



Remarks as prepared for delivery by
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Director of National Intelligence

Annual Threat Assessment
Opening Statement
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- **Chairman Burr, Vice-Chairman Warner, and Members of the Committee, thank you for the opportunity to appear before you today.**
- **It is an honor for me and my colleagues to be here, and I know I speak for them when I say that we are all proud to represent the men and women of the Intelligence Community – whose hard work is reflected in this testimony.**
- **Before I begin the sobering portion of my remarks, I would like to take a moment to**

acknowledge a positive development for our intelligence community.

- **I want to express my thanks to members of this committee as well as to IC and law enforcement colleagues, including my fellow panelists, who worked tirelessly to support the recent 702 reauthorization.**
- **It is more imperative than ever that we have the available lawful tools at our disposal to ensure that we are best positioned to detect and defend US interests against foreign adversaries.**

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- **In this opening statement, I will provide a brief overview of our intelligence assessments on some of the top threats facing our nation.**

- **As you will hear during these remarks, we face a complex, volatile, and challenging threat environment.**
- **The risk of interstate conflict is higher than any time since the end of the Cold War, all the more alarming because of the growing development and use of WMD by state and non-state actors.**
- **Our adversaries, as well as other malign actors, are using cyber and other instruments of power to shape societies and markets, international rules and institutions, and international hot spots to their advantage.**
- **We have entered a period that can best be described as a race for technological superiority against our adversaries who seek to sow division in the United States and weaken US leadership.**

- **And, non-state actors including Terrorists and criminal groups are exploiting weak state capacity in Africa, the Middle East, Asia, and Latin America and the Caribbean, causing instability and violence both within states and among them.**
- **In the interest of saving time for your questions, I will not cover every topic in my opening remarks. We are submitting a written statement for the record with additional details.**
- **Turning to Global Threats...I'll start with the cyber threat, which is one of my greatest concerns and top priorities as DNI.**

From US business to the federal government to state and local governments, the United States is threatened by cyber attacks every day.

- **While Russia, China, Iran, and North Korea pose the greatest cyber threats, other nation states, terrorist organizations, transnational criminal organizations and ever more technically capable groups and individuals use cyber operations to achieve strategic and malign objectives.**
 - **Some of these actors, including Russia, are likely to pursue even more aggressive cyber attacks with the intent of degrading our democratic values and weakening our alliances. Persistent and disruptive cyber operations will continue against the United States and European countries—using elections as opportunities to undermine democracy, sow discord and undermine our values.**

- **Chinese cyber espionage and cyber attack capabilities will continue to support China's national security and economic priorities.**
- **Iran will try to penetrate US and Allied networks for espionage and lay the groundwork for future cyber attacks.**
- **And North Korea will continue to use cyber operations to raise funds, launch attacks and gather intelligence against the United States.**
- **Terrorists will use the Internet to raise funds and promote their malign messages; criminals will exploit cyber tools to finance their operations. Estimates of US losses to cybercrime exceed \$1 billion and are poised to grow.**

- **My next topic is weapons of mass destruction - WMD.**

- **Overall, state efforts to modernize, develop, or acquire WMD, their delivery systems, or the underlying technologies constitute a major threat to the United States and our allies.**
 - **North Korea will be the most volatile and confrontational WMD threat in the coming year. In addition to its ballistic missile tests and growing number of nuclear warheads for these missiles, North Korea will continue its longstanding chemical and biological warfare programs.**

 - **Russia will remain the most capable WMD power and is expanding its nuclear weapon capabilities.**

- **China will continue to expand its WMD options and diversify its nuclear arsenal.**
- **Iran's implementation of the Joint Comprehensive Plan of Action (JCPOA) has extended the time it would take to develop a nuclear weapon from several months to about a year, provided Iran continues to adhere to the deal's major provisions.**
- **Pakistan is developing new types of nuclear weapons, including short-range tactical weapons.**
- **State and non-state actors including the Syrian regime and ISIS continue to possess and, in some cases, have used chemical weapons in Syria and Iraq. We continue to be**

concerned about some actors' pursuit of biological weapons.

- **It is our continued assessment that Syria still has not declared all the elements of its chemical weapons program to the Chemical Weapons Convention and that it has the capability to conduct further attacks.**
- **Turning now to terrorism...**
- **The terrorist threat is pronounced and spans the sectarian spectrum from ISIS, and al-Qa'ida to Lebanese Hizballah, and other affiliated terrorist organizations, as well as the state-sponsored activities of Iran.**
- **US-based homegrown violent extremists (HVEs), including inspired and self-radicalized individuals,**

represent the primary and most difficult-to-detect Sunni terrorist threat in the United States.

- **ISIS's claim of having a functioning caliphate that governs populations is all but thwarted. However, ISIS remains a threat and will likely focus on regrouping in Iraq and Syria, enhancing its global presence, championing its cause, planning international attacks, and encouraging members and sympathizers to attack their home countries.**
- **Meanwhile, Al-Qa'ida almost certainly will remain a major actor in global terrorism as it continues to prioritize a long-term approach and the organization remains intent on attacking the United States and US interests abroad.**

- **Moving on... As if we don't have enough threats here on earth, we need to look to the heavens...threats in space.**

- **The global expansion of the space industry will extend space-enabled capabilities and situational awareness to nation-state and commercial space actors in the coming years.**
 - **Russia and China will continue to expand their space-based reconnaissance, communications, and navigation systems in terms of numbers of satellites, breadth of capability, and applications for use.**

 - **And... both Russian and Chinese counterspace weapons will mature over the next few years as each country pursues**

antisatellite weapons as a means to reduce US and allied military effectiveness and perceptions of US military advantage in space.

- **And the final functional topic is transnational organized crime, which poses a growing threat to US and allied interests.**
 - **These criminal groups will supply the dominant share of illicit drugs, fueling record mortality rates among our population.**
 - **They will continue to traffic in human beings, deplete natural resources, and siphon money from governments and the global economy.**

[PAUSE]

- I would now like to briefly go around the world on regional topics, starting with East Asia.

- North Korea continues to pose an ever more increasing threat to the United States and its interests.
 - Pyongyang has repeatedly stated that it does not intend to negotiate its nuclear weapons and missiles away, because the regime views nuclear weapons are critical to its security. Kim also probably sees nuclear ICBMs as leverage to achieve his long-term strategic ambitions to end Seoul's alliance with Washington and to eventually dominate the peninsula.

- **In the wake of its ICBM flight tests last year, we expect to see North Korea press ahead with additional missile tests this year and its Foreign Minister has threatened an atmospheric nuclear test over the Pacific.**
- **Pyongyang is committed to fielding a long-range, nuclear-armed missile capable of posing a direct threat to the U.S.**
- **Modest improvements to North Korea's conventional capabilities will pose an ever greater threat to South Korea, Japan, as well as US targets in those countries.**
- **China will increasingly seek to expand its regional influence and shape events and outcomes globally. It will take a firm stance on its claims in**

the East China Sea and South China Sea, its relations with Taiwan, and its regional economic engagement. China also intends to use its One Belt, One Road Initiative to increase its reach to geo-strategic locations across Eurasia, Africa, and the Pacific.

- **From East Asia we head to South Asia....**
- **In Afghanistan, Kabul continues to bear the brunt of the Taliban-led insurgency, as demonstrated by recent attacks in the city. Afghan National Security Forces face unsteady performance, but with coalition support probably will maintain control of most major population centers.**
- **Complicating the Afghanistan situation is our assessment that Pakistan-based militant groups continue to take advantage of their safe haven to**

conduct attacks in India and Afghanistan, including against US interests therein.

- **Pakistani military leaders continue to walk a delicate line. Ongoing Pakistani military operations against the Taliban and associated groups probably reflect a desire to appear more proactive and responsive to our requests for more actions against these groups. However, the actions taken thus far do not reflect a significant escalation of pressure against these groups and are unlikely to have a lasting effect.**
- **In the last month, the administration has designated eight militants affiliated with the Taliban, Haqqani network, and other Pakistani militant groups.**

- **And we assess Pakistan will maintain ties to these militants, while restricting counterterrorism cooperation with the US.**

- **Next is Russia...Where President Putin will continue to rely on assertive foreign policies to shape outcomes beyond Russia's borders.**
 - **Putin will resort to more authoritarian tactics to maintain control amid challenges to his rule.**

- **With respect to Russian Influence efforts: Let me be clear... The Russians utilize this tool because it is relatively cheap, low-risk, offers what they perceive as plausible deniability, and has proven to be effective at sowing division.**

- **Simply put, Russia benefits when disunity grows as a result of their influence efforts.**
- **We expect Russia to continue using propaganda, social media, false-flag personas, sympathetic spokesmen, and other means of influence to try to build on its wide range of operations and exacerbate social and political fissures in the United States.**
- **There should be no doubt that Russia perceives its past efforts as successful and views the 2018 US midterm elections as a potential target for Russian influence operations.**
- **From Russia, I'll turn to the Middle East and North Africa.**

- **This region will be characterized by political turmoil, economic fragility, and civil and proxy wars in the coming year.**

- **Iran will remain the most prominent state sponsor of terrorism and an adversary in the Middle East—especially in Iraq, Syria, and Yemen.**
 - **It will seek to expand its regional influence and will exploit the fight against ISIS to solidify partnerships and translate battlefield gains into political, security, and economic agreements.**

 - **We also assess that Iran will continue to develop military capabilities that threaten US forces and US allies in the region. For example, it has the largest ballistic missile**

force in the Middle East. The Islamic Revolutionary Guard Corps Navy and its unsafe and unprofessional interactions pose a risk to US and allied navy operations in the Persian Gulf.

- **And Lebanese Hizballah—with the support of Iran—has deployed thousands of fighters to Syria, and provides direction to other militant and terrorist groups, all fomenting regional instability.**
- **Iran’s provocative and assertive behavior—as we saw most recently this past weekend in northern Israel—increases the potential for escalation.**
- **Turkey will seek to thwart Kurdish ambitions in the Middle East, and the ongoing Turkish**

incursion into northern Syria is complicating ongoing counter-ISIS activities in the region and increases the risk to US forces located in the area.

- **Syria will face unrest and fighting through 2018, even as Damascus recaptures urban areas and violence decreases in some areas.**
- **Iraq is likely to face a lengthy period of political turmoil and conflict. The social and political challenges that gave rise to ISIS remain and Iran has exploited those challenges to deepen its of influence in Iraq's military and security elements and diplomatic and political arms.**
- **The war in Yemen between the Iranian-backed Huthis and the Saudi-led coalition is likely to continue and will worsen the already tragic humanitarian crisis for 70 percent of the**

population—or about 20 million people—in need of assistance.

- **The situation in Yemen is emblematic of a far larger problem. The number of people displaced by conflict around the world is the highest it has been since World War 2.**

- **Turning to Europe, where I want to draw your attention to two significant developments that are likely to continue to impact European politics and foreign policy in the coming year.**
 - **First, the continent’s center of gravity is shifting to France where President Macron has taken a more assertive role in addressing European and global challenges.**

- **Second, recent efforts by some governments in Central and Eastern Europe to undermine judicial independence and parliamentary oversight and increase government control over public media are weakening rule of law. These steps could presage further democratic decline and offer opportunities for Chinese and Russian influence.**

- **There are plenty more topics I could discuss – I haven't even gotten to the Western Hemisphere or Africa – but I would like to close with discussion of one additional threat, this one internal.**

- **I am concerned that our increasingly fractious political process, particularly with respect to federal spending, is threatening our ability to**

properly defend our nation, both in the short term and especially in the long term.

- **In the past two months alone, we have experienced two government shutdowns and multiple CRs. As the head of agencies, we all can tell you the difficulty that adds to performing our missions - and the human cost on our workforce that is incurred through this process.**
- **But even more important is the failure to address our long-term fiscal situation. The national debt is currently over \$20.6 trillion and growing.**
- **This situation is unsustainable, and represents a dire threat to our economic and national security.**
- **Former Chairman of the Joint Chiefs Mike Mullen first identified the national debt as the greatest threat to our national security. Since then, he has**

been joined by numerous respected national security leaders of both parties, including former Secretaries of State Madeleine Albright and Henry Kissinger; as well as former Defense Secretaries Bob Gates and Leon Panetta.

- **And our current Defense Secretary Jim Mattis, has agreed with this assessment.**
- **Many of you know that I spent a lot of time in my last term in the Senate working on this issue, and unfortunately the problem only continues to grow.**
- **So I urge you all to recognize the need to address this challenge, and to take action as soon as possible, before a fiscal crisis occurs that truly undermines our ability to ensure our national security.**

- **With that, I and the rest of the panel are happy to take your questions.**