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Before the

COMMITTEE ON  
ARMED SERVICES

## **UNITED STATES SENATE**

HEARING TO RECEIVE TESTIMONY ON WORLDWIDE THREATS

Tuesday, March 6, 2018

Washington, D.C.

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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.

1           OPENING STATEMENT OF HON. JAMES M. INHOFE, U.S.  
2           SENATOR FROM OKLAHOMA

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

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

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

21          Rising powers, like Russia and China, have been  
22          investing in military modernization and developing  
23          capabilities specifically targeted to contest America's  
24          overmatched capabilities. In fact, China is increasing its  
25          spending in fiscal '18 by 8.1 percent over the last year,

1 the third straight year in a row that they've had massive  
2 increases in their military spending. It's important to  
3 point out that Russia has made some advances in weapon  
4 systems, in clear violation of the INF Treaty, which Putin  
5 touted during his presentation of the Russian State of the  
6 Union, just last week. The INF Treaty doesn't apply to  
7 China.

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

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

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

22 Senator Reed.

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1           STATEMENT OF HON. JACK REED, U.S. SENATOR FROM RHODE  
2 ISLAND

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

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

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

20          The Kremlin is aggressively pursuing strategic  
21 competition across the full range of capabilities, from  
22 nuclear and conventional military modernization to  
23 asymmetric operations below the level of military conflict,  
24 intended to undermine the foundations of our democracy and  
25 inflame social divisions. We need a clear-eyed

1 understanding of President Putin's intentions asserting  
2 Russia's claim to great-power status and using every tool at  
3 his disposal to destabilize the rules-based international  
4 order that has promoted strategic stability for decades.

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

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

20 I am deeply concerned about the continued  
21 militarization of the territorial features of the South  
22 China Sea, its illicit theft of U.S. technology and  
23 intellectual property, and its coercive activities against  
24 its neighbors, including the economic retaliation against  
25 South Korea for accepting the THAAD deployment necessary to

1 defend itself from North Korea. China should work with its  
2 neighbors, instead of destabilizing the regions through its  
3 actions, to resolve its disputes peacefully and through the  
4 legal mechanisms that exist.

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

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

25 According to all reports, Iran is complying with its

1 obligations under the Joint Comprehensive Plan of Action.  
2 However, Iran continues to play a destabilizing role in the  
3 Middle East through its development of ballistic missiles  
4 and support of proxy groups, particularly in Syria and  
5 Yemen.

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

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

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

25 It is clear that we are living in complex times. And I

1 look forward to your testimony on these issues and thank you  
2 for your service.

3 Senator Inhofe: Thank you, Senator Reed.

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

12 Is there a motion?

13 Senator Reed: I so move.

14 Senator Inhofe: Second?

15 Senator Fischer: Second.

16 Senator Inhofe: All in favor, say aye.

17 [A chorus of ayes.]

18 Senator Inhofe: Opposed, no.

19 [No response.]

20 Senator Inhofe: The ayes have it.

21 Director Coats, we appreciate your being here, back  
22 with your -- all of your friends. And we would like to hear  
23 from both of you. And if you can confine your statements to  
24 around 5 minutes, that would be helpful. We have a lot of  
25 questions. We have a well-attended meeting here.

1 Senator Coats -- or Director Coats.

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1           STATEMENT OF HON. DANIEL R. COATS, DIRECTOR OF  
2 NATIONAL INTELLIGENCE

3           Ambassador Coats: Well, Mr. Chairman, thank you -- and  
4 Ranking Member Reed -- thank you and members of the  
5 committee. It's an honor for me to be here today alongside  
6 General Ashley to represent the men and women of the  
7 intelligence community whose hard work is reflected in the  
8 testimony that we are about to provide.

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

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

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

20           Quickly, let me talk about weapons of mass destruction.  
21 Overall, the state efforts to modernize, develop, or acquire  
22 WMD, their delivery systems, or the underlying technologies  
23 constitute a major threat to the United States and our  
24 allies. North Korea will be the most volatile and  
25 confrontational WMD threat this year, and Russia will remain

1 the most capable WMD power, and is currently expanding its  
2 nuclear-weapons capabilities.

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

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

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

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

22 And Lebanese Hezbollah, with the support of Iran, will  
23 continue to foment regional instability through its  
24 involvement in Syria and direction to other Shia's militant  
25 groups.

1           Let me briefly transition. I know probably we will be  
2 talking about commercial space, and we need to look to the  
3 heavens as well as the Earth, in terms of threats to the  
4 United States. We can discuss that in more detail in the  
5 question period. Let me just note that Russia and China  
6 have been expanding their space-based reconnaissance,  
7 communications, and navigation systems, and both countries  
8 seek to mature their counterspace weapons as a means to  
9 reduce U.S. and allied military effectiveness and  
10 perceptions of U.S. military advantage in space.

11           Mr. Chairman and Ranking Member, both of you touched on  
12 the various regional issues. We saw the news this morning  
13 relative to North Korea. Hope springs eternal, but we need  
14 to learn a lot more, relative to these talks. And we will.

15           And the IC will continue to do every possible collection  
16 and assessment we can, relative to the situation that exists  
17 in North Korea. I know we'll be talking about that issue.

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

24           In looking at South Asia and Afghanistan, we assess the  
25 overall security picture will modestly deteriorate in the

1 coming year, and Kabul will continue to bear the brunt of  
2 Taliban-led insurgency. Afghan National Security Forces  
3 face unsteady performance, but, with coalition support,  
4 probably will maintain control of most major population  
5 centers. Complicating the Afghan situation is our  
6 assessment that Pakistan-based militant groups continue to  
7 take advantage of their safe haven to conduct attacks,  
8 including against U.S. interests.

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

16 With respect to Russian influence efforts, Russia  
17 perceives its past efforts as successful, and views the 2018  
18 U.S. midterm elections as a potential target. We continue  
19 to see Russian activities designed to exacerbate social and  
20 political fissures in the United States. In the next year,  
21 we assess Russia will continue to use propaganda, social  
22 media, false-flag personas, sympathetic spokesmen, and other  
23 means of influence to try to build on its wide range of  
24 disruptive operations. We expect Russian influence efforts  
25 to continue in other locations, as well. For example, we

1 assess Russian aggression in the Ukraine will persist, even  
2 as we seek to bolster Ukraine's ability to defend its  
3 territorial integrity.

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

14 Turkey is seeking to thwart Kurdish ambitions in the  
15 Middle East, and the ongoing Turkish incursion into northern  
16 Syria is complicating counter-ISIS activities in the region  
17 and increases the risk of U.S. forces located in the area.  
18 Syria will face continued unrest in fighting throughout  
19 2018, with spikes in violence occurring as Damascus attempts  
20 to recapture urban areas, as we are now witnessing.

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

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

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

24           Thank you.

25           [The prepared statement of Mr. Coats follows:]

1 Senator Inhofe: Thank you, Director Coats.  
2 General Ashley.

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

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

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

13          North Korea. North Korea is a critical threat to the  
14          United States and our allies in Northeast Asia. North Korea  
15          leader Kim Jong Un has pressed his nation down a path to  
16          develop nuclear weapons and deliver them with ballistic  
17          missiles that can reach South Korea, Japan, Guam, and the  
18          United States. He has instituted a rapid missile  
19          development and flight testing program that has, over the  
20          last 2 years, brought North Korea closer to its goals.  
21          Moreover, North Korea conducted its sixth nuclear test, in  
22          September of last year, which generated a much larger  
23          seismic signature than previous tests. Concurrently,  
24          Pyongyang has invested in conventional systems and training  
25          designed to increase the threat to South Korea. North

1 Korea's nuclear and missile testing has deepened the  
2 regime's isolation. While the United Nations has imposed  
3 additional sanctions on North Korea, Kim shows no interest  
4 in walking away from his nuclear or ballistic missile  
5 programs. Additional missile launches are near certainty,  
6 and further nuclear tests are possible as Pyongyang seeks to  
7 refine its weapons design and its reliability.

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

24 Russia. Russia views the United States as the primary  
25 threat to its national security and its geopolitical

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

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

25 Iran. Iran remains the primary nation-state challenger

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

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

20 Terrorism. ISIS suffered significant setbacks in 2017.  
21 Territorial losses in Iraq and Syria and persistent  
22 counterterrorism operations against ISIS global network have  
23 impeded its ability to exploit instability in the region  
24 where it operates. ISIS members are dispersing and  
25 prioritizing clandestine networks to preserve their core

1 capabilities. While ISIS capabilities have been degraded in  
2 numerous countries, it remains a significant threat and  
3 continues to inspire more attacks throughout the West than  
4 any other terrorist organization. Al Qaeda also remains a  
5 serious and persistent threat to U.S. interests worldwide.

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

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

21 [The prepared statement of General Ashley follows:]

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1           Senator Inhofe: Thank you very much, the excellent  
2 opening statements. Scary, but excellent.

3           I mentioned that Senator Rounds, Ernst, and Sullivan  
4 and I spent time in the South China Sea. It was disturbing  
5 to see -- to witness what's going on there, because,  
6 frankly, we didn't know the magnitude and what kind of  
7 effect it had on our allies there -- the Philippines, the --  
8 Taiwan, South Korea. It's having a very -- it's  
9 intimidating our allies to see -- and the word "reclamation"  
10 is not very accurate, because they're not reclaiming land.  
11 This is land that never was there, so they're creating land,  
12 and without any legal authority to do so. And so, it's  
13 obvious that it's -- would be done to use for military  
14 purposes, because that's what they have on these islands,  
15 not just a -- 10,000-foot runways, but cannons and missiles  
16 and the rest. So, this is very dangerous that -- as we look  
17 at it and see the effect it's having on our allies there.  
18 But, China is producing at least -- in addition to their  
19 increased spending, at least a dozen warships a year,  
20 developing new long-range weapon systems and fifth-  
21 generation fighters and --after 3 years of significant  
22 increases in defense spending.

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

1 free world.

2 So, Director Coats, let's start with you, on your view.

3 What do you think they're doing out there, specifically in  
4 that part of the China Sea, building that aggressive of a  
5 fortress out there? What do you think the reasoning is?

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

24 So, they definitely are expanding their regional  
25 influence as well as their global influence. They're

1 spending an extraordinary amount of money on that as well as  
2 on upgrading their military, as Admiral Ashley -- General  
3 Ashley -- excuse me, General -- noted in his remarks.

4 Senator Inhofe: Yeah.

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

7 Senator Inhofe: And if their goal --

8 Ambassador Coats: -- methods through --

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

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

18 Senator Inhofe: Yeah.

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

22 Senator Inhofe: Yeah.

23 Ambassador Coats: -- to these nations that is very  
24 attractive, nations that don't have those resources to build  
25 roads, to build facilities. But, it is for a design

1 purpose. And I think --

2 Senator Inhofe: Yeah.

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

5 Senator Inhofe: Yeah. I agree.

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

24 General Ashley: Senator, right now I don't share your  
25 optimism. That's kind of a "show me." And so, we'll see

1 how this plays out. There could be a number of --

2 Senator Inhofe: Okay. We'll write that down, and  
3 we'll see who's right and who's wrong.

4 Senator Reed.

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

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

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

21 Ambassador Coats: Senator, there are ongoing  
22 discussions among a number of our agencies -- Department of  
23 Homeland Security, Department of Defense, the State  
24 Department, and others -- relative to the cyberthreat. Our  
25 office recently met with three of the most -- current

1 agencies dealing with this, NSA and others, to talk about  
2 the effect of cyber on the upcoming elections, but as well  
3 as the impact of that. It's a whole-of-government approach.  
4 I have discussed it personally with the President of the  
5 United States. He has said, "I assume you're doing your  
6 job, all of you who head up these agencies, relative to  
7 cyber, but if you need for me to say -- direct you to do it,  
8 do it." That's -- since we had our discussions on the  
9 threat assessment with the CISI.

10 Senator Reed: Yes, sir.

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

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

23 Ambassador Coats: I would agree with that, Senator,  
24 and -- but, I think, working with the Congress also much of  
25 the time in my last term here in the Senate was working to

1 try to identify legislative action regarding critical  
2 infrastructure and putting a cyber plan in place. And I  
3 think this is something whole-of-government, because I think  
4 it has to work with Congress to --

5 Senator Reed: I concur.

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

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

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

23 Ambassador Coats: Well, as a former Ambassador, I like  
24 to see Ambassadors get nominated and confirmed. But, that  
25 really is a question for Secretary Tillerson and the State

1 Department to address. There has been ongoing discussions  
2 on that, but I don't have any inside knowledge as to -- in  
3 terms of the decisionmaking process.

4 Senator Reed: Thank you.

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

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

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

22 General Ashley: Senator, we are.

23 Senator Reed: Okay. Thank you very much.

24 Thank you, Mr. Chairman.

25 Senator Inhofe: Senator Rounds.

1 Senator Rounds: Thank you, Mr. Chairman.

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

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

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

20 Senator Rounds: You made very clear the seriousness of  
21 the cyberthreat. For the last several years, the National  
22 Defense Authorization Act has very specifically directed  
23 that there should be a policy established. Have you seen  
24 progress made over the last several years with regard to the  
25 creation of that policy? And who is heading it up?

1           Ambassador Coats: Well, as I said, there's no -- it is  
2 a whole-of-government effort. There is White House  
3 involvement, as well as agencies' involvement. The -- but,  
4 in specific answer to your question, I don't think that  
5 progress has been made quick enough to put us in a position  
6 where we have a firm policy, an understanding, not only  
7 ourselves, but what our adversaries know, relative to how  
8 we're going to deal with this. It's a dicey issue. We know  
9 the capabilities, and been on the losing end of some of  
10 those capabilities of other cyber actors. Starting a -- the  
11 potential retaliation for actions that are taken from an  
12 offensive response have to be weighed in the context of all  
13 that. Our critical infrastructure, which -- a number of  
14 efforts are underway to protect that infrastructure, but we  
15 still haven't, from a policy standpoint, either from the  
16 executive branch or the congressional branch, defined  
17 exactly what that is and how we're going to support those  
18 defenses. And then, the question of response, I think, is  
19 something that really needs to be discussed, because there  
20 are pros and cons about how we should do that.

21           Now, I have personally been an advocate of playing  
22 offense as well as defense. I think we've done a pretty  
23 good job on defense, but we don't have an offensive plan in  
24 place that we have agreed on to be the policy of the United  
25 States.

1           Senator Rounds: I've had the opportunity of serving as  
2 the Chair of the Cyber Subcommittee for this committee, and  
3 along with Senator Nelson, who is my Ranking Member. We  
4 have, basically, come to the same conclusion that you have,  
5 that this is a critical and most certainly a primary source  
6 of threats to the United States now and in the future.  
7 We're also concerned that, while the whole of government is  
8 working on it, we do not have an appropriate policy in place  
9 today; and it should be, as you have suggested, a primary  
10 point to be reckoned with in the future.

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

21           Let me ask just one other quick one, here. With regard  
22 to space, buried on page 13 of your items, it has to do with  
23 the threats in space and the threats to our capabilities to  
24 use space. Do you think there's a disconnect between what  
25 our policy is right now with regard to our capabilities in

1 space and what our peer competitors are doing to limit our  
2 ability to see and to utilize the -- what has now become  
3 acceptable technical capabilities -- GPS and so forth --  
4 that -- are they in a position right now to basically shut  
5 down our use of space in a time of war or a near-war  
6 position?

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

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

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

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

5 Senator Rounds: Thank you.

6 Thank you, Mr. Chairman.

7 Senator Inhofe: Senator Shaheen.

8 Senator Shaheen: Thank you, Mr. Chairman.

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

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

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

23 Senator Shaheen: So, you haven't heard anything, then,  
24 from the White House or the administration about directly  
25 responding to interference that -- we've heard testimony

1 from a number of intelligence officials, who have said that  
2 there is currently interference going on from Russia into  
3 our upcoming election cycle for 2018, and you haven't had  
4 any direction from the White House or the administration to  
5 respond to that. Is that correct?

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

16 Senator Shaheen: Right.

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

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

1 So, let --

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

6 Senator Shaheen: So --

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

10 Senator Shaheen: So, can you --

11 Ambassador Coats: But, in --

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

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

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

24 Let me ask you, General Ashley -- to change the subject  
25 a little bit -- last week, before his State of the Nation --

1 in his State of the Nation speech, Vladimir Putin bragged  
2 about weapons that Russia has developed that can avoid our  
3 missile defense system and that can strike anywhere in the  
4 United States, or, in fact, in the world, he said. Is that  
5 an accurate assessment of what we understand Russia to have  
6 developed?

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

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

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

25 Ambassador Coats: We do consider that as a weapon of

1 mass destruction. Probably more use of chlorine than sarin.  
2 We are currently assessing this recent attack. We do not  
3 have full information yet relative to the -- each side is  
4 blaming the other. We don't have the assessments made yet,  
5 but we are very concerned about this, and I can -- as you  
6 saw the President's response to the attack last year, this  
7 is something that is under serious discussion as we speak.  
8 But, again, something that needs to be discussed in a  
9 classified session.

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

17 Ambassador Coats: I couldn't agree more.

18 Senator Shaheen: Thank you.

19 Thank you, Mr. Chairman.

20 Senator Inhofe: Senator Ernst.

21 Senator Ernst: Thank you, Mr. Chair.

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

24 Director Coats, I'd like to start with you, please. In  
25 your opening statement, you note that U.S. allies and

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

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

24       Obviously, trade is one of many, many threads of --  
25 that tie us together. There are pros and cons. The

1 President's announcement recently has not been finalized, as  
2 you know, and was done so in the context of national  
3 security, the concern that certain types of materials, like  
4 steel and aluminum, are important for national security  
5 purposes, to have that capacity here, and not to be relied  
6 -- relying on foreign entities, even some that we might call  
7 adversaries now, but might not be, later.

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

16 Senator Ernst: Very good.

17 Well, I often notice, anytime that any of us here are  
18 attending defense talks overseas, whether it's the Shangri-  
19 La dialogue or the Munich Security Conference, that not only  
20 do we talk about national defense, but we also seem to talk  
21 about trade, especially in the Pacific. You know, the  
22 Chairman just stated that we returned from an overseas trip  
23 just a couple of weeks ago. And oftentimes many of those  
24 partners really do emphasize the need to remain strong trade  
25 partners, because, where there is an absence of U.S. trade,

1 often we see China stepping in to close those gaps. So,  
2 obviously, I'm a strong supporter of our trade  
3 relationships.

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

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

23 Senator Ernst: And do we --

24 Ambassador Coats: -- to support their military. So,  
25 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.

1 Senator Blumenthal: Thanks, Mr. Chairman.

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

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

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

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

13 Ambassador Coats: If you describe it -- well, it's --  
14 it -- it's not a conventional war, it's a war of influence.

15 Senator Blumenthal: It's an attack --

16 Ambassador Coats: If you --

17 Senator Blumenthal: -- on the United States that  
18 constituted an act of war. In fact, Russia itself described  
19 it as "informational warfare."

20 Ambassador Coats: I think that's a -- I think it's the  
21 obligation of the Congress to determine whether or not  
22 something is an act of war against the United States.

23 Senator Blumenthal: And whatever you describe it --  
24 and I would call it an act of war -- it is continuing, is it  
25 not?

1           Ambassador Coats: I -- that's what I said in my  
2 opening message, yes.

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

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

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

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

15          Ambassador Coats: Well, you're talking to the American  
16 people, now, who have been that Russia attacked our Nation.

17          Can you assure the American people that the President told  
18 you to take effective deterrent action, in addition to what  
19 we're doing in the past?

20          Ambassador Coats: President told me to do my job. My  
21 job is to collect -- to oversee the 17 intelligence agencies  
22 --

23          Senator Blumenthal: But, he never --

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

25          Senator Blumenthal: -- instructed you not --

1           Ambassador Coats:  -- intelligence information to our  
2  -- to the President  --

3           Senator Blumenthal:  He never instructed you  --

4           Ambassador Coats:  -- and to our policymakers.

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

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

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

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

19          Ambassador Coats:  I've seen  --

20          Senator Blumenthal:  -- Kushner.

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

22          Senator Blumenthal:  They discussed how to manipulate  
23 Jared Kushner through his business arrangements, his  
24 family's financial difficulties, his lack of policy  
25 experience.  Can you assure us that you are taking effective

1 action to protect our national security against that  
2 manipulation?

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

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

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

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

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

23 Senator Blumenthal: Senator Grassley and I have  
24 written to both the White House, Don Magan, and to the  
25 Director of the FBI, Christopher Wray, asking for a full

1 explanation of the continuing security clearance process,  
2 because we -- I continue to believe, speaking only for  
3 myself, that it continues to be defective. And I hope you  
4 will cooperate in that review.

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

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

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

16 Senator Blumenthal: But, you will make  
17 recommendations.

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

20 Senator Blumenthal: Thank you, Mr. Chairman.

21 Senator Inhofe: Senator Fischer.

22 Senator Fischer: Thank you, Mr. Chairman.

23 Welcome, gentlemen.

24 If we could gear this back to some worldwide threats  
25 that we're facing as a country. I know, in the recently

1 released Nuclear Posture Review, it was stated that Russia  
2 mistakenly assesses that the threat of nuclear escalation or  
3 actual first use of nuclear weapons would serve to de-  
4 escalate a conflict on terms favorable to Russia. That's  
5 commonly referred to as an "escalate to de-escalate"  
6 strategy. And since the document's release, some -- the  
7 Russian government, in particular -- have disputed this  
8 assessment, and they deny that Russia has such a strategy.

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

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

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

20 General Ashley: So, let me kind of give an overarching  
21 -- in terms of what they think about when they think about  
22 their nuclear triad. That is integral to their deterrence  
23 strategy, and it's the same kind of triad that we have.  
24 But, when you talk about nonstrategic nuclear weapons, it  
25 really is -- it's "escalate to de-escalate," and it's been

1    couched in different terms -- "escalate to dominate" or  
2    "escalate to have conflict termination." And the strategy  
3    there is that you create a pause -- in this case, a  
4    strategic pause -- where you're back into talks and  
5    discussions within the conflict. And where I would see them  
6    using this would be a situation where Moscow saw their  
7    national vital interest -- actually, Russia proper was at  
8    risk.

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

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

17           Senator Fischer: Okay, thank you.

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

24           Ambassador Coats: I would agree.

25           Senator Fischer: And General?

1 General Ashley: Yes, ma'am.

2 Senator Fischer: Thank you.

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

10 General Ashley: Yes, ma'am. So, a lot of that is  
11 really focused on the old Soviet equipment that they have,  
12 in terms of modernization, better accuracy, better systems,  
13 integrated to the existing weapons that are part of that  
14 inventory. I think the big change that we've seen from his  
15 father to Kim Jong Un is the rigor of training. Prior, with  
16 his father, you did not have the level of discipline, you  
17 did not have the level of rigor that we would normally  
18 associate for what you do to get a force ready to go to war.

19 Kim Jong Un has taken that readiness aspect very, very  
20 seriously. They do not have a capability that could, you  
21 know, reunite the Peninsula, but there is significant  
22 capability that's over the 38th parallel, in terms of the  
23 amount of damage that they could do with their conventional  
24 forces in a conflict.

25 Senator Fischer: And do you believe the sanctions

1 regime has impacted North Korea's efforts to modernize their  
2 conventional military?

3 General Ashley: It is starting to have an impact.

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

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

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

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

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

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

25 Senator Fischer: Okay. If I could follow up later

1 with you on these --

2 General Ashley: Yes, ma'am.

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

5 Thank you.

6 Senator Inhofe: Thank you.

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

13 Senator Hirono.

14 Senator Hirono: Thank you, Mr. Chairman.

15 Director Coats, you and others have testified that it  
16 is a fact that Russia is continuing its efforts to interfere  
17 with our elections. Admiral Rogers, last week, testified  
18 that he had no specific authority to counter these efforts.  
19 And both you and he pointed out that Homeland Security is  
20 the lead agency to -- is the lead agency, I assume, to  
21 counter the Russian efforts to interfere with our elections.  
22 My understanding is that Department of Homeland Security is  
23 working with the State elections people to make sure that  
24 the elections infrastructure are not -- will not be  
25 vulnerable to hacking by Russians. But, who's responsible

1 to counter the use of social media by Russians to conduct  
2 what they call "informational warfare"? Is this also  
3 Department of Homeland Security's responsibility?

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

9 Senator Hirono: I'm not aware --

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

15 Senator Hirono: Well, that's the thing. So, I --  
16 look, our concern is, Who's in charge here? Who is the lead  
17 entity to bring everybody together? Because you have  
18 Homeland Security, you have Cyber Command, you have FBI, you  
19 have a lot of entities, and somebody has to take the lead.  
20 And, you know, this is in the context of \$120 million that  
21 the State Department was given specifically to deal with the  
22 Russian interference with our elections, and they have not  
23 spent a dime. So, should the State Department be the lead  
24 agency to come up with a whole-of-government approach to  
25 their -- Russia's continuing interference? Noting also that

1 the 2018 elections are right around the corner, why do we  
2 not have a whole-of-government strategy already in place?

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

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

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

22 Senator Hirono: Yes.

23 Ambassador Coats: -- incoming --

24 Senator Hirono: I do have --

25 Ambassador Coats: -- Director of that. So --

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

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

16          Ambassador Coats: Sure. We -- we'll know a lot more  
17 in a few days, as our envoys come back and give us -- as  
18 well as the South Koreans come back -- and give us the  
19 details of what was discussed. I happen to have a long  
20 history, here, in a previous life, of watching both Democrat  
21 and Republican administrations trying to reach agreement  
22 with North Korea on the nuclear question. All efforts have  
23 failed. We know that Kim Jong Un is -- while he's  
24 unpredictable, he's also very calculating. We know that he  
25 probably -- that he views possession of nuclear weapons as

1 essential to his well-being as well as the well-being of his  
2 nation. He has repeated that -- stated that over and over.  
3 All efforts in the past have failed and has simply bought  
4 North Korea time to achieve what they want to achieve.

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

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

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

18 Senator Hirono: Thank you, Mr. Chairman.

19 Senator Inhofe: Senator Tillis.

20 Senator Tillis: Thank you, Mr. Chairman.

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

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

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

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

20           Ambassador Coats: Well, we're doing all the assessing  
21 that we can in that regard. As we -- as General Ashley  
22 said, the efforts of our adversaries are in -- more in  
23 development stage than ours are. But, we're well aware of  
24 the threat. And I think we have to start thinking about  
25 threats as we look up into space, as well as threats here on

1 Earth, and it -- use the same kind of principles that we use  
2 to assess what's happening here, because it -- you know,  
3 space --

4 Senator Tillis: Director --

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

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

16 General Ashley?

17 General Ashley: So, let me take this from a Defense  
18 Department perspective. I think part of what you're  
19 alluding to is attribution. And so, when you get into  
20 things like cyber, attribution becomes somewhat more  
21 problematic. Your initial question was, Do they have a  
22 pretty good capability? Yeah, they have a pretty good  
23 capability. And it is global. So, one of the things  
24 interesting about cyber is that it is not bounded. The  
25 previous question we had with regards to some of those other

1 capabilities, you know, and you look at the character of war  
2 that's changing, and some of the technology, you literally  
3 have the capability to reach the globe with weapon systems.  
4 Cyber is a weapon system.

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

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

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

24 And the other one, General Ashley, it has to do with  
25 the work that we're doing with our allies, how you would

1 gauge their -- in the various areas in your written  
2 testimony, both of which were very good -- how you would  
3 gauge the health of the relationship and our NATO partners,  
4 and what more do we need to do there? Or give them a  
5 scorecard.

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

17 I think one of the things that we've got to take a hard  
18 look at is in terms of intelligence-sharing and how do we  
19 better integrate -- you know, we've had this Five Eyes  
20 community for the longest time, but really the way we should  
21 look at some of these problems are discrete toward what that  
22 problem is. If you have a problem that's in South Africa or  
23 Northern Africa, then maybe it's not a Five Eyes solution,  
24 maybe there's seven nations that contribute to that, when we  
25 look at colonial relationships and which partners are there.

1 So, I think the intel-sharing and opening the aperture is an  
2 area that we need to push the envelope on, but leveraging  
3 our partners is absolutely integral to our success.

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

19       However, having said that, there are a number of  
20 nations, particularly border nations, that are upping their  
21 game on this. There are exercises that are taking place.  
22 My -- I've got a grandson who's a airborne ranger, and he's  
23 in -- been in these exercises over on the border nations of  
24 Europe and Russia. The -- an intelligence division has been  
25 stood up. Been over to Brussels twice on that. It's

1 providing a significant coordination in the integration of  
2 intelligence that NATO hadn't had before. So, they are  
3 upping their game, and they see the threat coming, and want  
4 to be prepared, and -- so at least we're moving in the right  
5 direction relative to NATO, in my opinion.

6 Senator Inhofe: Senator Heinrich.

7 Senator Heinrich: Thank you, Mr. Chair.

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

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

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

25 Ambassador Coats: I have daily and weekly interactions

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

10 Senator Heinrich: Well, let me --

11 Ambassador Coats: -- the retaliation and so forth --

12 Senator Heinrich: -- let me just suggest that we're --

13 Ambassador Coats: -- that are being --

14 Senator Heinrich: -- we're running out of time.

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

20 Ambassador Coats: I would agree with that.

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

25 Ambassador Coats: I believe that.

1           Senator Heinrich: How should we impose those costs on  
2 Russia?

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

7           Senator Heinrich: How about sanctions?

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

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

13           Ambassador Coats: Yeah.

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

23           Ambassador Coats: As you've probably seen, 13  
24 individuals have been named. The -- Treasury Secretary  
25 Mnuchin has indicated that, very shortly, he will be

1 bringing out a list of sanctions on those individuals that  
2 have been complicit in this.

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

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

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

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

17 Senator Heinrich: When Treasury Department --

18 Ambassador Coats: -- to the various agencies --

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

23 Ambassador Coats: I would have to go back and double  
24 check whether this was just part of our regular ongoing  
25 provision of information or whether there was a specific ask

1 on this. I'd be happy to get back to you on that question.

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

3 [The information referred to follows:]

4 [COMMITTEE INSERT]

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

4           Thank you, Mr. Chair.

5           Senator Inhofe: Senator Cotton.

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

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

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

1           Ambassador Coats: My current understanding is that no  
2 concessions were -- that that topic was not --

3           Senator Cotton: Is it due --

4           Ambassador Coats: -- raised.

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

9           Ambassador Coats: That is correct.

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

14          Ambassador Coats: Talk is cheap.

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

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

19          Senator Cotton: Thank you.

20          Some people talk about the possibility of deterring  
21 North Korea the way we deterred the Soviet Union. That  
22 makes some assumption about the nature of the North Korean  
23 leader and the North Korean regime. I want to reference a  
24 report from the New York Times last week that cited the U.N.  
25 Panel of Experts on North Korea saying that North Korea is

1 suspected of exporting large amounts of material to Syria  
2 that could be used to develop chemical weapons, and also  
3 missiles that could deliver those chemical weapons. Do you  
4 care to comment on those reports from last week?

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

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

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

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

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

22 Senator Cotton: It's a very --

23 Ambassador Coats: We have --

24 Senator Cotton: -- a risk --

25 Ambassador Coats: -- we have some history, that's for

1 sure.

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

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

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

16 Senator Cotton: Something like that, yeah.

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

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

24 Senator Cotton: Okay.

25 [The information referred to follows:]

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1           Senator Cotton: Of that percentage, do we know how  
2 many -- what percentage of those are very well-maintained by  
3 the North Korean military?

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

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

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

14          Senator Cotton: Because those are not widely available  
15 --

16          General Ashley: Correct.

17          Senator Cotton: -- on the international arms market?

18          General Ashley: Correct.

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

24          General Ashley: So, we watched their winter -- their  
25 training exercises. They've shown a level of discipline and

1 expertise. I don't know that I can take that all the way  
2 down to the crew level, but I will go back to the comment I  
3 made earlier, that Kim Jong Un, far different from his  
4 father in the level of rigor that they've applied to their  
5 training regime to make sure their crews are ready.

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

13 General Ashley: Still a great threat.

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

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

18 Senator Cotton: Okay. Thank you.

19 Appreciate it, gentlemen.

20 Senator Inhofe: Senator Kaine.

21 Senator Kaine: Thank you, Mr. Chair.

22 And thanks, to our two witnesses.

23 I want to just, first, begin by applauding your  
24 prepared testimonies. I know you have to summarize very  
25 briefly at the top of this hearing, but both of the prepared

1 sets of testimony are very strong.

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

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

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

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

24 Ambassador Coats: I agree with that.

25 Senator Kaine: General?

1           General Ashley:  Senator, I agree.

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

20           Let me ask you about two things that concern me:

21           First, since you both focused upon the displacement and  
22 refugee challenges -- and, Director Coats, you actually, in  
23 your own testimony, near the end, talked about this as a  
24 significant phenomenon, whether it's war, violence, natural  
25 disasters, weather events, droughts, corruption, causing

1 migrations of population. And we've seen the challenges  
2 that Syrian migrants have compounded in Europe, for example.  
3 In December, the U.S. announced that it, alone among  
4 nations of the world, was going to pull out of the U.N.  
5 Compact on Global Migration, which was a voluntary agreement  
6 by nations in the U.N., a unanimous agreement in September  
7 of 2016, to sit down and start to talk about new best  
8 practices for dealing with migrants and refugees.  
9 Completely voluntary, no incursion into the sovereign  
10 ability of any nation to make their own immigration  
11 decisions. But, the Trump administration announced, in  
12 early December, that the U.S. was pulling out of the  
13 discussions, citing sovereignty as a reason, which was a non  
14 sequitur, since the entire idea around the Global Compact  
15 was that no nation would give up their sovereign ability to  
16 do anything, but that we would have a dialogue about how to  
17 deal with this significant security threat that you each  
18 identify in your written and, Director Coats, in your oral  
19 testimony. Why is it a good idea for the United States to  
20 pull out of a global discussion about the way to deal with  
21 the human displacement problem that you each identify in  
22 your testimony?

23 Ambassador Coats: Oh, Senator, I am not familiar with  
24 that particular decision, why that decision was made. In  
25 the larger sense, relative to what you are talking about

1 it's easy to look at the way we've conventionally done  
2 things, but it's also easy to see that they haven't always  
3 worked. I think there is -- we've seen potential upsides to  
4 some decisions that have been made that have caused nations  
5 that we have either been adversaries or allies to change  
6 their position. But, look at NATO. The criticism that came  
7 to the President for criticizing NATO has resulted in the  
8 fact that many nations now have come in line and agreed, and  
9 said, "Look, yeah, you're right, we haven't held to our  
10 commitments, we haven't treated NATO as something that is  
11 necessary." There are a number of nations that now have  
12 changed their position on that --

13 Senator Kaine: And just --

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

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

21 I get that. Questioning existing institutions, could  
22 they be better? That's one thing. This was an initiative  
23 that was just being started. There was no history, there  
24 was no bad action. It was a decision by every nation in the  
25 world to meet, beginning in Mexico in December of 2017, to

1 talk about the human displacement problem that you each  
2 testified to as achieving real gravitas and significance.  
3 And the nation -- and the world needs to figure out how to  
4 deal with it. And the U.S. decided they did not even want  
5 to be at the table for the first discussion. So, it wasn't  
6 a critique of what was being done. It was a unilateral  
7 decision that the U.S. would be a nonparticipant. And I  
8 can't see how that would benefit either the United States or  
9 the world, given your own testimony about the seriousness of  
10 the problem.

11 Thank you, Mr. Chair.

12 Senator Inhofe: Senator Graham.

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

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

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

21 Ambassador Coats: Absolutely.

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

24 General Ashley: Yes, sir.

25 Senator Graham: All right. Denial, then, is different

1 than containment. We've rejected the idea of giving them  
2 the capability and trying to contain it. Is that true, Mr.  
3 -- Senator Coats?

4 Ambassador Coats: Yes.

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

8 Ambassador Coats: Yes, we have.

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

12 Ambassador Coats: It is on the table.

13 Senator Graham: Okay.

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

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

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

1 places, the better.

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

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

11 Senator Graham: Maybe in a different setting, we can  
12 --

13 Ambassador Coats: I'd be happy --

14 Senator Graham: -- talk about that.

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

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

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

22 Ambassador Coats: I would agree with that.

23 Senator Graham: You agree with that, General Ashley?

24 General Ashley: Sir, I don't think that's my place to  
25 make that assessment.

1           Senator Graham: Okay, fair enough.

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

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

12          Senator Graham: Right.

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

14          Senator Graham: Yeah.

15          Ambassador Coats: -- been pretty clear.

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

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

23          Ambassador Coats: Yes, it is.

24          Senator Graham: And one of the concerns of the current  
25 deal is the sunset clause.

1 Ambassador Coats: That is correct.

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

5 Ambassador Coats: I believe that's correct.

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

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

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

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

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

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

24 As to Russia's interference in our election, I have  
25 legislation, with Senator Gillibrand, that sets up a 9/11-

1 style commission to look forward, where people from the  
2 private sector can come forward to give us recommendations  
3 about how to harden our infrastructure regarding the 2018  
4 election. Can I send that to you? And would you give me  
5 some feedback if you could support it?

6 Ambassador Coats: I would be happy to do that.

7 [The information referred to follows:]

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1 Senator Graham: General?

2 General Ashley: Sir.

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

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

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

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

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

14 General Ashley: Senator, I agree.

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

19 Ambassador Coats: Not to my knowledge.

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

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

25 Senator Graham: Thank you both for the job you're

1 doing for our country.

2 General Ashley: Thank you, sir.

3 Senator Inhofe: Senator Peters.

4 Senator Peters: Thank you, Mr. Chairman.

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

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

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

19 And what they do is, they use a level of influence to try  
20 to take you down a path to make a decision, you think it is  
21 your own. And so, that is -- that's nothing new. But, as  
22 we look at it in the context of what's evolved over the last  
23 couple of years, it's a ubiquitous communication, social  
24 media and other means, by which you can deliver those  
25 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.

1 Senator Peters: That's fine, General.

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

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

23 General, what do you make of that statement?

24 General Ashley: I just want to say there's validity to  
25 the statement. Attribution could become more difficult.

1 But, at the same time, what we've seen transpire in Europe  
2 -- you know, had the -- the level of influence that the  
3 Russians tried in a number of elections, whether it's in the  
4 Chechnya, whether it's France, Germany, other nations,  
5 Norway -- because of the heavyhanded nature in which they  
6 did that, it really kind of illuminated what they were  
7 doing. And so, people became more suspect. But, the more  
8 that we talk about this, it's in the public domain, the more  
9 people may question the information that they see that's out  
10 there, so they may question whether or not this is, in fact,  
11 true or it's being used to influence them toward a  
12 particular outcome.

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

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

24 Senator Peters: My final question is: A lot of this  
25 misinformation and the tools that are being used and will be

1 exploited in an increasing fashion in the future are able --  
2 or use big data -- basically, the weaponization of big data.  
3 How do you approach that concept, and what are you doing in  
4 regards to that? First off, do you believe that is a  
5 significant threat, the weaponization of big data?

6 General Ashley: I think it is a threat.

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

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

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

18 So, let me take the context of big data, in terms of  
19 our understanding. So, as we start seeing what's changing  
20 now really in the character of war, you have speed of  
21 decision. So, there's all these disparate things that are  
22 happening globally, all the information that's moving  
23 around. For us, from the intelligence standpoint, on a  
24 military side, it's being able to see the indications and  
25 warning, being able to see the faint signals of conflict

1 that may be coming your way. And so, to take all that  
2 disaggregated information and aggregate it in a way where  
3 you can start to see trends, indications, and warning, and  
4 it gives the analyst time to start to think about what he or  
5 she is seeing -- for us, that's kind of really one of the  
6 big applications for big data, in terms of sensing the  
7 environment. So, it is a critical capability that we're  
8 focused on.

9 Senator Peters: Great.

10 I'm out of time. Thank you.

11 Senator Wicker [presiding]: Thank you.

12 Senator McCaskill.

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

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

23 Ambassador Coats: I would agree.

24 Senator McCaskill: Okay. But, we're not hunting  
25 bears, the United States. And that is by and large because

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

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

22 Ambassador Coats: I don't know if that decision has  
23 been made. It has some implications that, you know, would  
24 bear some legal examination of the issue. But, it is -- you  
25 raised the right question -- I mean, it is a concern. And

1 looking at the supply chains -- and down through -- but,  
2 whether we're in a position right now legally or with the  
3 authorities to enforce that against various companies, I  
4 don't have the answer for that.

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

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

8 Ambassador Coats: -- actions in that regard.

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

24 Senator McCaskill: I would really like recommendations  
25 from both of you of what we can do in the NDAA to give you

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

12 [The information referred to follows:]

13 [COMMITTEE INSERT]

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1 Senator McCaskill: Thank you both.

2 Thank you, Mr. Chairman.

3 Senator Wicker: Thank you, Senator McCaskill.

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

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

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

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

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

25 Senator Wicker: I think one of the most strategic --

1 one of the most strategic acts in the next few months or in  
2 the next few years is that Russia demonstratively lose in  
3 Ukraine. Do you agree with that, that that's a very  
4 strategic objective?

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

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

12 General Ashley: Sir, that is correct.

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

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

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

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

25 General Ashley: Yes, sir. So, staying at the

1 unclassified level, everything that I've seen, everything  
2 that's reinforced my opinion, my assessment, albeit there is  
3 a great deal of opaqueness to the decisionmaking of Kim Jong  
4 Un, I have seen nothing to take me down a path to think that  
5 he's about ready to make a hard right turn. But, that  
6 possibility is there. But, I have seen nothing to tell me  
7 that there's sincerity in the talks that are going to --  
8 about ready to kick off.

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

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

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

25 General Ashley: Senator, I have not, but I will.

1           Senator Wicker: Well -- okay.

2           Director Coats, have you looked at that study?

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

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

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

22           But, let me get back to you. Understanding, General  
23 Ashley, that you haven't -- not read the report, it was  
24 stunning, I think, to many Americans, that a report could  
25 say we could conceivably, under plausible conditions, lose

1 the next war. What do you say to someone who would make  
2 that flat statement?

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

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

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

19 [The information referred to follows:]

20 [COMMITTEE INSERT]

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

5           General Ashley:   Yes, sir.

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

8           [The information referred to follows:]

9           [COMMITTEE INSERT]

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1 Senator Wicker: Senator King.

2 Senator King: Thank you, Mr. Chairman.

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

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

22 Ambassador Coats: It is an issue, but it always has  
23 been an issue. What happens to the environment -- floods,  
24 hurricanes, et cetera -- we're seeing some intensity of that  
25 lately.

1           Senator King: Well, this just isn't -- this isn't  
2 talking about general environmental conditions. This is  
3 talk -- it's, "The past 115 years" -- I'm reading from your  
4 report -- "have been the warmest period in the history of  
5 modern civilization. The past few years have been the  
6 warmest years on record." And then it goes on to state -- I  
7 would just hope that you would have the people that prepared  
8 this brief the Secretary of the EPA, because I think this  
9 information is important. It's important to national  
10 security. We often talk about the risk of climate change in  
11 the context of environmentalism, but, according to your  
12 analysis, it is also an issue that affects national  
13 security. It will increase migration patterns, conflict,  
14 famine, and the like, which is often how wars start.

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

24           Ambassador Coats: Yes. It has been -- the judgment is  
25 there's been no material breach of the agreement.

1           Senator King: "And the JCPOA" -- I'm again reading  
2 from your report -- "has also enhanced the transparency of  
3 Iran's nuclear activities, mainly by fostering improved  
4 access to those nuclear facilities for the IAEA and the  
5 authorities under the additional protocol." So, if the Iran  
6 agreement were abrogated, we would lose that visibility into  
7 the Iran nuclear enterprise, is that not correct?

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

12          Senator King: Diminish?

13          Ambassador Coats: It potentially could diminish.

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

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

20          Senator King: In your assessment on page 18, you talk  
21 about China. Again, interesting language. It talks about  
22 China's security interests with regard to the South China  
23 Sea, the East China Sea, and Taiwan. It uses the language  
24 -- I'm sorry -- it uses language of national security in  
25 those regards. Sovereignty claims, the East China Sea,

1 South China Sea, and Taiwan. But, then it goes on to talk  
2 about its efforts aimed at fulfilling the Belt and Road  
3 Initiative to expand China's economic reach and political  
4 influence.

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

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

23 Senator King: Thank you, sir.

24 Thank you, Mr. Chairman.

25 Senator Wicker: Thank you, Senator King.

1 Senator Sullivan.

2 Senator Sullivan: Thank you, Mr. Chairman.

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

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

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

25 First of all, Director Coats, do you think that China

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

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

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

12 Ambassador Coats: Probably very unlikely.

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

20 Ambassador Coats: Yeah, what -- there has been  
21 significant interest in this. In fact, we have some studies  
22 going on, and some investigations going on relative to what  
23 China is doing and what their real intent is, and how much  
24 of it is linked to the Chinese government policies rather  
25 than just students wanting to come to get a good education

1 here. So, we take that very seriously. In assessing where  
2 China is and where China is going, this is part of the  
3 effort.

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

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

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

25 Senator Sullivan: The President has put forward what I

1 would consider a red line, in terms of U.S. policy. I think  
2 you, in one of your hearings recently, agreed with that,  
3 that he's saying, "We're not going to allow the North  
4 Koreans to have the capability to have an intercontinental  
5 ballistic nuclear missile that can hit the United States."  
6 That would include my State of Alaska, which is a little  
7 closer. Has North Korea crossed that red line yet?

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

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

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

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

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

22 Senator Sullivan: I'm talking about --

23 Ambassador Coats: -- their capabilities or their --

24 Senator Sullivan: -- the capability to fire an  
25 intercontinental ballistic nuclear missile that can range

1 any State in America, including --

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

3 Senator Sullivan: -- Alaska and Hawaii.

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

7 Senator Sullivan: Thank you.

8 Thank you, Mr. Chairman.

9 Senator Wicker: Thank you, Senator Sullivan.

10 Senator Warren.

11 Senator Warren: Thank you, Mr. Chairman.

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

22 General Ashley, as head of the Defense Intelligence  
23 Agency, you look at foreign acquisitions of U.S. technology  
24 through the lens of national security risks to the supply  
25 chain for our government and our military.

1           So, I want to pick up on this where Senator McCaskill  
2 left off. Given that China and others will continue efforts  
3 to acquire our technologies, how well are we identifying  
4 emerging technologies that are critical to maintaining our  
5 military advantage over our adversaries, both in the near  
6 future and beyond?

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

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

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

23          Senator Warren: Okay, that's -- I understand that.  
24 I'm a little concerned, though, about our ability to monitor  
25 this in advance. I'm very concerned.

1           Let me ask this, General Ashley. Do you believe that  
2 government investment in basic scientific research is  
3 critical to developing those technologies that maintain our  
4 military advantage?

5           General Ashley: I do.

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

12           I also have another question I want to ask. I want to  
13 pick up where Senator Heinrich left off. One of the tools  
14 we have to hold Russia accountable is sanctions. Congress  
15 overwhelmingly passed a law last year requiring sanctions on  
16 anyone that engages in cyberattacks on behalf of the  
17 Russians. The Trump administration has not imposed these  
18 required sanctions, even though Russia will continue trying  
19 to interfere in our elections. So, last week, I asked the  
20 NSA Director what message it sends to Vladimir Putin when  
21 the Trump administration does not implement mandatory  
22 sanctions to counter Russian cyberattacks. Admiral Rogers  
23 said -- and I will quote him -- "I believe that President  
24 Putin has clearly come to the conclusion that there's little  
25 price to pay here, and that, therefore, I can continue this

1 activity." And he concluded by saying, quote, "Clearly,  
2 what we've done hasn't been enough."

3 Director Coats, do you agree with Admiral Rogers?

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

11 Senator Warren: Okay. So --

12 Ambassador Coats: -- that are coming.

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

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

25 Senator Warren: So, is that --

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

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

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

8           Senator Warren:  -- take some countermeasures.

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

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

12          Ambassador Coats:  -- as an intelligence community.

13          Senator Warren:  -- we did.

14          Ambassador Coats:  That's correct.

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

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

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

24          Ambassador Coats:  I couldn't agree more.

25          Senator Warren:  Good.  We need to prevent that from

1 ever happening again.

2 Ambassador Coats: And that's why part --

3 Senator Warren: But --

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

6 Senator Warren: Well, I'm --

7 Ambassador Coats: -- of engaging.

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

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

16 Senator Warren: Eventually.

17 Thank you, Mr. Chairman.

18 Senator Inhofe [presiding]: Senator Cruz.

19 Senator Cruz: Thank you, Mr. Chairman.

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

22 Director Coats, in your written testimony, you said,  
23 quote, "Iran remains the most prominent state sponsor of  
24 terrorism, providing financial aid, advanced weapons and  
25 tactics, and direction to militant and terrorist groups

1 across the Middle East, and cultivating a network of  
2 operatives across the globe as a contingency to enable  
3 potential terrorist attacks." As you know, as part of the  
4 Obama nuclear deal, billions of dollars flowed into Iran,  
5 including 1.7 billion in unmarked cash delivered in pallets  
6 in the dark of night.

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

10 Ambassador Coats: Likely.

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

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

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

1 with Iranian weapons, by Iranians?

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

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

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

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

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

19 General Ashley: Yeah, so what --

20 Ambassador Coats: -- discuss it.

21 General Ashley: -- so, what they have in their  
22 inventory are short-range ballistic and medium-range  
23 ballistic missiles. They do have a space-launch vehicle,  
24 the Simorgh, which they've tested a couple of times. The  
25 reliability is not there. So, today if you were to ask me,

1 Does Iran have an ICBM capability? -- they do not. Is that  
2 aspirational? Yes. Could they take that space-launch  
3 vehicle and start working that toward an ICBM capability?  
4 They could, but that is many years out.

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

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

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

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

1           Ambassador Coats: He has repeatedly stated that he  
2 would not give that up. He sees that as existential to his  
3 regime's survival and to his own survival. I've -- we have  
4 seen nothing to indicate otherwise, that he would be willing  
5 to give up those weapons.

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

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

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

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

23           General Ashley: I agree with the Director. I mean,  
24 everything we've seen leads us down a path that really the  
25 preservation of the regime from any kind of external threat

1 is central to that weapons program. And the lessons he's  
2 taken away from the likes of Gaddafi that have given up  
3 programs puts him at risk. And it was surprising to see  
4 that in the paper this morning, and we'll see where the  
5 talks go.

6 Senator Cruz: Thank you.

7 Senator Inhofe: Thank you, Senator Cruz.

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

13 I, too, have been here while you've been here, Dan, and  
14 we've listened to this, and we've seen this movie before,  
15 and all that. But, you've got to keep in mind that Kim Jong  
16 Un just came off of 8 years with someone in, I say, a policy  
17 of appeasement from the Obama administration. Then all of a  
18 sudden, when the response came on pressing the button, and  
19 he responded in a very, very straightforward way -- he,  
20 being our President -- then all of a sudden, the phone call  
21 went down to South Korea, "Yeah, we want to participate with  
22 you in the Winter Olympics." And I was watching this,  
23 because I was there at the time -- not at the Winter  
24 Olympics, but I was in the South China Sea. And I thought,  
25 you know, that happening, and then, of course, what happened

1 last night is something that is kind of unprecedented in  
2 coming forth and saying, under some conditions, he would  
3 follow the denuclearization.

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

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

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

15 Any further comments, Senator Reed?

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

18 Thank you.

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

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