Senator Warren: Thank you.

You know, when he recently testified before a Judiciary
subcommittee on Russian interference in our elections, your
predecessor, James Clapper, said our election apparatus
should be considered critical infrastructure and should have
the protections that are attendant to that. And I think he
is right on this. Protecting our election systems from
vulnerability should be part of our cyber defense strategy.

Mr. Coats: I agree with that.

Senator Warren: Good. I am glad to hear that. Thank
you very much.

Thank you, Mr. Chairman.

Mr. Coats: I might add to that that we do not have an
assessment that any of our voting machines were tampered in
this election.

Senator Warren: I understand your point. Thank you.

Senator Reed: On behalf of Chairman McCain, Senator
Tillis, please.
Senator Tillis: Thank you, Senator Reed.

Director Coats, it is great to see you. We miss you here, but we are glad you are where you are.

Mr. Coats: There are days when I miss you.

Senator Tillis: Not all days.

General Stewart, thank you for being here and for your service.

Just a quick follow-up question. To what extent do you think the aggressive actions of Russia, Iran, ISIS, North Korea, and China, their current strategies, the threat that they represent today are inspired by their concern with climate change based on your intelligence assessments?

General Stewart: I have not seen anything in intelligence circles that says their policies, their approach is driven by climate change.

Senator Tillis: Any. Thank you.

I want to spend most of my time -- and I am going to be brief so that we have got a vote coming up and defer to my colleagues. But I want to go back to your opening statement, Director Coats. You were talking about section 702 and the need for reauthorization. Can you give us some sense for public consumption of how that tool has been used to identify real threats and potentially intervene before a bad action takes place, some rough order of magnitude if not specific numbers?
Mr. Coats: A lot of our threats have come from foreign sources, and when we have information that leads us to a potential foreign source, then examination of that in terms of what they might be planning to do, who they may be talking to in terms of -- accomplish an attack on the United States has been an invaluable piece of information that has prevented many, many attacks. As I mentioned earlier, it is also to the great gratitude of our allies in Europe and elsewhere -- have prevented numerous, numerous threats that could have turned into disastrous attacks. And so it has been a very essential element of our collection process.

Obviously, as we all know, we are talking here about foreign non-U.S. persons that have bad intentions toward the United States. It may be that those persons are connecting with someone here in the United States, and we want to make sure what is being transferred in that regard.

During that process, it is possible that U.S. citizens’ names are mentioned in an email, mentioned in a verbal way. And we give immediate attention to what we call minimization, and that is we want to make sure we are not doing collecting on those persons.

The program has adapted to ensure that we provide privacy protections for U.S. persons. There is a process that we go through, minimization being one of those.

We also have oversight. It is the most overseen effort
that the United States has against any policy matter or agency in government. All three branches have oversight capability in the program to ensure the privacy of individuals.

So I think there is a lot of misunderstanding about what 702 is and what it is not. But we have scheduled and will continue to schedule specific meetings with the relevant committees in the Congress to describe exactly what is done and what is not done and make sure the public itself is fully aware of the importance of the program but also the privacy protections that have been put upon it and the oversight.

Senator Tillis: Would it be fair to say that if we failed to reauthorize it, even if we address some of the concerns that came up with the unmasking of maybe U.S. citizens -- but would it be fair to say that if we failed to reauthorize 702, that it is probably going to lead to disastrous consequences?

Mr. Coats: I believe it would, and I think a lot of Americans will die unnecessarily.

Senator Tillis: Thank you.

Senator Reed: Thank you very much.

On behalf of Chairman McCain, Senator Peters, please.

Senator Peters: Thank you, Senator Reed.

And thank you to our witnesses today for your
testimony.

We know that China is currently executing a multi-decade strategic plan to acquire the United States’ technologies that they believe will be foundational both to their future economic growth, as well as to their military strength. The primary tool that we use is to block or mitigate foreign investments that pose a national security risk is the Committee on Foreign Investment in the United States, or CFIUS. Both of you, I know, are very familiar with this and because the intelligence community plays a key role in the process, developing the national security threat assessment used to inform committee decisions.

Based on its current mandate, however, CFIUS reviews transactions just on a case-by-case basis rather than a strategic assessment of acquisitions or acquires and only those transactions that involve a controlling interest by foreign investors. However, as we have seen recently and continue to see on a regular basis, other transaction types such as joint ventures and minority investments also can result in the transfer of key technologies that are outside of CFIUS’ jurisdiction.

And at the same time, the intelligence community CFIUS workload is also increasing rapidly, a workload marked by increased Chinese investment in the very technologies that are the key to U.S. innovation and military advantage,
including autonomous vehicles, artificial intelligence, robotics, virtual reality, as well as gene editing.

So, Mr. Coats, my question is CFIUS remains a voluntary process, which I think underscores the importance of the intelligence community to identifying both unreported and non-notified transactions that may pose a national security risk. What are some of the challenges in finding the technical expertise necessary to understand and resolve potential national security implications across this very diverse threat spectrum?

Mr. Coats: I would like General Stewart to address this also.

But this issue has been raised and it is under consideration. And I think your questions are very valid relative to the current status of CFIUS and whether or not adjustments need to be made.

Relative to finding the right technical capabilities to assess this, we are in contest with the private sector, the private sector that offers significantly higher compensation for the people they hire and probably a better work schedule. Nevertheless, we are blessed with people who want to give service to their government and to work longer hours with lesser pay but bring technical capabilities. We are out trying to recruit these people constantly, whether you are talking to Admiral Rogers at the National Security
Agency or other of our agencies. We need to understand that at a certain point to gain the kind of technical capabilities that we need, we may have to look at our salary structure because just about every major corporation in America now, whether it is cyber or other issues, are looking to find people with these capabilities.

Nothing is more important than protecting the safety of Americans, and that is the first responsibility of government. So I do think on two areas, on the basis of what you have said, we ought to do a significant review of the current CFIUS situation to bring it up to speed, number one, and then look at how we can get the best and the brightest to be able to help us with that.

Senator Peters: So before that answer, General, so I could take from your answer that we need to really fully examine the CFIUS authorization and have a top-to-bottom review of that. Would you agree, General?

General, if you would also respond to the fact that right now you have a considerable workload before you now that continues to expand and how that reauthorization may be necessary to help you --

Mr. Coats: I was not trying to give Vince more work.

[Laughter.]

General Stewart: That is okay. I will take it.

Yes. So China has approached leap-ahead technology
with a legal or illegal transferring intellectual property, 
transferring of knowledge, acquiring corporate sector, 
private sector, industry to get that technology, insertion 
of students into the upstream development of technology and 
the capabilities.

So, yes, all of that needs to be reviewed especially in 
light of the fact, voluntary primarily, and the workload 
continues to grow. We did 174 CFIUS cases last year. We 
are on a pace for 250 this year and no growth built in. So 
this is going to get harder, more demanding, and we are 
going to lose opportunities if we do not review the 
authorization.

Senator Peters: Right. Thank you, gentlemen.

Senator Reed: Thank you.

On behalf of the chairman, Senator Perdue, please.

Senator Perdue: Thank you both for being here.

General Stewart, you said in your opening remarks that 
we have gone from a one plus one strategy in our military to 
today we have four plus one. You just mentioned five: 
North Korea, Russia, China, Iran, extremists. On top of 
that we have cyber and space.

The question I have -- I am sort of a bottom line guy. 
I want to talk about China and Russia, our two symmetric 
contrarian threats I believe. China is spending -- right 
now this year it is projected in real equivalent purchasing
power parity terms, they will spend $826 billion on their
military. We will spend directionally $600 million. And I
would argue that today we have the smallest Army since World
War II, the smallest Navy since World War I, and the
smallest and oldest Air Force ever.

Sir, in your mind, what is China’s purpose in this
massive buildup that they are in the midst of right now?

General Stewart: Purpose number one, to be able to
fight and win in the Pacific.

Senator Perdue: Would you say they are on parity with
us in the Pacific today? Does your intelligence reveal
that?

General Stewart: In some aspects -- and I will not
talk about them here -- there is parity, but in some areas
we are still far superior. And we look at them in all
domains, space, cyberspace, air, land, sea, and surface. So
we are competing in all those domains.

Primary objective, fight and win in the Pacific. Be
prepared if the United States entered a conflict in the
Pacific and increase the cost of any of our actions in the
Pacific.

Senator Perdue: Are you concerned about the PLA
reorganization in China? And what effect does our
intelligence say it will have on our ability to stand up to
them?
General Stewart: So they not only continue to reorganize, they continue to refine tactics, they continue to refine doctrine. We have not seen them do the major end-to-end full-scale rehearsal that says all of those pieces are stitched together in a real warfighting capability. They are building pieces but it is not fully integrated.

Senator Perdue: Director -- it is hard to call you "Director" but I am glad I can. Thank you.

Today Africa is a major involvement for China economically, militarily. They are building a base right now in Djibouti just miles away from our base at Lemonnier. What is the purpose of that base, and are you concerned? What does our intelligence say that their objective is in Africa?

Mr. Coats: Well, the Chinese are expanding their influence globally. They are looking at areas of the world that you would not necessarily think a regional power like China would want to be engaged in, but whether it is Africa, whether it is Latin America, whether it is any number of places, the Chinese are making substantial investments and sometimes linking that, as you mentioned, with Djibouti and building a base there. But I think they view that as part of their long-term strategy to become a global power, not just a regional power. And they are spending an extraordinary amount of effort and investment. That One
Belt road situation gives them expedited access to Europe but access also to the Indian Ocean region and the Middle East. So they have been very aggressive in pursuing those types of initiatives I think with a long-term strategy in mind of being a global power.

Senator Perdue: General, Russia --

General Stewart: Can I answer, if I could?

Senator Perdue: Yes, sir.

General Stewart: One Belt, One Road is about getting access to resources and access to markets. And if you have access to resources, access to markets, you got to build infrastructure to defend your economic lifeline.

Senator Perdue: I want to get to Russia, but history says that the country with the largest and strongest economy will have the largest and strongest military. Today China’s economy is on parity with the U.S. when adjusted for purchasing power parity. They have a much stronger growth rate, and I think that is one of the things we have to deal with.

I want to move to Russia very quickly. I only have a minute left. General, Russia in the last 5 years has dramatically changed their global footprint. They have Murmansk, Kaliningrad, Crimea now, and now Tortus and Latakia on the coast of Syria.

In your mind, what does our intelligence say that
Russia intends to do with that encircling of that part of
the world with those major bases, now warm water and cold
water?

General Stewart: The encirclement, as you describe it, the Western anti-access barrier, runs from the Arctic through Murmansk, through Kaliningrad, Crimea, and down is to break out of the encirclement -- their words -- caused by NATO countries in their near abroad. So, again, the anti-access/anti-denial capability is to increase the cost of any U.S.-NATO action against Russia and to protect to give them buffer space. I do not think they are done. I think they would like to extend that barrier down through the Mediterranean. I am worried about actions that they might take in Libya to increase that barrier. But that is about breaking out of the NATO encirclement.

Senator Perdue: Thank you, sir.

Thank you.

Senator Reed: On behalf of Chairman McCain, Senator McCaskill, please.

Senator McCaskill: Thank you, Mr. Chairman.

I was pleased that the President went to an Arab nation, a Muslim country, as his first visit, signaling to the world that we want to have allies in the Muslim world, that this is very important.

My question to the two of you is, are we sending enough
signals like that to the American Muslim community? I think I have you all and others that have jobs like yours in our government say that the biggest threat is the radicalization of people that are legally in this country, not Syrian refugees, not people traveling here from other countries, but what we have seen is the radicalization of people that either are American citizens or are legally in the country and have been for some time.

So do you all feel comfortable that we are doing enough to reach out to the American Muslim community, especially the personnel that we can use as maybe our most valuable assets in terms of what you all need to do within the intelligence community?

Mr. Coats: I do not have an assessment of how we are reaching out to the American Muslim community. In general, I can say, relative to our intelligence community, we realize that the diversity of ethnic, cultural, any number of ways is important for us to understand the world that we live in and get a better understanding from people who bring different assessments in different cultures and give us the diversity we need to fully understand what is going on. That is very much a part of our recruiting process.

Senator McCaskill: What worries me is that in America, there are too many people I have talked to, wonderful American Muslims, who feel very disconnected right now, and
there is a tendency when that happens to internalize and not come forward and especially if they have some concerns about somebody being radicalized. Do you all share that concern and are you all taking steps with the intelligence community to deal with that concern?

Mr. Coats: Well, we do not see that as the role of the intelligence community except in the area of, as I described, how we hire, promote, train, and incorporate people from different cultures, different ethnic backgrounds.

Senator McCaskill: Let me interrupt you just for a second, Director. But when you see evidence that someone might be radicalized through the gathering of intelligence here in America, do you hand that intelligence off to someone who could then circle around to people within that Muslim community in that geographical area to try to get confirmation or additional evidence that would allow us to put people in prison like we did Nassir when we thwarted his effort on the New York subway system? And he is in our prisons now for 40 years.

Mr. Coats: Well, the FBI is a part of the intelligence system, but there is the division between the investigatory and potential criminal activity that the FBI has control over relative to the intelligence aspect of the FBI. So that is something that if information is garnered, it is
passed on to the FBI to determine whether or not there is an
investigation or potential criminal element in play.

Senator McCaskill: Okay.

Let me briefly because I only have a minute left. I am
worried about chemical weapons in North Korea. Open source
reporting has indicated that Kim Jung-un’s half brother may
have been assassinated with VX gas. There are those who
have -- the Nuclear Threat Initiative has indicated they
have 5,000 metric tons of chemical weapons in North Korea.
Can you confirm that VX was used to kill Kim Jong-un’s half
brother?

Mr. Coats: That is something that I would have to get
back to you with.

Senator McCaskill: We train on chemical weapons
defenses at Fort Leonard Wood, and I know obviously with the
proximity of so many millions of people in South Korea and
the delivering especially of VX could be in such a way that
it would be devastating. And I am wondering if we have
enough assets. Admiral Harris is trying to check to see if
we have enough assets on the ground as it relates to
chemical weapons.

General Stewart: Chemical weapons is assessed to be
part of the North Korean arsenal.

Senator McCaskill: If there is any other information
you all can provide me on that in terms of our capabilities
in terms of defense of that, I would be very appreciative.

Thank you both for your service to our country.

Senator Reed: Thank you very much.

Because of the pending vote, I must depart. Let me recognize Senator Sullivan and ask him to further recognize members in order of their appearance, if the chairman does not return. We expect he will return shortly.

Senator Sullivan: Okay, Mr. Chair. I am going to go vote myself after these questions.

Senator Reed: Okay. Then let me go ahead and recognize Senator Sullivan, then Senator King, then Senator Kaine, unless a Republican member intervenes, and then that person will be recognized. Senator Blumenthal also. And I will try to get back here as quickly as I can. Senator Sullivan, please.

Senator Sullivan: Thank you, Mr. Chair.

Gentlemen, thank you for your testimony.

Director Coats, great to see you.

I appreciate your focus in your written statement on the North Korean ICBM threat with regard to nuclear weapons. It is obviously a new direct threat to the United States. There has been testimony across the board in terms of our military and intelligence officials' public testimony that it is no longer a matter of if but when Kim Jong-un is going to have the capability to hit not just a State like mine
Alaska or Hawaii, which are much closer in range, but the lower 48, the continental United States with an intercontinental ballistic nuclear missile at some point.

So I and a number of members of this committee, bipartisan, have introduced a bill yesterday. It is looking at significantly enhancing and advancing our homeland missile defense.

But I would like to get your sense in terms of the estimates. What do you think the estimates are with regard to when Kim Jong-un will be able to have this capability? I think it is a very important question. I know that you do not have a precise date, but I think that the American people need to know it is probably a lot sooner than most people anticipate. Can you give us a range of -- you know, a window on when you think that capability is going to exist for this very unstable leader who has threatened to shoot nuclear missiles at our homeland?

Mr. Coats: I would like to be able -- I will turn to General Stewart, but I think we would both like to be able to talk to you about that in a classified manner, session.

I would say this. I mean, we certainly assess that this is the intent of North Korea and Kim Jong-un. It has been publicly stated that they would like to have intercontinental ballistic missile capability -- nuclear capability that could reach the United States, and they are
on that goal. But relative to exactly where we are and what
and when, of course, is dependent on their testing and
ability. As I testified in my opening statement here, they
have not reached that capability yet.

Senator Sullivan: All right. But there has been
public testimony from military leaders, intel leaders that
they are going to get it, not if but when. So I know that
we have estimates. I know that some of them are classified.
I actually just think it is very useful to let the American
people know. This is not 15 years off. This is not 10
years off.

General, can you give us an estimate just, you know,
within a couple years? I mean, it is actually a really
important issue. People are going to wake up to it some day
relatively soon. And this is an enormous threat, and I
think the more we are able to be public about it, the
better.

So let me just repeat it has been stated in open
testimony a number of times before this committee it is
going to happen. It is going to happen. He is going to
have that capability. Can you just give us a window of what
the best estimates are on that intel?

General Stewart: As I said earlier, left unchecked, it
is going to happen.

Senator Sullivan: How about a window?
General Stewart: If I gave you a window, it would be a potential to reveal the insights that we have on the capability. So we will not do that here. But it is inevitable if left unchecked.

Senator Sullivan: Let me turn to Iran. You know, under the Iran nuclear agreement, Iran is restricted to 130 metric tons of heavy water. However, in 2016, the IAEA reported that they had in fact -- they, Iran -- surpassed that threshold twice. So do you believe that Iran is in violation of the agreement right now?

Mr. Coats: The intelligence assessment relative to the certification that was signed perhaps, I think, 3 or 4 weeks ago --

Senator Sullivan: And that was the certification by the IAEA. Correct?

Mr. Coats: That is the certification that we have to provide to the Congress every 90 days.

Senator Sullivan: But is that not based on IAEA’s assessment?

Mr. Coats: It is based on IAEA assessments, as well as our own assessments.

Senator Sullivan: Well, how much confidence do we have in that assessment that said Iran was in full compliance when in 2016, the IAEA said that they violated the heavy water provisions twice. It is something that I think is a
real disconnect between what the facts seem to be and what Secretary Tillerson stated and what our intel community is saying. How can you say they are in compliance --

The Chairman: I apologize to the Senator, but we agreed at the beginning that Director Coats and General Stewart would be out of here in 5 minutes, and we have --

Senator Sullivan: Mr. Chairman, can I just get an answer to that question?

The Chairman: No. We have got three people to be in 5 minutes. I apologize.

Senator Blumenthal, would you do me the favor of asking one question and allowing the other two to ask a question? would that be agreeable to you, Director Coats? One question each.

Mr. Coats: I appreciate that, Mr. Chairman. And I apologize -- I mean, I do not apologize, but I have an event at the Supreme Court with the Chief Justice. And we want to not be late on that.

The Chairman: I understand.

Would that be agreeable to the members to have a question each?

Senator Blumenthal?

Senator Blumenthal: Director Coats, thank you very much for being here, and I know that given the oath that you have taken and your long record of public service, you would
never allow anyone, including the President of the United States, to discourage or deter you from a lawful investigation. And your non-denial of the “Washington Post” report I think should lead to even more intensive investigation of the alleged effort by the President to enlist you in shutting down or stifling that investigation. This evidence, if true, goes to criminal intent and constitutes mounting evidence of obstruction of justice. And you are aware that obstruction is a crime, and I am sure that you will cooperate in an investigation of that crime. And I presume that you would not agree with the President of the United States that this investigation of Russian meddling and possible collusion by the Trump campaign in that interference in our election is a witch hunt.

And therefore, I want to ask you whether you have discussed efforts by the President to stifle or stop the investigation or enlist you or Admiral Rogers in denying that such an investigation of collusion focused on him, whether you have ever discussed these reports with anyone, including Admiral Rogers.

Mr. Coats: Well, Senator, as I said in my opening statement, I am not going to characterize my conversations that I have had with the President.

Senator Blumenthal: I am not asking about your conversation with the President. I do not mean to be
misunderstood. Have you talked about this issue with Admiral Rogers?

Mr. Coats: That is something that I would like to withhold that question at this particular point in time.

Senator Blumenthal: I am going to assume that in withholding the question, the implicit answer is that, yes, you have. And I would like to know in another setting, if necessary, what the substance of that conversation was.

The Chairman: Let me just say for the record, Director Coats, your response to my question in no means meant yes or no. It meant that your conversations with the President are private. And so Senator Blumenthal can have his interpretation. My interpretation of your answer to my question was that it is privileged conversations between the President and members of his team.

Senator King?

So I in no way interpret your response to my question as inferring anything except that you are keeping with the tradition of privacy of conversations between members of the President’s national security team and the President.

Senator Blumenthal: And, Mr. Chairman, I respect that point. Thank you.

The Chairman: Senator King?

Senator Blumenthal: Thank you.

The Chairman: Thank you.
Senator King?

Senator King: Is the intelligence community, Director Coats, doing an assessment of the nature and impact of the information revealed to the Russian Ambassador and Russian Foreign Minister by the President?

Mr. Coats: I am sorry. Would you --

Senator King: Is there an assessment being done or that has been done of the significance and impact of the release of that information?

Mr. Coats: We have not initiated an assessment of that. There are procedures that we go through to determine when assessments have been made or need to be made. There is a process that we go through. It is my understanding we have not initiated that.

Senator King: Has there been any reaction from other countries to the intelligence community about the revealing of this information to the Russians and a reaction from other countries to the intelligence community?

Mr. Coats: I do not -- of course, I am just back from some of those countries. The issue was not raised during my time there on that specific question.

Senator King: The intelligence communities of other countries did not raise this issue with you at all on your trip?

Mr. Coats: They did not raise that specific question.
Senator King: Thank you, Mr. Chairman.

The Chairman: And Senator Kaine?

Senator Kaine: Thank you to the witnesses.

The Chairman: I thank the members' indulgence.

Senator Kaine?

Senator Kaine: Thank you, Mr. Chair.

In the aftermath of the recent budget deal that was reached here in Congress in late April, the President tweeted out something that it might be time for a, quote, good shutdown, close quote, in September. With respect to the missions of both of your agencies, the DIA and then the Director of National Intelligence, in terms of dealing with worldwide threats, the topic of today's hearing, would there be anything good about a shutdown of the government of the United States?

Mr. Coats: Well, there might be some good and some bad. I mean, if the shutdown involved functions that were not producing or essential, but if you are talking about an across-the-board shutdown, I have never believed that that is the way we ought to handle our business here and that definitely it could potentially have an impact on our ability in collection.

Senator Kaine: General Stewart?

General Stewart: Not only would it impact our operations, but it has a debilitating effect on the
workforce every time we talk about shutting down and they
have uncertainty as to how they are going to get paid the
next payday. A debilitating effect.

Senator Kaine: Thank you.

Thanks, Mr. Chair.

The Chairman: I thank you, Director Coats and General
Stewart. And I know this is a very difficult time, and I
appreciate your candor. And I also know that the committee
understands there are areas that simply are protected by the
relationship that the President has with his team and the
people he relies on.

And I would like to repeat again that there is a lot
more to be found out, but also these leaks are not good for
your business. Is that not correct?

Mr. Coats: That is absolutely correct. They are
devastating. And as I have said, disclosing methods and
sources put our patriot people who are doing great service
for this country -- it puts their lives at risk and it puts
the lives of Americans at risk because it details the
methods with which we have gained information that has
prevented attacks against the United States.

The Chairman: So do you believe that there are lives
at risk because of these leaks?

Mr. Coats: Potentially yes.

The Chairman: I thank you.
Did you want to say anything else?

Senator King: Well, I wanted to ask the witness in follow-up to your question. Which would you consider worse? A leak to the American people or a leak to the Russian Foreign Minister?

The Chairman: This hearing is adjourned.

Senator Blumenthal: Mr. Chairman, can I ask one quick question?

The Chairman: No.

Senator Blumenthal: That is all right. Thank you.

The Chairman: I did assure. We will be seeing him again, unfortunately for him.

[Whereupon, at 11:34 a.m., the hearing was adjourned.]