



**Remarks as delivered by
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**Worldwide Threat Assessment to the
Senate Armed Service Committee**

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Chairman Levin, Ranking Member Inhofe, and distinguished members of the committee, we're here to present the 2013 worldwide threat assessment, although between the two statements, much of this I think will be repetitive.

I'm joined today by a friend and colleague, DIA Director Lieutenant General Mike Flynn.

These remarks and our two statements for the record, one from each of us that are unclassified, and a much more detailed classified one, reflect the collective judgments of the extraordinary men and women of the United States intelligence community. And as you alluded, the topic that's foremost on the minds of the intelligence community leadership this year is sequestration. And I raise this in this hearing because the effects of sequestration amplify and magnify the threats that face this nation.

You haven't seen a lot of public discourse on the impact of these indiscriminate cuts on intelligence, so let me now be blunt for you and for the American people. Sequestration forces the Intelligence Community to reduce all intelligence activities and functions without regard to impact on our mission. In my considered judgment as the nation's senior intelligence officer, sequestration jeopardizes our nation's safety and security, and this jeopardy will increase over time.

Now, in response to this, we started with the premise that our mission comes first. Therefore, our two highest priorities are, one, to protect our most valuable resource, our civilian workforce, so it can focus on the threats we face; and two, to support overseas operations.

Let me emphasize that we're not arguing against taking our share of budget reductions. What I am saying is that we must adjust to this budget crisis and sustain our vital missions, but in doing so accept the inevitable risk that we're incurring.

And I must tell you, I've seen this movie before, as Senator Inhofe alluded. Twenty years ago, I served as director of DIA, the job Mike Flynn has now. And we were then enjoined to reap the peace dividend occasioned by the end of the Cold War. We reduced the

intelligence community by about 23 percent. During the mid - and late '90s, we closed many CIA stations, reduced HUMINT collectors, cut analysts, allowed our overhead architecture to atrophy, neglected basic infrastructure needs such as power, space and cooling, and let our facilities decay. And most damagingly, we badly distorted the workforce.

All of that, of course, was reversed in the wake of 9/11. Thanks to the support of the Congress, over the last decade we rebuilt the intelligence community into the premier capability we have today. But now if we're not careful, we risk another damaging downward spiral.

And just to repeat the quote, unlike more directly observable sequestration impacts like shorter hours at the parks or longer security lines at airports, the degradation to intelligence will be insidious. It will be gradual and almost invisible until, of course, we have an intelligence failure.

With that preface as a backdrop, let me turn now to a brief wave - top review of global threat trends and challenges, many of which, Chairman Levin, you've already alluded to. I will say that in my almost 50 years in intelligence, I do not recall a period in which we confronted a more diverse array of threats, crises and challenges around the world. And to me at least, this makes sequestration even more incongruous.

The serious threat assessment illustrates how dramatically the world and our threat environment is changing. Threats are more interconnected and viral. Events which at first blush seem local and irrelevant can quickly set off transnational disruptions that affect U.S. national interests.

I'd like to turn now to a few of the issues we identified in our statements for the record. Our statements this year lead with cyber. As more and more state and non-state actors gain cyber expertise, its importance and reach as a global threat cannot be overstated. This year, our discussion of natural resources is also more prominent because shifts in human geography, climate and disease and competition for natural resources have huge national security implications. Many countries important to U.S. interests are living with extreme water and food stress that can destabilize governments, force human migrations, and trigger conflicts.

On the issue of terrorism, the threat from Al Qaida and the potential for a massive coordinated attack on the United States may be diminished, but the jihadist movement is more diffuse. As the president stated on Tuesday about the Boston Marathon bombing, we don't know yet whether the attack was planned and executed by a terrorist organization foreign or domestic or if it was an individual act. Lone wolves, domestic extremists, and jihad-inspired or - affiliated groups are certainly determined to attack.

The turmoil in the Arab world has brought a spike in threats to U.S. interests. The rise of new governments in Egypt, Tunisia, Yemen and Libya, along with ongoing unrest in Syria and Mali, provide openings for opportunistic individuals and groups. In these and

other regions of the world, extremists can take advantage of diminished counterterrorism capabilities, porous borders, easy availability of weapons, and internal stresses, most especially a high proportion of unemployed, frustrated young males who deeply resent our power, wealth and culture.

Weapons of mass destruction development and proliferation is another persistent threat to U.S. interests. And as you alluded, North Korea has already demonstrated capabilities that threaten the United States and the security environment in East Asia. North Korea announced in February that it conducted a third nuclear test, vowed to restart its nuclear reactor at Yongbyon, and last year about this time displayed what appears to be a road-mobile intercontinental ballistic missile.

We believe Pyongyang has already taken initial steps towards fielding the system, although it remains untested. It also used its Taepo Dong-2 launch vehicle to put a satellite in orbit in December, thus demonstrating its long-range missile technology. These developments have been accompanied with extremely belligerent, aggressive public rhetoric toward the United States and South Korea.

North Korea has not, however, fully developed, tested or demonstrated the full range of capabilities necessary for a nuclear-armed missile. Characterizing such capabilities for us in intelligence is a complex and nuanced process requiring sophisticated and highly technical analysis. It is, indeed, rocket science. We're dealing with many shades of gray here, and not black and white.

I'll digress here briefly to comment on last week's revelation of the DIA assessment on North Korean nuclear weapons capabilities. The statement in question was one sentence in a seven-page classified report and was mistakenly mis-categorized as unclassified. But this revelation is illustrative of the standard dilemma we face in the intelligence community in portraying what we know to be fact, in contrast to what we attempt to impute from those facts.

We lack uniform agreement on assessing many things in North Korea. Its actual nuclear capabilities are no exception. As DIA or others in the intelligence community have similar or differing positions, there can also be varying degrees of confidence in those positions. And this is where the subtleties really play havoc with certitude.

For those looking to find infighting within the IC on North Korea, I'm sorry to disappoint. To the contrary, this reflects an integrated, collaborative and competitive analysis process that's open to all views. We are, by the way, in the process of generating an intelligence community assessment on this matter which will formally engage all members of the Intelligence Community.

If we all agree - great. If we don't, that's healthy, too. We will clearly portray the various views of the community to our consumers, to include consumer number one. DIA is a crucial part of the Intelligence Community and its views are valued and respected. I say this having proudly served as its director two decades ago. I have confidence in the

agency, its great people, and its current director Mike Flynn. And he and I would welcome the opportunity to discuss details of this with you further in closed session.

I make this request in the interests of both protecting the fragile intelligence we do have on North Korea, as well as avoiding further advancement of Kim Jong Un's narrative by yet more public discussion and media hyperventilation. As I can attest, another hard-won lesson, adversaries watch these proceedings, too. Let me again add some historical perspective. While I served as director of NGA in the early 2000s, I put my fingerprints on the infamous national intelligence estimate on weapons of mass destruction in Iraq, published almost 10 years ago. Afterwards, the community was roundly criticized for group-think for not vetting sources, for not questioning assumptions, for suppressing dissent, and for dismissing alternative views. But we've learned some hard lessons from that experience, I can assure you.

That all said, the IC continues to monitor developments in anticipation of North Korea's next provocative step.

Moving elsewhere, Iran continues to develop technical expertise in uranium enrichment, nuclear reactors, weaponization and ballistic missiles, from which it could draw if it decides to build missile-deliverable weapons, nuclear weapons.

Clearly, Tehran has the scientific, technical and industrial capacity to produce them, so the central issue is its political will to do so. Such a decision, we believe, will be made by the Supreme Leader, and at this point we don't know if he'll eventually decide to build nuclear weapons.

The United States and our allies are tracking serious munitions stockpiles, particularly its chemical and biological warfare agents, which are all part of a large complex and geographically dispersed program. Its advanced chemical weapons program has the potential to inflict mass casualties.

The increasingly beleaguered regime, having found that its escalation of violence through conventional means has is not working, appears quite willing to use chemical weapons against its own people.

All the worse, non-governmental groups or individuals in Syria could also gain access to such materials. We receive many claims of chemical warfare use in Syria each day and we take them all seriously, and we do all we can to investigate them. We can't provide additional details on these efforts in this setting to protect the fragile, critical intelligence we need to assess the situation, but we certainly can talk about this in closed session.

Looking at geographic threats around the world, some nations in the Mideast and North Africa are making progress toward democratic rule, but most are experiencing violence and political backsliding. In Iran, leaders are exploiting the unrest in the Arab world to spread influence and to undermine the United States and our allies. But Tehran also faces

a worsening financial outlook in the fall of the Assad regime and Syria would be a huge strategic loss for Iran.

In Iraq, tensions are rising between the majority Shia and the minority Sunni, as well as with the Kurds. To this point, Al Qaida in Iraq has not mustered the strength yet to overwhelm Iraqi security forces, and Iraq is producing and exporting oil at its highest levels in two decades.

Islamic actors have been the chief beneficiaries of the political openings in Islamist parties in Egypt, Tunisia and Morocco, and they'll probably solidify their influence this year. After more than two years of conflict (inaudible) Syria, the erosion of the regime's capabilities is accelerating. We see this in its territorial losses, military manpower shortfalls, and logistic insufficiencies. The opposition is slowly but surely gaining the upper hand. Assad's days are numbered; we just don't know the exact number.

The regime's aggressive violence and the deteriorating security conditions have led to increased civilian casualties, now estimated at least 70,000. The violence and economic dislocation have also led to approximately 3.6 million Syrians being displaced and a further 1.3 million refugees having fled Syria, which intensifies the pressure on its neighbors.

Egyptian elections originally scheduled for this month will now probably be pushed to the fall. The longer they are postponed, the greater the potential for more public dissatisfaction, even violence in the streets, particularly against the backdrop of Egypt's profound economic challenges.

In Sub-Saharan Africa we're monitoring unresolved discord between Sudan and South Sudan, fighting in Somalia, extremist attacks in Nigeria, the collapse of governance in northern Mali, and renewed conflict in the Great Lakes region.

Mali security hinges on France efforts to undermine terrorist networks in the region, as well as by efforts by the African-led International Support Mission to Mali or by future U.N. peacekeeping operations. West African countries have deployed troops to help stabilize northern Mali.

Moving to Asia, the Taliban-led insurgency has diminished in some areas of Afghanistan, but is still resilient and capable of challenging U.S. international goals. The coalition drawdown will have an impact on Afghanistan's economy, which is likely to decline after 2014.

In Pakistan, the government has not instituted much-needed policy and tax reforms and the country faces no real prospects for sustainable economic growth. On a somewhat more positive note, this past year the armed forces continued their operations in the Federally Administered Tribal Areas, which have been safe havens for Al Qaida and the

Taliban. And Pakistan has established national and provincial assembly elections for May 11th. It will mark a historical first if (ph) they transition to the new government peacefully.

In China last month, Xi Jinping became president. His country continues to supplement its growing and impressive military capabilities by bolstering maritime law enforcement to support its claims in the South and East China Seas.

Russia will continue to resist putting more international pressure on Syria or Iran. It will also continue to display great sensitivity to missile defense.

Closer to home, despite positive trends toward democracy and economic development, Latin America and the Caribbean contend with weak institutions, slow recovery from devastating natural disasters and drug-related violence and trafficking.

In Venezuela, the presidential election occurred four days ago to decide a six-year term in the wake of President Chavez's death in early March. Officially announced results indicated ruling party candidate Nicolas Maduro won in a narrow victory.

So in sum, given the magnitude and complexity of our global responsibilities, insightful, persistent and comprehensive intelligence, at least in my mind, has never been more important or more urgent. So I have trouble reconciling this imperative with sequestration.

With that, I thank you for your attention, and now turn to General Flynn for his statement.