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Remarks as delivered by
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Opening Statement to Worldwide Threat Assessment Hearing
Senate Armed Services Committee
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Chairman McCain, Ranking Member Reed and Members of the Committee, Gen. Stewart and I are honored to be here this morning. We are here today to update you on some, but certainly not all, of the pressing intelligence and national security issues facing our nation. I need to note, up front, that there are some classified issues we've discussed in our closed hearings that we won't be able to discuss as fulsomely in this open, televised hearing. In the interest of time and to allow for questions, I'll only cover some of the wave tops on behalf of both of us.

Two overall comments at the outset: one, unpredictable instability is the "new normal." The year 2014 saw the highest rate of political instability since 1992, the most deaths as a result of state-sponsored mass killings since the early 1990's, and the highest number of refugees and internally displaced persons, or IDPs, since WWII. Roughly half of the world's currently stable countries are at some risk of instability over the next two years.

The second comment is this pervasive uncertainty makes it all the harder to predict the future. 2014 and early 2015 saw a number of events that illustrate this difficulty: the North Korean attack on Sony (the most serious and costly cyber attack against U.S. interests to date), the Ebola epidemic, and the small-scale, but dramatic terrorist attacks in Australia, Belgium, Canada, Denmark, France and the United States.

Again this year, I'll start with cyber threats. Attacks against us are increasing in frequency, scale, sophistication and severity of impact. Although we must be prepared for a catastrophic, large-scale strike, a so-called "Cyber Armageddon," the reality is that we've been living with a constant and expanding barrage of cyber attacks for some time.

This insidious trend I believe will continue. Cyber poses a very complex set of threats, because profit-motivated criminals, ideologically motivated hackers or extremists and variously-capable nation-states like Russia, China, North Korea and Iran are all potential adversaries, who, if they choose, can do great harm. Additionally, the methods of attack, the systems targeted, and the victims are also expanding in diversity and intensity on a daily basis.

2014 saw, for the first-time, destructive cyber attacks carried out on US soil by nation state entities, marked first by the Iranian attack against the Las Vegas Sands Casino Corporation a year ago this month and the North Korean attack against Sony in November. Although both of these nations have lesser technical capabilities in comparison to Russia and China, these destructive attacks demonstrate that Iran and North Korea are motivated and unpredictable cyber actors.

Russia and China continue to develop very sophisticated cyber programs. While I can't go into detail here, the Russian cyber threat is more severe than we've previously assessed. And Chinese economic espionage against US companies remains a major threat despite detailed private sector reports, scathing public indictments and stern US demarches.

With respect to non-nation state entities, some ideologically-motivated cyber actors, expressing support for ISIL, have demonstrated their capabilities by hacking several social media accounts. The so-called "Cyber Caliphate" successfully hacked CENTCOM's Twitter account and YouTube page in January and two weeks ago hacked Newsweek Magazine's Twitter handle.

The most pervasive cyber threat to the US financial sector is from cybercriminals. Criminals were responsible for cyber intrusions in 2014 into JPMorgan, Home Depot, Target, Neiman Marcus, Anthem and other US companies. And in the future, we'll probably see cyber operations that change or manipulate electronic information to compromise its integrity, instead of simply deleting or disrupting access to it. In the end, the cyber threat cannot be completely eliminated. Rather we must be vigilant in our efforts to detect, manage and defend against it.

Moving on to terrorism; In 2013, just over 11,500 terrorist attacks world-wide killed approximately 22,000 people. Preliminary data for the first nine months of 2014 reflect nearly 13,000 attacks, which killed 31,000 people. When the final accounting is done, 2014 will have been the most lethal year for global terrorism in the 45 years such data has been compiled.

About half of all attacks as well as fatalities in 2014 occurred in just three countries: Iraq, Pakistan, and Afghanistan. ISIL conducted more attacks than any other terrorist group in the first nine months of 2014. Credit where credit is due, I'm drawing this data from National Consortium of the Study of Terrorism and Responses to Terrorism, or START, at the University of Maryland.

And the recent terrorist attacks in Europe emphasize the threat posed by small numbers of extremists, radicalized by the conflicts in Syria and Iraq. The global media attention and widespread support in extremist circles for these attacks probably will inspire additional extremists to conduct similar attacks. And ISIL, al-Qa'ida, al-Qa'ida in the Arabian Peninsula, and most recently al-Shabab are calling on their supporters to conduct lone-wolf attacks against the United States and other Western countries.

Of the 13 attacks in the West since last May, 12 were conducted by individual extremists. Since the conflict began, more than 20,000 Sunni foreign fighters have traveled to Syria from more than 90 countries to fight the Asad regime. Of that number, at least 13,600 have extremist ties.

More than 3,400 Western fighters have gone to Syria and Iraq. Hundreds have returned home to Europe. About 180 Americans have been involved in various stages of travel to Syria. That includes those who attempted and didn't go, those that went and fought, those that went and died and a small number who returned home.

Although we have not identified any individuals engaged in attack plotting since returning to the United States from Syria, homegrown violent extremists continue to pose the most likely threat

to the homeland. Lone actors or insular groups who act autonomously will likely gravitate to simpler plots that don't require advanced skills, outside training or communication with others.

A small, but persistent number of Sunni terrorist groups remain intent on striking the US and the West, some of which see commercial aviation as an appealing target.

Moving briefly to the Mid-East, ISIL is increasing its influence outside of Iraq and Syria, seeking to expand its self-declared caliphate into the Arabian Peninsula, North Africa and South Asia, and planning terrorist attacks against Western and Shi'a interests.

ISIL's rise represents the greatest shift in the Sunni violent extremist landscape since al Qaida affiliates first began forming and is the first to assume some characteristics of a nation-state. Spillover from the Syrian conflict is raising the prospect of instability in Lebanon, Jordan, and Saudi Arabia.

In Iraq, sectarian conflict in mixed Shia-Sunni areas is growing and, if not blunted, will undermine progress against ISIL. Although Prime Minister al-Abadi has begun to alter the ethno-sectarian tone in Iraq, resistance from his Shia political allies and persistent distrust among Iraqi leaders will limit progress toward a stable, inclusive political environment.

ISIL's ability to conduct large-scale offensive operations in Iraq has been degraded by coalition airstrikes, the provision of weapons and munitions by the US and other allies, and stiffened defenses by the Iraqi Security Forces, Kurdish Peshmerga, Shia militants and tribal allies; not to mention the Iranians. However, ISIL remains as we've seen a formidable and brutal threat.

In parts of western Syria, the Syrian regime made consistent gains in 2014, but it will require years for it to reassert significant control over the country. The regime has a clear advantage over the opposition, which is plagued by disunity, as well as fire power, manpower, and logistical shortfalls. Right now, they are incapable of militarily ousting Asad, and will probably remain so in 2015. Asad is confident; he thinks the war is winnable.

The conflict, with over 202,000 people estimated to be killed, will continue to threaten the stability of its regional neighbors, foster the rise of regional sectarianism and extremism, as well, it will strain the region's fragile economic balance as millions of refugees continue to flee the conflict. Over 52 percent of Syria's pre-war population, or about 11.4 million people, has been displaced.

Iran is exerting its influence in Syria, Iraq, and Yemen. Tehran has provided robust military support to Damascus and Baghdad, in the form arms, advisers, funding, intelligence collection, electronic warfare and cyber support, and combat support.

More broadly, Iran will face many of the same decision points in 2015, as it did in 2014. Foremost is whether the Supreme Leader will agree to a nuclear deal. He wants sanctions relief, while at the same time, preserving his options on nuclear capabilities.

In Libya, two rival governments have emerged, so the country has no clear, legitimate political authority and is embroiled in a civil war. External support to both sides by countries in the region has stoked the violence. Extremists and terrorist groups affiliated with al-Qa'ida and ISIL are exploiting Libya's permissive security environment. They are using the country to train and to plot. ISIL's beheadings of the Coptic Christians highlight the growing threat posed by ISIL and affiliated groups in Libya.

Moving to Yemen, the evacuation of our Embassy in Sanaa has reduced the effectiveness of our counterterrorism efforts. After President's Hadi's attempted resignation and the Huthis' unilateral dissolution of the government Yemen's political future and stability are very cloudy, particularly with Hadi's apparent escape to Aden and perhaps his reassertion of his presidential authorities.

Iran has provided support to the Huthis for years, and their ascendancy is increasing Iran's influence. Let me move briefly to Russia. The crisis in Ukraine is entering its second year, and achieving a lasting solution that allows Kyiv to pursue Western integration will be difficult to say the least.

Moscow sees itself in direct confrontation with the West over Ukraine and will be very prone to overreact to US actions. Putin's goals are to keep Ukraine out of NATO and to ensure separatists control an autonomous entity within Ukraine. He wants Moscow to retain leverage over Kyiv and Crimea, in his view, is simply not negotiable. Russian dominance over the former Soviet space is Russia's highest foreign policy goal.

Falling oil prices, Ukraine-related costs and Western sanctions have spurred double-digit inflation and have tipped Russia's economy towards recession. Russia will continue to possess the largest, most capable foreign nuclear ballistic missile force. Russia's weapons modernization plans will focus on strategic warfare and ways to mitigate what they think are our advantages, like prompt global strike.

And as you noted, Chairman McCain, China's leaders are primarily concerned with domestic issues: the Communist Party's hold on power, internal stability, and economic growth. Although China is looking for stable ties with the United States, it is more willing to accept bilateral and regional tensions in pursuit of its interests, especially on maritime sovereignty issues.

China is expanding and accelerating the buildup of its outposts in the South China Sea. This is part of an aggressive military modernization program directly aimed at what they consider our strengths. Their military training program last year included exercises unprecedented in scope, scale and complexity, to test its modernization progress and to improve their theater warfare capabilities.

President Xi Jinping is pursuing an ambitious and potentially volatile reform agenda that runs the risk of fueling leadership tensions and domestic unrest. His anti-corruption campaign is spreading fears of recrimination, and may alienate people whose support he will need to advance broader reforms.

The slowdown of the Chinese economy is reinforcing the leaders' neuralgia about internal stability, and reinforcing a harsh crackdown on dissent. Needless to say, there are many more threats to US interests worldwide that we can address, many which are covered in detail in our written statement for the record, notably our classified statement, such as Afghanistan, North Korea, and weapons of mass destruction.

I think with that grim litany, I will stop and open for your questions.

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