



**Remarks as delivered by
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**Worldwide Threat Assessment to the
House Permanent Select Committee on Intelligence**

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Chairman Rogers, Ranking Member Ruppertsberger and distinguished members of the committee, we're here today to present the 2013 Worldwide Threat Assessment.

These remarks and our two statements for the record, one 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 may I say that on behalf of all of us and all the men and women of the community, we certainly appreciate your strong, staunch support. It's our privilege and honor to serve in these positions, to lead them, and now, as I'll discuss shortly, our solemn duty to protect them.

As you know, Mr. Chairman, I have serious reservations about conducting open hearings on the worldwide threat, especially the question-and-answer sessions. While I believe it's important to keep the American public informed about the threats our nation faces, I believe that can be done through unclassified opening statements and statements for the record. As you also know, we're ready to answer any of all of your questions in closed session.

But an open hearing on intelligence matters is something of a contradiction in terms. While our statements for the record and your opening statements can be reviewed in advance for classification issues, our answers to your questions cannot. And our attempts to avoid revealing classified information sometimes lead to misinterpretation or accusations that we're being circumspect for improper reasons.

It's a hazard we've encountered when publicly discussing sensitive details of national security matters. So when we ask to discuss certain matters in closed session, it's not to evade but rather to, one, protect our intelligence sources and methods; and two, to be sensitive to the often delicate relations we have with our allies and partners. They and our adversaries all carefully listen to and watch these hearings as well, as I've learned the hard way.

The topic -- and you've already brought it up, and importantly so -- the topic that's foremost on all of our minds this year is sequestration. I raise it in this hearing because the effects of sequestration amplify the threats that I'll discuss later that face this nation. You haven't seen a whole lot of public discourse on the impact of these indiscriminate cuts on intelligence. Comparatively speaking, our engagements with the media on this issue have been fairly restrained. So now let me 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.

The National Intelligence Program, or NIP, as it's known, which provides our resources, is spread across six Cabinet departments and two independent agencies. Much of it is carried in the DOD budget. For that portion of the NIP, the Congress directed that the National Intelligence Program use an even more onerous set of rules to carry out these cuts than that imposed on the larger Defense Department itself.

We appreciate the committee's support in trying to fix this problem. These restrictive rules compound the damage and restrict our ability to manage where to take reductions in a balanced and rational way. Accordingly, the sheer size of the sequestration cut, about \$4 billion, or about 7 percent of the NIP, will directly compel us to do less with less.

Some examples, by way of exhaustion, not -- or by way of illustration, not exhaustion. We will reduce human technical and counterintelligence operations, resulting in fewer collection opportunities, which increases the risk of strategic surprise. This includes, for example, possibly furloughing thousands of FBI employees funded in the NIP.

Our cyber efforts will be impacted. Critical analysis and tools will be cut back. We'll reduce global coverage and may risk missing the early signs of a threat. We'll let go thousands of contractors who are an integral part of the intelligence community. We'll delay major systems acquisitions and decommission older but still productive overhead reconnaissance capabilities, thus reducing coverage that Mr. Ruppertsberger has already alluded to. Virtually all of the 39 major systems acquisitions across the intelligence community will be wounded. We'll have to renegotiate contracts and (slip ?) schedules for delay, which in the long run will cost us even more. And we'll have to scale back cutting-edge research.

Since we're already halfway through the fiscal year, the mandated across-the-board cuts are really equivalent to about 13 percent because we're forced to take them in just seven months. This condensed timeline magnifies the impact these cuts will have on the intelligence community.

So in response, our approach starts with the premise that 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.

Our civilian workforce works 24/7 around the world and is crucial to performing our mission. It is our civilian professionals who will provide the resilience and ingenuity to help compensate for the other cuts that we will unavoidably incur.

The IC leadership is uniformly and resolutely committed to minimizing the number and length of furloughs if required, not only because of the direct impact on our mission but because of the severe impact on the morale of the people who do it.

Let me emphasize we're not arguing against taking our share of budget reductions. What I am saying is we must manage this budget crisis and sustain our vital missions, but accept, to be clear, and manage the inevitable risk we're incurring. Therefore, I plan to resubmit a reprogramming action to mitigate some of the most egregious cuts to help us cut in a more rational, mission-focused manner, and in this I'm asking for your support and that of the other intelligence oversight committees for expedited consideration.

I must tell you I've seen this movie before. Twenty years ago I served as director of DIA, the job that Mike Flynn has now. We were then enjoined to, quote, "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. We 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've rebuilt the intelligence community into the premier capability we have today. But now, if we're not careful, we risk another damaging spiral.

The IC leadership is going to do all we can to prevent history from repeating this cycle. Unlike more directly observable sequestration impacts, like shorter hours at public parks or longer security lines at airports, the degradation to intelligence will be insidious. It will be gradual, 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. In my almost 50 years in intelligence, I do not recall a period in which we've confronted a more diverse array of threats, crises and challenges around the world. To me, at least, this makes sequestration even more incongruous.

This year's threat assessment illustrates how dramatically the world and our threat environment are 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. "War" now includes a software variant -- a soft war variation. Arms include cyber and financial weapons, and attacks can be deniable and nonattributable.

I'd like to turn now to a few of the issues we've identified in our statements for the record. Our statement this year leads with cyber, of course, and congratulations to the committee for the passage of your bill.

As more and more state and nonstate 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. Criminal or terrorist elements can also exploit these weaknesses to conduct illicit activity, recruitment and training.

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. Lone wolves, domestic extremists and jihad-inspired affiliated groups are determined -- still determined to attack Western interests. 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 and internal stresses, and most especially a high proportion -- a disproportionately 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. We continue to monitor the spread, development and possible use of WMD around the world.

North Korea has already demonstrated capabilities that threaten the United States and the security environment in East Asia. It announced in February that it conducted its 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 for -- towards fielding this system, although it remains untested. It also uses 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 towards the United States and South Korea. We continue to carefully monitor developments in anticipation of North Korea's next provocative step.

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 delivery -- missile-deliverable nuclear weapons. These technical advancements strengthen our assessment that Tehran has the scientific, technical and industrial capacity to produce nuclear weapons. So the central issue is its political will to do so. Such a decision will reside with the supreme leader, and at this point, we don't if he'll eventually decide to build nuclear weapons.

The United States and our allies are tracking Syria's 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 is not working, appears quite willing to use chemical weapons against its own people. All the worse, nongovernmental groups or individuals in Syria could also gain access to such materials.

Looking briefly at geographic threats around the world, some nations of 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 undermine the United States and our allies. But Tehran also faces a worsening financial outlook, and the fall of the Assad regime in Syria would be a huge strategic loss for Iran.

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

Islamic actors have been the chief beneficiaries of the political openings, and Islamist parties in Egypt, Tunisia and Morocco will probably solidify their influence this year.

After nearly two years of conflict in Syria, the erosion of the regime's capabilities is accelerating. We see this in its territorial losses, military manpower and logistics shortages. 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 as some 70,000 deaths. The violence and economic dislocation have also led to approximately 3.6 million civilians being displaced and a further 1.3 million refugees who have fled Syria, which intensifies the pressure on Jordan, Turkey, Lebanon and Iraq.

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 and even violence in the streets.

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 conflicts in the Great Lakes region.

Mali's security hinges on France being able to determine -- undermine terrorist networks in the region. It also depends on the efforts by the Africa-led International Support Mission to Mali or by future U.N. peacekeeping operations. West African countries have deployed thousands of troops to help stabilize northern Mali. Chad is the nation's biggest contributor, and it's working closely with the French to combat terrorist groups in the north.

Moving to Asia, the Taliban-led insurgency has diminished in some areas of Afghanistan but is still resilient and capable of challenging U.S. and 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 more positive note, this past year the armed forces continued their operations in the Federally Administered Tribal Areas, or FATA, which had been safe havens for al- Qaida and the Taliban. And Pakistan has scheduled national and provincial assembly elections for May 11th.

In China last month, Xi Jinping became president. His country continues to supplement its 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'll also continue to display great sensitivity about missile defense.

Closer to home, despite positive turns 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, Nicolas Maduro was recently named acting president. Their election is slated for three days from now, and with a comfortable lead in the polls, Maduro is expected to win, and he will probably continue in Chavez's tradition.

In sum, given the magnitude and complexity of our global responsibilities, insightful, persistent and comprehensive intelligence has never been more important or more urgent. And I have trouble reconciling this imperative with sequestration.

With that, I thank you for your attention, and we stand ready to address your questions.