HEARING TO RECEIVE TESTIMONY ON WORLDMIDE THREATS

Tuesday, March 6, 2018

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

The committee met, pursuant to notice, at 9:32 a.m. in Room SH-216, Hart Senate Office Building, Hon. James M. Inhofe, presiding.

Committee Members Present: Senators Inhofe [presiding], Wicker, Fischer, Cotton, Rounds, Ernst, Tillis, Sullivan, Cruz, Graham, Sasse, Reed, Nelson, McCaskill, Shaheen, Gillibrand, Blumenthal, Donnelly, Hirono, Kaine, King, Heinrich, Warren, and Peters.
OPENING STATEMENT OF HON. JAMES M. INHOFE, U.S.
SENATOR FROM OKLAHOMA

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

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

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

Rising powers, like Russia and China, have been investing in military modernization and developing capabilities specifically targeted to contest America's overmatched capabilities. In fact, China is increasing its spending in fiscal '18 by 8.1 percent over the last year,
the third straight year in a row that they've had massive
increases in their military spending. It's important to
point out that Russia has made some advances in weapon
systems, in clear violation of the INF Treaty, which Putin
touted during his presentation of the Russian State of the
Union, just last week. The INF Treaty doesn't apply to
China.

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

So, Director Coats, you summed up the gravity of the
current threat environment when you wrote, in your prepared
statement, quote, "The risk of interstate conflict,
including among the world's great powers, is higher than at
any time since the end of the cold war."

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

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

Senator Reed: Thank you very much, Mr. Chairman. And I'd like to welcome back our former colleague, Director Dan Coats, and also General Ashley. Thank you, sir. You're making your first appearance before the committee. Welcome.

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

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

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

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

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

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

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

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

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

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

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

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

Senator Inhofe: Thank you, Senator Reed.

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

Is there a motion?

Senator Reed: I so move.

Senator Inhofe: Second?

Senator Fischer: Second.

Senator Inhofe: All in favor, say aye.

[A chorus of ayes.]

Senator Inhofe: Opposed, no.

[No response.]

Senator Inhofe: The ayes have it.

Director Coats, we appreciate your being here, back with your -- all of your friends. And we would like to hear from both of you. And if you can confine your statements to around 5 minutes, that would be helpful. We have a lot of questions. We have a well-attended meeting here.
Senator Coats -- or Director Coats.
Ambassador Coats: Well, Mr. Chairman, thank you -- and Ranking Member Reed -- thank you and members of the committee. It's an honor for me to be here today alongside General Ashley to represent the men and women of the intelligence community whose hard work is reflected in the testimony that we are about to provide.

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

I'll provide a brief overview of some of the top threats, starting with the functional topics and then moving to regional threats. Much of what has been said by the Chairman and the Ranking Member has -- will be reaffirmed and reflected in what I say, and so I'll try to keep this as brief as possible.
Let me begin, however, with the cyberthreat, which is one of my greatest concerns and top priorities of our office. From U.S. businesses to the Federal Government to State and local governments, we are under cyberattack. While state actors pose the greatest cyberthreats, the democratization of cyber capabilities worldwide has enabled and emboldened a broader range of actors to pursue their malign activities against us. We assess that Russia is likely to continue to pursue even more aggressive cyberattacks, with the intent of degrading our democratic values and weakening our alliances. Persistent and disruptive cyber and influence operations will continue against the United States and European countries and other allies, urging elections -- using elections -- excuse me -- as opportunities to undermine democracy and sow discord and undermine our values. In addition to Russian actors, we will see Chinese, Iranian, and North Korean cyberactors continue to build off past successes to improve the scope and scale of their cyber capabilities.

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

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

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

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

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

And Lebanese Hezbollah, with the support of Iran, will continue to foment regional instability through its involvement in Syria and direction to other Shia's militant groups.
Let me briefly transition. I know probably we will be
talking about commercial space, and we need to look to the
heavens as well as the Earth, in terms of threats to the
United States. We can discuss that in more detail in the
question period. Let me just note that Russia and China
have been expanding their space-based reconnaissance,
communications, and navigation systems, and both countries
seek to mature their counterspace weapons as a means to
reduce U.S. and allied military effectiveness and
perceptions of U.S. military advantage in space.

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

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

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

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

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

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

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

I will pass over, in the interest of time, our assessments on Iraq, the situation in Yemen, and some other conflicts. Let me note that the conflicts at -- around the world today have displaced more people since World War II, and these present major social and humanitarian challenges.
Finally, just let me add one additional thought to our Nation that I would like to present. It is deeply concerning that our increasingly fractious political process, particularly with respect to Federal spending, is threatening our ability to properly defend our Nation. The failure to address our long-term fiscal situation has increased the national debt to, as you know, over $20 trillion and growing. Our continued plunge into debt is unsustainable and represents a dire future threat to our economy and to our national security. From a national security perspective, it was then former Chairman Joint Chiefs Mike Mullen who first identified the national debt as the greatest threat to our national security. Since then, he has been joined by numerous respected national security leaders of both parties, including our current Defense Secretary, Jim Mattis. I believe it's vitally important for all of us to recognize the need to address this challenge and to take action as soon as possible before a fiscal crisis occurs that truly undermines our ability to ensure our national security.

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

Thank you.

[The prepared statement of Mr. Coats follows:]
Senator Inhofe: Thank you, Director Coats.

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

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

My statement for the record details a range of challenges, competitors, threats, foreign military capabilities, and transnational terrorist networks. In my opening remarks, I'd like to just briefly address a few of these areas.

North Korea. North Korea is a critical threat to the United States and our allies in Northeast Asia. North Korea leader Kim Jong Un has pressed his nation down a path to develop nuclear weapons and deliver them with ballistic missiles that can reach South Korea, Japan, Guam, and the United States. He has instituted a rapid missile development and flight testing program that has, over the last 2 years, brought North Korea closer to its goals. Moreover, North Korea conducted its sixth nuclear test, in September of last year, which generated a much larger seismic signature than previous tests. Concurrently, Pyongyang has invested in conventional systems and training designed to increase the threat to South Korea. North
Korea's nuclear and missile testing has deepened the regime's isolation. While the United Nations has imposed additional sanctions on North Korea, Kim shows no interest in walking away from his nuclear or ballistic missile programs. Additional missile launches are near certainty, and further nuclear tests are possible as Pyongyang seeks to refine its weapons design and its reliability.

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

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

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

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

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

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

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

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

[The prepared statement of General Ashley follows:]
Senator Inhofe: Thank you very much, the excellent opening statements. Scary, but excellent.

I mentioned that Senator Rounds, Ernst, and Sullivan and I spent time in the South China Sea. It was disturbing to see -- to witness what's going on there, because, frankly, we didn't know the magnitude and what kind of effect it had on our allies there -- the Philippines, the -- Taiwan, South Korea. It's having a very -- it's intimidating our allies to see -- and the word "reclamation" is not very accurate, because they're not reclaiming land. This is land that never was there, so they're creating land, and without any legal authority to do so. And so, it's obvious that it's -- would be done to use for military purposes, because that's what they have on these islands, not just a -- 10,000-foot runways, but cannons and missiles and the rest. So, this is very dangerous that -- as we look at it and see the effect it's having on our allies there.

But, China is producing at least -- in addition to their increased spending, at least a dozen warships a year, developing new long-range weapon systems and fifth-generation fighters and -- after 3 years of significant increases in defense spending.

So, this is what's going on right now. And it's a major thing that is having an effect of challenging us in the United States as the body that would -- for leading the
free world.

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

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

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

Senator Inhofe: Yeah.

Ambassador Coats: And it's become a world power. And that is their goal. And they're using --

Senator Inhofe: And if their goal --

Ambassador Coats: -- methods through --

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

Ambassador Coats: Yeah. Well, I've traveled to Asia, and I've talked with countries that are allies of the United States, and --

Senator Inhofe: Yeah.

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

Senator Inhofe: Yeah.

Ambassador Coats: -- to these nations that is very attractive, nations that don't have those resources to build roads, to build facilities. But, it is for a design
purpose. And I think --

Senator Inhofe: Yeah.

Ambassador Coats: -- that is a threat to the future of America's influence around the world.

Senator Inhofe: Yeah. I agree.

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

General Ashley: Senator, right now I don't share your optimism. That's kind of a "show me." And so, we'll see
how this plays out. There could be a number of --  

Senator Inhofe: Okay. We'll write that down, and  

we'll see who's right and who's wrong.  

Senator Reed.  

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

And thank you both, gentlemen, for your service, your  
testimony.  

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

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

Senator Reed: Yes, sir.

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

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

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

Senator Reed: I concur.

Ambassador Coats: -- decide what policies we would
provide.

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

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

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

Senator Reed: Thank you.

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

General Ashley: Yeah, I can only speak to where the
Chinese investments are going in that assessment. I can't
speak to where we are, as a Nation, and where we're
investing. I could elaborate on the Chinese aspects of
that.

Senator Reed: Are you making the depth, the scope of
this investment clear to your colleagues that do have, you
know, the responsibility to inform leaders about what we
should be doing?

General Ashley: Senator, we are.

Senator Reed: Okay. Thank you very much.

Thank you, Mr. Chairman.

Senator Inhofe: Senator Rounds.
Senator Rounds: Thank you, Mr. Chairman.

Gentlemen, first of all, let me thank you for your service today to our country.

Director Coats, I'm just curious. You indicated that you have had direct conversations, and good conversations, with the White House regarding cybersecurity and so forth. I'm just curious, do you believe that this country today has an appropriate and clear policy with regard to cyberwarfare?

Ambassador Coats: No. I think that's a work in process, and needs to be in process. And I do believe there is real concern that we take action, because we're seeing the results of our adversaries using cyber to degrade any number of things here in the United States. So, I think putting a plan together, as I said, needs to be a whole-of-government effort, because various agencies and various forms of, not only government, but private institutions, companies, business, financial, et cetera, are being threatened with this. And it mounts a very significant threat to the United States.

Senator Rounds: You made very clear the seriousness of the cyberthreat. For the last several years, the National Defense Authorization Act has very specifically directed that there should be a policy established. Have you seen progress made over the last several years with regard to the creation of that policy? And who is heading it up?
Ambassador Coats: Well, as I said, there's no -- it is a whole-of-government effort. There is White House involvement, as well as agencies' involvement. The -- but, in specific answer to your question, I don't think that progress has been made quick enough to put us in a position where we have a firm policy, an understanding, not only ourselves, but what our adversaries know, relative to how we're going to deal with this. It's a dicey issue. We know the capabilities, and been on the losing end of some of those capabilities of other cyber actors. Starting a -- the potential retaliation for actions that are taken from an offensive response have to be weighed in the context of all that. Our critical infrastructure, which -- a number of efforts are underway to protect that infrastructure, but we still haven't, from a policy standpoint, either from the executive branch or the congressional branch, defined exactly what that is and how we're going to support those defenses. And then, the question of response, I think, is something that really needs to be discussed, because there are pros and cons about how we should do that.

Now, I have personally been an advocate of playing offense as well as defense. I think we've done a pretty good job on defense, but we don't have an offensive plan in place that we have agreed on to be the policy of the United States.
Senator Rounds: I've had the opportunity of serving as the Chair of the Cyber Subcommittee for this committee, and along with Senator Nelson, who is my Ranking Member. We have, basically, come to the same conclusion that you have, that this is a critical and most certainly a primary source of threats to the United States now and in the future. We're also concerned that, while the whole of government is working on it, we do not have an appropriate policy in place today; and it should be, as you have suggested, a primary point to be reckoned with in the future.

I would also agree with your assessment -- I think the Science Board for the Department of Defense has made it very clear that, for the next 10 years with regard to cyberattacks, our defensive capabilities will not match the offensive capabilities of our peer competitors, requiring that deterrence be enhanced on our part. So, I'm very pleased to hear that you feel the same way. And I hope that message gets across, that that has got to be a part of our cyber policies now and in the future. So, thank you for that.

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

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

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

General Ashley: Sir, they're in the development stage at this point.

Senator Rounds: Thank you.

Thank you, Mr. Chairman.

Senator Inhofe: Senator Shaheen.

Senator Shaheen: Thank you, Mr. Chairman.

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

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

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

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

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

Senator Shaheen: Right.

Ambassador Coats: -- assessment, and provide the warnings.

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

Ambassador Coats: Well, the NSA, which Admiral Rogers directs, is one component of many agencies that are involved. DHS really has taken the lead on this. The White House --

Senator Shaheen: So --

Ambassador Coats: -- has been engaged on this. The Department of Defense, other agencies, have been engaged on this.

Senator Shaheen: So, can you --

Ambassador Coats: But, in --

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

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

But --

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

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

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

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

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

Ambassador Coats: We do consider that as a weapon of
We are currently assessing this recent attack. We do not have full information yet relative to the -- each side is blaming the other. We don't have the assessments made yet, but we are very concerned about this, and I can -- as you saw the President's response to the attack last year, this is something that is under serious discussion as we speak. But, again, something that needs to be discussed in a classified session.

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

Ambassador Coats: I couldn't agree more.

Senator Shaheen: Thank you.

Thank you, Mr. Chairman.

Senator Inhofe: Senator Ernst.

Senator Ernst: Thank you, Mr. Chair.

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

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

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

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

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

Senator Ernst: Very good.

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

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

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

Senator Ernst: And do we --

Ambassador Coats: -- to support their military. So, it's something that we take very seriously. It's a very
1  high priority for us.
2  Senator Ernst: Okay.
3  And, General Ashley, is that something, through the
4  military community, we're able to work with partner nations
5  to share information to stop that trade?
6  General Ashley: So, I think what you want to do is
7  make sure you sensitize all the nations that would be
8  somewhere in that supply chain as to where the risk might
9  lie and how they might interdict that. The challenge with
10  some of the technologies is its dual-use, so some of the
11  chips, they're not necessarily prohibited. When you
12  actually start moving the stuff from a maritime standpoint,
13  we've seen more aggressive behavior around the Peninsula, in
14  terms of trying to catch trans-shipments and other actions
15  like that. So, that kind of aggressive actions will, you
16  know, serve our interests, in terms of being able to
17  interdict that. But, really, sensitizing all the nations
18  that are involved in those regions to the potential movement
19  of commodities, anything that's tied into the development of
20  a missile or all the components that you would use to build
21  that would be something that we would share across all those
22  nations and all those defense departments.
23  Senator Ernst: Very good.
24  Thank you, gentlemen, very much.
25  Senator Inhofe: Senator Blumenthal.
Senator Blumenthal: Thanks, Mr. Chairman.
And thank you both for your long and distinguished
service to our Nation.
Director Coats, have you read the indictment against 13
individuals, Russians, and three Russian entities that was
recently returned by Special Counsel?
Ambassador Coats: I'm familiar with it, and I've read
a summary of it. I haven't read all the details.
Senator Blumenthal: Would you agree with me that
Russia committed an act of war against the United States by
interfering in our past election, as detailed graphically
and dramatically by that indictment?
Ambassador Coats: If you describe it -- well, it's --
it -- it's not a conventional war, it's a war of influence.
Senator Blumenthal: It's an attack --
Ambassador Coats: If you --
Senator Blumenthal: -- on the United States that
constituted an act of war. In fact, Russia itself described
it as "informational warfare."
Ambassador Coats: I think that's a -- I think it's the
obligation of the Congress to determine whether or not
something is an act of war against the United States.
Senator Blumenthal: And whatever you describe it --
and I would call it an act of war -- it is continuing, is it
not?
Ambassador Coats: I -- that's what I said in my opening message, yes.

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

Ambassador Coats: President directs me to do my job, and my job is to provide the intelligence which formulates policy.

Senator Blumenthal: But, he's never given you orders to take any specific action either to deter or retaliate against Russia for its act of war on our country.

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

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

Ambassador Coats: President told me to do my job. My job is to collect -- to oversee the 17 intelligence agencies --

Senator Blumenthal: But, he never --

Ambassador Coats: -- that we have, and provide that --

Senator Blumenthal: -- instructed you not --
Ambassador Coats: -- intelligence information to our -- to the President --

Senator Blumenthal: He never instructed you --
Ambassador Coats: -- and to our policymakers.

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

Ambassador Coats: These are issues that I would like to discuss in a classified session relative to this and --

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

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

Ambassador Coats: I've seen --

Senator Blumenthal: -- Kushner.

Ambassador Coats: -- I've seen that leak.

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

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

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

Ambassador Coats: He has a temporary security
clearance, as do several others. General Kelly has taken
the position that we need to shorten that list. It's in
process right now. But, these decisions are made by the FBI
-- I mean, these clearances are cleared by the FBI, and --

Senator Blumenthal: Isn't his continuing access to
that information a threat to our national security?

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

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

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

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

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

Senator Blumenthal: But, you will make recommendations.

Ambassador Coats: We're very much a part of all these discussions, yes.

Senator Blumenthal: Thank you, Mr. Chairman.

Senator Inhofe: Senator Fischer.

Senator Fischer: Thank you, Mr. Chairman.

Welcome, gentlemen.

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

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

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

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

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

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

General Ashley: Yes, ma'am. That would be the desired outcome.

Senator Fischer: Okay, thank you.

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

Ambassador Coats: I would agree.

Senator Fischer: And General?
General Ashley: Yes, ma'am.

Senator Fischer: Thank you.

General, in your statement for the record, you assess that Kim Jong Un has, quote, "attempted to reinvigorate North Korea's conventional military." And we've focused extensively on North Korea's nuclear weapons development, but can you please elaborate on North Korea and, have they invested in modernization of their conventional force, as well?

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

Senator Fischer: And do you believe the sanctions
regime has impacted North Korea's efforts to modernize their conventional military?

General Ashley: It is starting to have an impact.

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

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

Senator Fischer: Okay. And what element of North Korea's conventional force do you believe poses the greatest risk to, not just our forces, but South Korea, as well?

General Ashley: It's just the sheer number of artillery pieces and ballistic missiles that could be fired in initial salvos into South Korea.

Senator Fischer: I'm short on time, but there was -- on the evening of February 7th, the U.S. forces repelled an attack in Syria. Do you believe that these Russian mercenary groups are acting under the direction of, or in coordination with, the Russian government?

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

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

General Ashley: Yes, ma'am.

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

Thank you.

Senator Inhofe: Thank you.

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

Senator Hirono.

Senator Hirono: Thank you, Mr. Chairman.

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

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

Senator Hirono: I'm not aware --

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

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

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

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

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

Senator Hirono: Yes.

Ambassador Coats: -- incoming --

Senator Hirono: I do have --

Ambassador Coats: -- Director of that. So --
Senator Hirono: I don't -- I hate to interrupt you, but I'm running out of time. But, I think that the conclusion is that this is not a top priority for the President. You're doing your very best to be very statesmanlike about it.

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

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

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

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

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

Senator Hirono: Thank you, Mr. Chairman.

Senator Inhofe: Senator Tillis.

Senator Tillis: Thank you, Mr. Chairman.

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

And, General Ashley, when you mark down that list of skeptical versus optimistic, put me on your side, in terms of North Korea. I -- marking it -- get the tickmark.
You know, I want to go back -- I didn't plan on talking about it, but, when we have this discussion about an act of war, I'm pretty sure -- I'm relatively new to the Senate, but I believe that's an Article 1 power. And it would seem to me that, if we have people who have a deeply held belief that it is an act of war, then they should be talking about taking the steps that Congress takes, based on the information presented, to put their money where their mouth is, in terms of declaring war.

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

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

Senator Tillis: Director --

Ambassador Coats: -- warfare could be a major issue
for us.

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

General Ashley?

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

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

Senator Tillis: In my remaining time, I want to ask you -- as we move up to a markup on the NDA, and we're looking at resources that we need. Two -- I'll just -- I'll ask the question, and you all answer in the time provided.

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

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

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

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

Ambassador Coats: I'd like to just address the NATO situation. We see NATO as recovering -- fall of the wall and Russia -- USSR dissolves. What's the role for NATO? Thanks to Vladimir Putin, we've gotten a wake-up call. The Russian bear came out of the hibernation, and was hungry and started grabbing countries, like Crimea -- places like Crimea and now the fighting in Ukraine and the issues in Georgia. So, NATO is now back in business. They've got a ways to go, but we're on the -- the trend is right. It's disappointing that the most -- the country that I was Ambassador to, the country most capable of providing strength and resources to NATO, Germany, is not doing -- living up to its -- punching up to its weight. And, with the election that just took place, this doesn't point to any additional move in the right direction.

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

Senator Inhofe: Senator Heinrich.

Senator Heinrich: Thank you, Mr. Chair.

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

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

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

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

Senator Heinrich: Well, let me --
Ambassador Coats: -- the retaliation and so forth --
Senator Heinrich: -- let me just suggest that we're --
Ambassador Coats: -- that are being --
Senator Heinrich: -- we're running out of time.

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

Ambassador Coats: I would agree with that.

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

Ambassador Coats: I believe that.
Senator Heinrich: How should we impose those costs on Russia?

Ambassador Coats: Well, that's the question. And the question is, How do you assess the retaliation and the impact and what it might lead to? And I think that is the operative question that has to be addressed. I could --

Senator Heinrich: How about sanctions?

Ambassador Coats: -- couldn't agree with you more.

Senator Heinrich: Would sanctions be an appropriate response? Because this body passed a law, nearly unanimously, that required that the President sanction individuals with financial --

Ambassador Coats: Yeah.

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

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

Senator Heinrich: So, you're talking about the 13
individuals who were indicted by the Special Counsel?

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

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

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

Senator Heinrich: When Treasury Department --

Ambassador Coats: -- to the various agencies --

Senator Heinrich: -- made their initial decision about
their release of names, but they did not choose to sanction
any individuals at that time, were you asked to provide
analysis for them to be able to come up with that decision?

Ambassador Coats: I would have to go back and double
check whether this was just part of our regular ongoing
provision of information or whether there was a specific ask
on this. I'd be happy to get back to you on that question.

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

[The information referred to follows:]

[COMMITTEE INSERT]
Senator Heinrich: We've talked a lot about sanctions against Iran, a lot about sanctions against North Korea. It seems like there should be a focus on this.

Thank you, Mr. Chair.

Senator Inhofe: Senator Cotton.

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

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

Director Coats, you said earlier that we're still ascertaining exactly what's happened on the Korean Peninsula in the last few hours between the South Korean delegation that went to Pyongyang, and what it means. Is it your understanding that any talks between North Korea, on the one hand, and South Korea and the United States, on the other hand, would be talks without any concessions made to North Korea?
Ambassador Coats: My current understanding is that no concessions were -- that that topic was not --

Senator Cotton: Is it due --

Ambassador Coats: -- raised.

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

Ambassador Coats: That is correct.

Senator Cotton: So, it's one thing to sit down and talk with an adversary. We did that with the Soviet Union throughout the cold war. It's another thing to bribe that adversary to sit down and talk with us.

Ambassador Coats: Talk is cheap.

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

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

Senator Cotton: Thank you.

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

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

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

Ambassador Coats: Given their history, it sounds like
it.

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

Ambassador Coats: I'm not sure I have enough
information to say yes or no on that, but that's --

Senator Cotton: It's a very --

Ambassador Coats: We have --

Senator Cotton: -- a risk --

Ambassador Coats: -- we have some history, that's for
Senator Cotton: It's very risky to transfer nuclear, chemical, or biological technology if you care for the preservation -- the long-term preservation of your regime. But, given the economic and diplomatic situation that North Korea faces, I think that makes them somewhat different than the Soviet Union in the cold war.

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

General Ashley: I'm not sure of the phrase, but it would be a significant amount of casualties.

Senator Cotton: Something like that, yeah.

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

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

Senator Cotton: Okay.

[The information referred to follows:]
[COMMITTEE INSERT]
Senator Cotton: Of that percentage, do we know how many -- what percentage of those are very well-maintained by the North Korean military?

General Ashley: So, I -- my understanding is, the level of maintenance is pretty good on the systems. Now, there's going to be a degree of atrophy over time, but our expectation is, those systems will work.

Senator Cotton: And what about the availability of the parts and the ammunition rounds that all of those systems would need?

General Ashley: So, that becomes more problematic, in terms of amount of ammunition and supply parts for replacements.

Senator Cotton: Because those are not widely available --

General Ashley: Correct.

Senator Cotton: -- on the international arms market?

General Ashley: Correct.

Senator Cotton: And then, finally, those systems don't fire themselves, they need well-trained crews to fire them. Do we have an assessment of the training level of the North Korean army's -- at the crew level, and how they can operate all those systems?

General Ashley: So, we watched their winter -- their training exercises. They've shown a level of discipline and
expertise. I don't know that I can take that all the way
down to the crew level, but I will go back to the comment I
made earlier, that Kim Jong Un, far different from his
father in the level of rigor that they've applied to their
training regime to make sure their crews are ready.

Senator Cotton: Yeah. So, when you pile up all of
those estimates on top of each other, though, there is some
question about the overall effectiveness of North Korea's
indirect-fire systems, you know, the -- probably a little
bit less than what the North Korean leader suggested it
might be, but still a grave threat to South Korea and to
Americans troops on the Peninsula. Is that right?

General Ashley: Still a great threat.

Senator Cotton: Finally, what's the quality of North
Korean air defenses against U.S. aircraft?

General Ashley: So, let me take that into a closed
session. That's a little more complicated answer.

Senator Cotton: Okay. Thank you.

Appreciate it, gentlemen.

Senator Inhofe: Senator Kaine.

Senator Kaine: Thank you, Mr. Chair.

And thanks, to our two witnesses.

I want to just, first, begin by applauding your
prepared testimonies. I know you have to summarize very
briefly at the top of this hearing, but both of the prepared
sets of testimony are very strong.

In particular, I noticed both of you focused upon protracted conflicts, environmental challenges, et cetera, leading to migration and displacement, and the security challenges caused by displacement.

General Ashley, you indicate, "As of October 2017, protracted conflicts and ethnosectarian violence have increased global displacement at the highest levels on record, according to the United Nations." I'm going to come back to that in a second.

And, Director Coats, you have a strong section on environment and climate change, at page 16 and 17 of your written testimonies, that are important. I've been disappointed with some of the environmental agencies in the administration for not acknowledging that, scrubbing Web sites, not talking about it. But, you're very straightforward about the challenges that are presented in our security environment in this section. And I'd encourage my colleagues to take a look.

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

Ambassador Coats: I agree with that.

Senator Kaine: General?
General Ashley: Senator, I agree.

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

Let me ask you about two things that concern me:

First, since you both focused upon the displacement and refugee challenges -- and, Director Coats, you actually, in your own testimony, near the end, talked about this as a significant phenomenon, whether it's war, violence, natural disasters, weather events, droughts, corruption, causing
migrations of population. And we've seen the challenges that Syrian migrants have compounded in Europe, for example. In December, the U.S. announced that it, alone among nations of the world, was going to pull out of the U.N. Compact on Global Migration, which was a voluntary agreement by nations in the U.N., a unanimous agreement in September of 2016, to sit down and start to talk about new best practices for dealing with migrants and refugees. Completely voluntary, no incursion into the sovereign ability of any nation to make their own immigration decisions. But, the Trump administration announced, in early December, that the U.S. was pulling out of the discussions, citing sovereignty as a reason, which was a non sequitur, since the entire idea around the Global Compact was that no nation would give up their sovereign ability to do anything, but that we would have a dialogue about how to deal with this significant security threat that you each identify in your written and, Director Coats, in your oral testimony. Why is it a good idea for the United States to pull out of a global discussion about the way to deal with the human displacement problem that you each identify in your testimony?

Ambassador Coats: Oh, Senator, I am not familiar with that particular decision, why that decision was made. In the larger sense, relative to what you are talking about
it's easy to look at the way we've conventionally done things, but it's also easy to see that they haven't always worked. I think there is -- we've seen potential upsides to some decisions that have been made that have caused nations that we have either been adversaries or allies to change their position. But, look at NATO. The criticism that came to the President for criticizing NATO has resulted in the fact that many nations now have come in line and agreed, and said, "Look, yeah, you're right, we haven't held to our commitments, we haven't treated NATO as something that is necessary." There are a number of nations that now have changed their position on that --

Senator Kaine: And just --

Ambassador Coats: -- relative to trade, other benefits that have come from -- in decisions that have been positive. So, just going back to the conventional "Let's always do it the way we've always done it" really hasn't worked very well.

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

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

Thank you, Mr. Chair.

Senator Inhofe: Senator Graham.

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

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

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

Ambassador Coats: Absolutely.

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

General Ashley: Yes, sir.

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

Ambassador Coats: Yes.

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

Ambassador Coats: Yes, we have.

Senator Graham: Okay. Let's move to -- and to follow
that concept through: as a last resort, military action is
on the table.

Ambassador Coats: It is on the table.

Senator Graham: Okay.

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

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

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

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

Ambassador Coats: No reason to doubt that. And in response to your previous question, there is a strategy in place relative to the Iranian engagements throughout the -- this very difficult part of the world, and what Iran has been doing.

Senator Graham: Maybe in a different setting, we can --

Ambassador Coats: I'd be happy --

Senator Graham: -- talk about that.

Ambassador Coats: -- I'd be happy to do that.

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

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

Ambassador Coats: I would agree with that.

Senator Graham: You agree with that, General Ashley?

General Ashley: Sir, I don't think that's my place to make that assessment.
Senator Graham: Okay, fair enough.

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

Ambassador Coats: Given the sources of -- obviously, we would like to talk about that in detail in a closed session.

Senator Graham: Right.

Ambassador Coats: But, yes, publicly, that has been --

Senator Graham: Yeah.

Ambassador Coats: -- been pretty clear.

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

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

Ambassador Coats: Yes, it is.

Senator Graham: And one of the concerns of the current deal is the sunset clause.
Ambassador Coats: That is correct.

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

Ambassador Coats: I believe that's correct.

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

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

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

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

Ambassador Coats: I think that's a reasonable assumption.

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

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

Ambassador Coats: I would be happy to do that.

[The information referred to follows:]

[COMMITTEE INSERT]
Senator Graham: General?

General Ashley: Sir.

Senator Graham: So, how likely is it the 2018 election's going to be compromised by Russia?

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

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

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

Senator Graham: Do you agree with that, General?

General Ashley: Senator, I agree.

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

Ambassador Coats: Not to my knowledge.

Senator Graham: Do you think we'd be well-served to let countries know, "You attack America through cyberspace at your own peril"?

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

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

General Ashley: Thank you, sir.

Senator Inhofe: Senator Peters.

Senator Peters: Thank you, Mr. Chairman.

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

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

General Ashley: So, I think of it more in the information domain, that it is really -- I had used the word, you know, kind of the "whole of government." But, it is kind of "informatation," which is kind of how they use some of the phrases, that it is targeted toward the populace, writ large. And if you look at it in the context -- well, I'll use -- since we talked about Russia, they have a thing that's in their doctrine, and it's been in their doctrine since back in the '60s, called "reflexive control."

And what they do is, they use a level of influence to try to take you down a path to make a decision, you think it is your own. And so, that is -- that's nothing new. But, as we look at it in the context of what's evolved over the last couple of years, it's a ubiquitous communication, social media and other means, by which you can deliver those messages. But, that has been integral to their strategy for
1 probably really since about back in the 1960s.
2 Senator Peters: Right. So, basically, many of the
3 things that we've been talking about here could very easily
4 be defined as "political warfare." So, would you agree that
5 we are engaged with an adversary that is using political
6 warfare against the United States?
7 General Ashley: So, I don't know that there's -- I
8 don't have a doctrinal term, but I can say that it's, you
9 know, warfare, in the context of warfare. I think it's --
10 Senator Peters: At least in the context --
11 General Ashley: -- it's information --
12 Senator Peters: -- of the term --
13 General Ashley: -- confrontation, in terms of how the
14 Russians look at it.
15 Senator Peters: At least in the context of the term
16 "political warfare," it is consistent with that.
17 Senator Inhofe: Senator Peters, could I interrupt for
18 just a moment?
19 Senator Wicker, presiding.
20 Thank you.
21 Senator Peters: Thank you, Mr. Chair.
22 Is that correct, that it is in the context of that?
23 General Ashley: Well, I'd have to look, you know, for
24 the exact definition of what "political warfare"
25 constitutes, which I can't tell you what that is.
Senator Peters: That's fine, General.

I just -- was recently reading a report here from the Brookings Institution by authors Polyakova and Boyer, and I found an "emerging threats" section in the report, particularly interesting. I want to read it and get your comments to it about emerging threats.

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

That's end of quote.

General, what do you make of that statement?

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

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

General Ashley: I think there's an AI application -- my now -- the NATO particular piece of that is because it came in the public domain and we talked about it. And so, then people started looking for it, and they started to see it.

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

General Ashley: I think it is a threat.

Senator Peters: So, part of that threat is to engage our social media platforms -- Facebook, Twitter, other types of platforms that are engaged in that. Is the intelligence community -- to both of you -- is the intelligence community engaged in conversations with these platforms, understanding that we need to probably cooperate if we're going to be able to thwart this threat?

General, you first. Is that necessary? Or Director Coats. I'm sorry.

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

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

Senator Peters:  Great.

I'm out of time. Thank you.

Senator Wicker [presiding]: Thank you.

Senator McCaskill.

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

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

Ambassador Coats: I would agree.

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

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

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

I don't know, General, if you, on the military supply
chain, have taken --

General Ashley: Yeah. So, ma'am --

Ambassador Coats: -- actions in that regard.

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

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

[The information referred to follows:]

[COMMITTEE INSERT]
Senator McCaskill: Thank you both.

Thank you, Mr. Chairman.

Senator Wicker: Thank you, Senator McCaskill.

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

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

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

Senator Wicker: General Ashley, in that sense, we're engaging the bear.

General Ashley: Senator, so you're correct. I think what we're showing also is a good-faith measure toward our partner in Ukraine, as well.

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

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

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

General Ashley: Sir, that is correct.

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

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

General Ashley: Senator, that's correct. We've
watched this --

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

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

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

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

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

General Ashley: Senator, I have not, but I will.
Senator Wicker: Well -- okay.

Director Coats, have you looked at that study?

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

So, it's a different kind of warfare that we're engaged in. And I think, you know, we are fully aware of that.

Thanks to the Congress, the budget has been increased significantly to make up for some stuff that was pretty static for -- in the past administration.

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

But, let me get back to you. Understanding, General Ashley, that you haven't -- not read the report, it was stunning, I think, to many Americans, that a report could say we could conceivably, under plausible conditions, lose
the next war. What do you say to someone who would make
that flat statement?

General Ashley: So, I would have to look at the
context of the assessment. Is it one particular war? Is it
multiple wars? Is it holding/detering? I do agree with
everything that Director Coats says, in terms of closing the
gaps in capabilities. Our opponents are going to come at us
in a very asymmetric way. The technology gap is closing.
And the fact that we have global commitments, it's hard to
posture ourself everywhere on the globe, so you're always
going to have that time distance, where you're going to have
to move, where you may be out of position when a conflict
starts.

Senator Wicker: Okay. Well, General, thank you very
much.

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

[The information referred to follows:]

[COMMITTEE INSERT]
Senator Wicker: Would you look at that, at the unclassified RAND report -- came out about the 4th of January -- or not -- actually, I think it came out in December -- look at that and give us a brief response --

General Ashley: Yes, sir.

Senator Wicker: -- to the allegations -- top-line allegations made.

[The information referred to follows:]

[COMMITTEE INSERT]
Senator Wicker: Senator King.

Senator King: Thank you, Mr. Chairman.

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

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

Ambassador Coats: It is an issue, but it always has been an issue. What happens to the environment -- floods, hurricanes, et cetera -- we're seeing some intensity of that lately.
Senator King: Well, this just isn't -- this isn't talking about general environmental conditions. This is talk -- it's, "The past 115 years" -- I'm reading from your report -- "have been the warmest period in the history of modern civilization. The past few years have been the warmest years on record." And then it goes on to state -- I would just hope that you would have the people that prepared this brief the Secretary of the EPA, because I think this information is important. It's important to national security. We often talk about the risk of climate change in the context of environmentalism, but, according to your analysis, it is also an issue that affects national security. It will increase migration patterns, conflict, famine, and the like, which is often how wars start.

Another part of the report, on page 7, talks about Iran and the Iran nuclear agreement. And there's an interesting phrase that says, "Iran's implementation of the JCPOA has extended the amount of time Iran would need to produce enough fissile material for a nuclear weapon from a few months to about 1 year, provided Iran continues to adhere to the deal's major provisions." Is it the judgment of the intelligence community that Iran has, thus far, adhered to the deal's major provisions?

Ambassador Coats: Yes. It has been -- the judgment is there's been no material breach of the agreement.
Senator King: "And the JCPOA" -- I'm again reading from your report -- "has also enhanced the transparency of Iran's nuclear activities, mainly by fostering improved access to those nuclear facilities for the IAEA and the authorities under the additional protocol." So, if the Iran agreement were abrogated, we would lose that visibility into the Iran nuclear enterprise, is that not correct?

Ambassador Coats: Well, we've built a number of capacities relative to that, even since the agreement. So, I -- to say "lose that" would -- I don't think would be accurate. I --

Senator King: Diminish?

Ambassador Coats: It potentially could diminish.

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

Ambassador Coats: No, they may not. On the other hand, we have provided other means, and we've significantly upped our game in terms of our verification procedures.

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

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

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

Senator King: Thank you, sir.

Thank you, Mr. Chairman.

Senator Wicker: Thank you, Senator King.
Senator Sullivan.

Senator Sullivan: Thank you, Mr. Chairman.

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

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

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

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

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

Senator Sullivan: Probably very unlikely, wouldn't it?

Ambassador Coats: Probably very unlikely.

Senator Sullivan: What do you think these -- well,
have you looked at what these Confucius Institutes on our --
on some of our top campuses are trying to achieve, and what
their goals are? Are they actually spying on Chinese
students in university? Do we know what's going on?

There's -- like I said, there's been a number of articles,
just in the last few months, on these.

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

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

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

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

Senator Sullivan: The President has put forward what I
would consider a red line, in terms of U.S. policy. I think you, in one of your hearings recently, agreed with that, that he's saying, "We're not going to allow the North Koreans to have the capability to have an intercontinental ballistic nuclear missile that can hit the United States."

That would include my State of Alaska, which is a little closer. Has North Korea crossed that red line yet?

Ambassador Coats: I don't believe they've crossed that red line yet, but I think that policy is still in place.

Senator Sullivan: And do you think they're going to cross that red line within the year, 2018?

Ambassador Coats: I -- you know, we do everything we can to assess what Kim Jong Un is thinking and what the regime might do, but it's been unpredictable, as you know, so that's just a matter -- the message has been loud and clear.

Senator Sullivan: Is it likely that they'll cross that red line this year?

Ambassador Coats: I cannot assess that they would -- well, when you describe -- define "red line," are you talking about --

Senator Sullivan: I'm talking about --

Ambassador Coats: -- their capabilities or their --

Senator Sullivan: -- the capability to fire an intercontinental ballistic nuclear missile that can range
any State in America, including --

Ambassador Coats: Well, we know they're --

Senator Sullivan: -- Alaska and Hawaii.

Ambassador Coats: -- we know they're pursuing their
capability. Whether they exercise that capability, or not,
that would cross that red line is -- we don't know.

Senator Sullivan: Thank you.

Thank you, Mr. Chairman.

Senator Wicker: Thank you, Senator Sullivan.

Senator Warren.

Senator Warren: Thank you, Mr. Chairman.

So, the Committee on Foreign Investment in the United
States, CFIUS, reviews acquisitions by foreign companies to
ensure that they don't threaten our national security. And
the Director of National Intelligence investigates the
national security risks proposed by proposed foreign
investment transactions. So, Director Coats, your threat
assessment observed that China and others are using legal
ways to acquire American early-stage technologies, and that
these foreign acquisitions erode our competitive advantage.
So, I'd like to explore that just a little bit.

General Ashley, as head of the Defense Intelligence
Agency, you look at foreign acquisitions of U.S. technology
through the lens of national security risks to the supply
chain for our government and our military.
So, I want to pick up on this where Senator McCaskill left off. Given that China and others will continue efforts to acquire our technologies, how well are we identifying emerging technologies that are critical to maintaining our military advantage over our adversaries, both in the near future and beyond?

General Ashley: So, what I can speak to are the technologies that are coming out and what we do to go through the supply chain, risk management, counterintelligence, how we examine those that are tied into the Department --

Senator Warren: So, I -- if I can, General, let me just narrow the question up. The question I'm asking is, Are we doing a good job of identifying all of the critical technologies that are subject to the Chinese? That's the first part. You've got to know that it's within your lens to take a look at.

General Ashley: Yeah. I can't speak to the totality of everything that's out there that would be examined. But, when you talk about how they acquire, some of it's legal, some of it is illegal, and some of it is -- they're starting to build their own technology now.

Senator Warren: Okay, that's -- I understand that. I'm a little concerned, though, about our ability to monitor this in advance. I'm very concerned.
Let me ask this, General Ashley. Do you believe that government investment in basic scientific research is critical to developing those technologies that maintain our military advantage?

General Ashley: I do.

Senator Warren: Good. You know, I think it's important for us to be proactive in identifying emerging technologies that foreign adversaries will try to poach, and to continue investing in the research that strengthens our economy and our national security. So, that's the point I'd like to underline today.

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

Director Coats, do you agree with Admiral Rogers?

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

Senator Warren: Okay. So --

Ambassador Coats: -- that are coming.

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

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

Senator Warren: So, is that --
Ambassador Coats: -- our job, as intelligence community, is to inform the American people of this so that they take more -- exercise better judgment as -- in terms of what is real news and fake news.

Senator Warren: Wait. You think our job is only to inform the American people? I think our job is to --

Ambassador Coats: I didn't say it was the only --

Senator Warren: -- take some countermeasures.

Ambassador Coats: I did not say that's our only job. I said that's one of the things that we do --

Senator Warren: It's one of the things --

Ambassador Coats: -- as an intelligence community.

Senator Warren: -- we did.

Ambassador Coats: That's correct.

Senator Warren: So, did you agree with Admiral Rogers' statement, or not? I didn't hear whether there was a yes or no in there.

Ambassador Coats: I said I think -- I'd agree that there was more that we can do, and it's under consideration.

Senator Warren: So, I -- you know, I don't care if you're a Democrat or a Republican, as Americans we should all be appalled that Vladimir Putin thinks he gets to play a role in the outcome of our elections.

Ambassador Coats: I couldn't agree more.

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

Ambassador Coats: And that's why part --

Senator Warren: But --

Ambassador Coats: -- transparency is really part of the effort --

Senator Warren: Well, I'm --

Ambassador Coats: -- of engaging.

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

Ambassador Coats: And as I've said, Secretary Mnuchin's going to be announcing those, I believe, within a week.

Senator Warren: Eventually.

Thank you, Mr. Chairman.

Senator Inhofe [presiding]: Senator Cruz.

Senator Cruz: Thank you, Mr. Chairman.

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

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

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

Ambassador Coats: Likely.

Senator Cruz: What do -- in your judgment, is the
greatest terrorist threat posed by Iran?

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

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

Ambassador Coats: Well, it could have very serious
conflicts -- conflict result from all of that. We know
Israel will not be able to tolerate that kind of threat
directly on their border. And so, it's -- I think it's a
situation of significant concern.

Senator Cruz: And is Iran continuing its research and
development and testing of ICBM technology?

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

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

Ambassador Coats: I'd like General Ashley to --

General Ashley: Yeah, so what --

Ambassador Coats: -- discuss it.

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

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

General Ashley: So, from an Iranian standpoint in their ballistic missile program, really the seed corn of their ballistic missile program started back in the '80s, in the Iran-Iraq War. It was the Scud technology. And really where Iran wants to be right now is self-sufficient, so they want to have the ability not to depend on North Korea, like they did back in the '80s, so they are self-sufficient in terms of how they're developing their program.

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

Director Coats, do we have any reason to believe that Kim Jong Un would be willing to give up nuclear weapons?
Ambassador Coats: He has repeatedly stated that he would not give that up. He sees that as existential to his regime's survival and to his own survival. I've -- we have seen nothing to indicate otherwise, that he would be willing to give up those weapons.

Senator Cruz: So, what do you make of these statements to the contrary? Is this simply propaganda? Is this -- what's your assessment of it?

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

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

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

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

Senator Cruz: Thank you.

Senator Inhofe: Thank you, Senator Cruz.

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

I, too, have been here while you've been here, Dan, and we've listened to this, and we've seen this movie before, and all that. But, you've got to keep in mind that Kim Jong Un just came off of 8 years with someone in, I say, a policy of appeasement from the Obama administration. Then all of a sudden, when the response came on pressing the button, and he responded in a very, very straightforward way -- he, being our President -- then all of a sudden, the phone call went down to South Korea, "Yeah, we want to participate with you in the Winter Olympics." And I was watching this, because I was there at the time -- not at the Winter Olympics, but I was in the South China Sea. And I thought, you know, that happening, and then, of course, what happened
last night is something that is kind of unprecedented in coming forth and saying, under some conditions, he would follow the denuclearization.

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

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

Senator Inhofe: Yeah, well -- and I agree with that. I agree with that.

Any further comments, Senator Reed?

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

Thank you.

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