

# FACT SHEET: House Intelligence Committee's China Report

## *A Report on the Intelligence Community's Competencies and Capabilities with Respect to China*

At the outset of the 116<sup>th</sup> Congress, Chairman Adam Schiff directed the House Intelligence Committee to conduct a review of how the nation's intelligence apparatus is focused, postured, and resourced to address the growing threat from China.

The Committee sought to assess the IC's ability to execute, with respect to China, its core mission of "collecting, analyzing, and delivering foreign intelligence and counterintelligence" to America's leaders so they can make sound decisions. In support of this charge, staff reviewed thousands of analytic assessments, conducted hundreds of hours with IC officers, and visited facilities operated by over a dozen intelligence community elements. The Committee sought to (1) assess the IC's performance within the intelligence cycle's six phases; (2) provide recommendations to increase the quality of raw intelligence reports and finished analytic products; and (3) assess the adequacy of current IC resource levels.

The Committee's over two-hundred page report is divided into a public executive summary and classified chapters, each of which addresses a specific agency's performance on China-related issues throughout the intelligence cycle: planning, collection, processing, analysis, dissemination, and evaluation. Intelligence community elements were given the opportunity to provide input on the classified chapter that assesses their performance.

**Central Finding and Recommendation:** The Committee found that "the United States' Intelligence Community has not sufficiently adapted to a changing geopolitical and technological environment increasingly shaped by a rising China and the growing importance of interlocking non-military transnational threats, such as global health, economic security, and climate change. Absent a significant realignment of resources, the U.S. government and intelligence community will fail to achieve the outcomes required to enabled continued U.S. competition with China on the global stage for decades to come, and to protect the U.S. health and security."

### **Secondary Findings and Recommendations:**

- "The Intelligence Community has failed to fully achieve the integration objectives outlined in the 2004 Intelligence Reform and Terrorism Prevention Act for targets and topics unrelated to counterterrorism."
- "The multidimensional nature of the challenge that China presents requires an enhanced focus on non-defense intelligence, particularly strategic analysis in support of...non-defense customers."
- The Executive Branch, in consultation with Congress, "must undertake a zero-based review of all intelligence program expenditures...and take immediate corrective action to align taxpayer resources in support of strategic requirements."

- “The IC should formalize and broaden programs designed to mentor the next generation of China analysts” and “nurture cadres of officers with China-focused expertise.”
- “The IC should consider developing a series of reskilling programs to leverage existing talent and expertise previously cultivated in counterterrorism programs.”

**The Context & the Stakes:** The emergence of China as a global competitor, the widespread if not yet fully understood global impact of COVID-19 and other transnational events, and prolonged focus of American intelligence resources towards counterterrorism make this an opportune and urgent moment to rebalance. Through this report, we attempt to assess our intelligence posture towards China and to provide strategic guidance to the IC as it repositions itself to better understand China’s domestic environment, capabilities, plans, and intentions.

The report notes that, “Notwithstanding the ongoing public debate on the advisability of interdependence, today’s globalized world necessitates thoughtful, detailed, and expansive analysis of how events within China—and how China’s leadership decides to react to those events—have the potential to meaningfully alter the world’s course.”

The Committee concludes that “the stakes are high. If the IC does not accurately characterize and contextualize Beijing’s intent, America’s leaders will fail to understand the factors that motivate Chinese decision-making. If policymakers do not understand how and why Beijing makes decisions, they will struggle to develop policies that result in outcomes favorable to U.S. interests and global security overall.”

### **Selected Findings:**

- The Intelligence Community places insufficient emphasis and focus on “soft,” often interconnected long-term national security threats, such as infectious diseases of pandemic potential and climate change, and such threats’ macroeconomic impacts on U.S. national security. This could jeopardize the future relevance of the IC’s analysis to policymakers.
- The Intelligence Community is struggling to adapt to the increasing availability and commodification of data.
- The increasing pace of global events, fueled by the rise of social media and mobile communications, will continue to stress the IC’s ability to provide timely and accurate analysis within customers’ decision-making window.
- The future successful application of artificial intelligence, machine learning, and other advanced analytic techniques will be integral enablers for the U.S. national security enterprise. Conversely, there is a high degree of strategic risk associated with stasis and a failure to modernize.
- The multidimensional nature of the challenge that China presents requires an enhanced focus on non-defense intelligence, particularly strategic analysis in support of the

Department of State, Department of Treasury, Department of Commerce, Department of Homeland Security, U.S. health and disaster preparedness agencies, and other domestic agencies who have not historically been primary customers of the intelligence community. Additional work to define detailed key requirements for non-defense customers would support more effective policy responses for matters such as future disease outbreaks, trade negotiations, and visa application determinations.

- The compartmentation of intelligence limits decision-makers' ability to develop a common understanding of China's intent, actions, and likely future behavior.
- The U.S. government should strengthen its ability to categorize, disrupt, and deter the totality of Chinese influence operations occurring on U.S. soil.

### **Selected Recommendations:**

#### *Reforming Our Nation's Intelligence Community:*

- The Committee recommends the creation of a bipartisan, bicameral congressional study group to evaluate the current organization of and authorities provided to the intelligence community, with the express goal of making necessary reforms to the National Security Act of 1947 and the Intelligence Reform and Preventing Terrorism Act (IRPTA) of 2004.
- An external entity should conduct a formal review of the governance of open-source intelligence (OSINT) within the intelligence community and submit to congressional intelligence and appropriates committees a proposal to streamline and strengthen U.S. government capabilities.
- The IC should more effectively integrate publicly available information.

#### *Reorienting to Win Today's Competition:*

- The Executive Branch, in consultation with congressional intelligence and appropriations committees, must undertake a zero-based review of all intelligence program expenditures, assess the programs' continued relevance to forward-looking mission sets, such as the increased relevance of "soft" transnational threats and continued competition with China, and take immediate corrective action to align taxpayer resources in support of strategic requirements.
- In recognition of the growing importance of economic and policy agencies to the overall success of the U.S. government's approach to China, the intelligence community should develop plans to increase analytic support to, or otherwise ensure consistent, agile communications and appropriate interactions with, non-traditional agencies, such as the Department of Commerce, the Department of Homeland Security, the National Science Foundation, the Department of Education, and U.S. public health agencies.

- The IC should conduct a review of systems and programs currently sustained by counterterrorism funding, but supporting other missions, and realign these programs to the appropriate expenditure centers.
- The ODNI should execute additional oversight of IC agencies' application of scarce resources to deconflict and reduce redundancies.

*Realigning Analysis to Power Decision-making:*

- The IC should better align analytic resources to support diplomatic, political, economic, and global health decision-making within the U.S. federal government.
- The IC should propose better data-sharing across the U.S. government between IC elements and non-defense agencies to inform CFIUS, sanctions, and supply chain risk management processes.
- The NIC should endeavor to write and disseminate analytic products at the lowest appropriate classification levels; however, analytic products should also not prioritize releasability at the expense of sensitive intelligence analysis, particularly when compartmented analysis significantly contributes to the national security enterprise's understanding of a particular issue.
- The NIC should prioritize analytic questions of highest relevance to customers, not necessarily those questions that the IC might be most capable of answering with high confidence.

*Modernizing by Investing in Talent:*

- The IC should formalize and broaden programs designed to mentor the next generation of China analysts. Agencies should leverage best practices from across the community and develop internal Senior Steering Groups to prioritize investments in specific China-focused programs.
- Security clearance adjudication policies [REDACTED] with substantive expertise on China. The IC should conduct a review of security clearance adjudication policies surrounding [REDACTED].
- The IC should leverage lessons learned from providing support to the counterterrorism mission in order to identify ways in which it can embed real-time support to customers, especially those located outside of the Department of Defense, such as the Department of State, the United States Trade Representative, or U.S. health and disaster preparedness agencies.
- The IC should expand its practice of hiring technical experts, such as trained health professionals, economists, and technologists, to serve throughout the community's analytic corps. These individuals should be permitted to narrowly specialize and carve out distinct career paths without hindering their promotion potential.