

**HEARING TO RECEIVE TESTIMONY ON THE  
CURRENT AND FUTURE WORLDWIDE  
THREATS TO THE NATIONAL SECURITY OF  
THE UNITED STATES**

---

**THURSDAY, FEBRUARY 16, 2012**

U.S. SENATE,  
COMMITTEE ON ARMED SERVICES,  
*Washington, DC.*

The committee met, pursuant to notice, at 9:35 a.m. in room SD-G50, Dirksen Senate Office Building, Senator Carl Levin (chairman) presiding.

Committee members present: Senators Levin, Lieberman, Webb, Udall, Hagan, Manchin, Shaheen, Blumenthal, McCain, Inhofe, Wicker, Brown, Portman, Ayotte, Graham, and Cornyn.

Committee staff members present: Richard D. DeBobes, staff director; and Leah C. Brewer, nominations and hearings clerk.

Majority staff members present: Jonathan S. Epstein, counsel; Richard W. Fieldhouse, professional staff member; Jessica L. Kingston, research assistant; Michael J. Kuiken, professional staff member; Gerald J. Leeling, counsel; Thomas K. McConnell, professional staff member; William G.P. Monahan, Counsel; Michael J. Noblet, professional staff member; Roy F. Phillips, professional staff member; Russell L. Shaffer, counsel; and William K. Sutey, professional staff member.

Minority staff members present: Adam J. Barker, professional staff member; Christian D. Brose, professional staff member; Pablo E. Carrillo, minority investigative counsel; John W. Heath, Jr., Minority Investigative Counsel; Paul C. Hutton IV, professional staff member; Daniel A. Lerner, professional staff member; Lucian L. Niemeyer, professional staff member; Michael J. Sistik, research assistant; and Richard F. Walsh, minority counsel.

Staff assistants present: Kathleen A. Kulenkampff, Hannah I. Lloyd, and Bradley S. Watson.

Committee members' assistants present: Bryon Manna, assistant to Senator Lieberman; Nick Ikeda, assistant to Senator Akaka; Ann Premer, assistant to Senator Nelson; Gordon Peterson, assistant to Senator Webb; Casey Howard, assistant to Senator Udall; Mara Boggs, assistant to Senator Manchin; Chad Kreikemeier, assistant to Senator Shaheen; Ethan Saxon, assistant to Senator Blumenthal; Anthony Lazarski, assistant to Senator Inhofe; Lenwood Landrum, assistant to Senator Sessions; Joseph Lai, assistant to Senator Wicker; Charles Prosch, assistant to Senator Brown; Brad Bowman, assistant to Senator Ayotte; Sergio Sarkany,

assistant to Senator Graham; and Dave Hanke, assistant to Senator Cornyn.

**OPENING STATEMENT OF SENATOR CARL LEVIN, CHAIRMAN**

Chairman LEVIN. Good morning, everybody. Let me start by welcoming our witnesses for today's hearing on current and longer-term threats and challenges around the world. We are glad to have the Director of National Intelligence, James Clapper, and DIA Director General Ron Burgess as our witnesses. We thank you both for your long and continued service to our Nation on behalf of our troops to whom we all owe so much.

This committee has a special responsibility to the men and women of our Armed Forces to be vigilant about intelligence programs because the safety of our troops, decisions on whether or not to use military force, and the planning for military operations depend so heavily on intelligence.

The security situation in Afghanistan remains one of our highest priority threats for our Intelligence Community. In the last year, there are clear signs of progress. Afghan security forces are in the lead in providing security in Kabul, including during the gathering of over 2,000 Afghan leaders for their recent loya jirga last November. The Afghan Army and police are in charge of security in former Taliban strongholds in southern Afghanistan. In addition, Ministry of Interior and Ministry of Defense planners have developed a plan for the ministries' combined team operations for 2012 and 2013. The Afghan army is widely respected, and even the Afghan police, traditionally lagging far behind in that virtue, are gaining increasing respect among the Afghan people. Nevertheless, security remains fragile.

A key to progress on security in Afghanistan is the process of transitioning the lead for securing the Afghan people from coalition forces to the Afghan security forces. The transition process is underway and continues apace, with the Afghan army and police assuming the security lead in more and more areas throughout the country. We heard on Tuesday from the Chairman of the Joint Chiefs of Staff, General Dempsey, that the transition process is on track to meet the goal of having the Afghan security forces take the lead throughout Afghanistan by 2014.

Successful transition is going to depend on a number of factors, including the growth in the capabilities of the Afghan army and police and their readiness to take the security lead; the nature of the insurgency; and progress on reconciliation talks. We would be interested in hearing our witnesses' assessment of the current security situation in Afghanistan and their views on the progress both in terms of providing security and of transition and the possibilities for reconciliation with the Taliban.

I am concerned by recent news reports that the latest National Intelligence Estimate, or NIE, reflects a difference of views between the Intelligence Community and our military commanders over the security situation in Afghanistan. According to these news reports, the NIE contains a set of additional comments endorsed by Coalition Commander General Allen, Ambassador Crocker, Central Command Commander General Mattis, and European Command Commander Admiral Stavridis, disagreeing with the NIE's assess-

ment relative to the sustainability of security gains particularly in the south. I hope our witnesses will address this alleged difference of views in the recent NIE.

Security in Afghanistan is going to remain in jeopardy so long as their continues to be sanctuary in Pakistan for insurgents conducting cross-border attacks against U.S., coalition, and Afghan forces and against the Afghan people. Pakistan's refusal to go after the safe havens of the Haqqani network in North Waziristan and of the Afghan Taliban Shura in Quetta belies Pakistan's assertions that it is committed to peace and security in the region. Pakistan's support for the Haqqani network, which former Chairman of the Joint Chiefs of Staff Admiral Mullen called a "veritable arm" of the ISI, Pakistan's intelligence agency, is a major cause for U.S.-Pakistan relations reaching a low point, where they are going to remain until the Pakistan military ends its ties to these militant extremists carrying out cross-border attacks.

And we need to understand the Intelligence Community's assessment of Pakistan's strategy with respect to these insurgent groups and the reconciliation process and as to Pakistan's power to determine outcomes.

The U.S. campaign against the global jihadist movement, as Director Clapper's opening statement calls it, had a number of significant successes in the last year, notably operations against Osama bin Laden and Anwar al-Awlaki. These successes struck major blows to al Qaeda's senior leadership and to one of its most active affiliates. As a result of these operations and sustained pressure in Pakistan, Yemen, Somalia, and North Africa, al Qaeda and its affiliates are showing strain. We would be interested in the Intelligence Community's assessment of last week's announcement of a merger between al Qaeda and al Shabaab and whether it signals an increased threat to the United States and our interests in Somalia.

Last August, the President issued Presidential Study Directive 10 which identifies the prevention of mass atrocities and genocide as a core national security interest and moral responsibility of the United States. I am pleased to see Director Clapper has included in his testimony a discussion of the importance of the prevention of mass atrocities and the need for the Intelligence Community to report on these incidents rapidly so as to inform policymakers of these deeply concerning events.

Over the past year, the international community has acted to prevent a mass atrocity in Libya, but we are currently witnessing a mass atrocity in Syria. These tragedies have resulted in deaths of many civilians seeking their universal freedoms and destabilized a sensitive region that is critical to the United States and our allies.

Now, relative to Iran, which is obviously a major topic, there is a strong bipartisan determination on this committee and in this Congress to do all that we can to counter the threat posed by Iran and, in particular, to stop Iran from acquiring nuclear weapons. In the most recent Defense Authorization Act, we made a major breakthrough with respect to Iran sanctions by requiring foreign financial institutions to choose between maintaining ties with the U.S. financial system or doing business with the Central Bank of

Iran, especially relative to the purchase of Iranian petroleum and related products. President Obama has appropriately focused considerable and determined diplomatic effort to prevent Iran from getting a nuclear weapon, and he has repeatedly said there are no options off the table to achieve that goal.

The American people are entitled to a clear Intelligence Community estimate about the length of time it would take Iran to construct a usable nuclear weapon, if and when they decide to produce one, and how likely is it that they will decide to do so.

An additional matter of concern with regard to Iran was raised in a recent report discussing Iran's apparent willingness to host and support senior al Qaeda leaders and facilitators. This is a matter that has not received a great deal of attention in recent years. However, if true, Iran's sanctuary of al Qaeda could preserve some of the group's most senior leaders and potentially provide Iran with a dangerous proxy. The committee looks forward to the Director's testimony on that matter as well.

On Syria, the recent veto by Russia and China of the Arab League-drafted resolution at the United Nations Security Council has bolstered the Assad regime and has regrettably demonstrated the willingness of China and Russia to support regimes seeking to crush individuals who are seeking a better and a freer life. We hope that the Directors here will share with the committee what we know about the individuals seeking to overthrow the Assad regime, what do we know about who is supplying the Assad regime with weapons, what the regime's intentions are, and what we know about the willingness of the Syrian military to continue to kill and maim their own countrymen.

Relative to Iraq, despite the political, economic, and security challenges that confront Iraq, the government's leaders appear to be willing to work generally together to resolve issues politically rather than through violence. While there is much this new democracy needs to do to build a new and truly pluralistic, stable, and sovereign nation, we would like to hear our witnesses' views on the Iraqis' progress to date and outlook for stability and political compromise. We also would be interested in the risk of unchecked Iranian influence in Iraq and what is the Iraqi Government's commitment and capability to deal with that influence or their willingness to deal with that influence.

I am going to put my comments relative to China and the Asia-Pacific in general in the record and end with just a comment on cybersecurity.

Director Clapper's prepared statement indicates that the Intelligence Community places the cybersecurity threat to our country and our economy in the top tier of threats, alongside of terrorism and the proliferation of weapons of mass destruction. And that is surely where that cyber threat belongs. A recent report from the National Counterintelligence Executive stated that entities operating from within China and Russia are responsible for the massive and routine theft of U.S. commercial and military technology, and that could threaten our national security and our prosperity. It is important to know what our Intelligence Community regards this economic espionage as, whether it is a significant national security threat, and also whether that view is shared by our policy-

makers, and whether China would believe that we are just bluffing if we talk about ending normal trade relations if the economic espionage and counterfeiting and theft of our intellectual property do not end.

Before turning to Senator McCain for his opening remarks and to our witnesses for their testimony, we have arranged for a closed session in room SVC-217, the Office of Senate Security, following this open session in the event that such a closed session is necessary.

Senator McCain?

[The prepared statement of Chairman Levin follows:]

[COMMITTEE INSERT]

#### **STATEMENT OF SENATOR JOHN MCCAIN**

Senator MCCAIN. Thank you, Mr. Chairman.

Let me join you in welcoming Director Clapper and General Burgess and thanking them for their many years of distinguished service.

I also want to take this opportunity to express our enormous gratitude to the men and women of our Intelligence Community. It is a truism that intelligence often fails publicly but succeeds privately. I only wish the American people could know the full extent of what our Intelligence Community does to keep us safe.

Today's hearing is a fitting companion to the one this committee held on Tuesday to review the President's annual budget request for the Department of Defense, as well as his broader proposal to cut \$487 billion in defense spending over 10 years. As Secretary of Defense Panetta and the Chairman of the Joint Chiefs of Staff told this committee on Tuesday, the administration's planned reductions in defense spending would entail greater risk to our military, to our missions, and to our National security. This stands to reason. But what does not is why we would choose to increase the already growing risk to our National security at this time. Just consider the scale and scope of these risks.

Despite the remarkable damage inflicted on al Qaeda's core leadership by our military and intelligence professionals, al Qaeda's affiliates in Iraq, the Horn of Africa, and the Maghreb are growing stronger, more independent, more diffuse, and more willing to attack American interests. As evidenced by their plot to assassinate the Saudi ambassador in a Washington restaurant, the rulers in Iran clearly pose a more direct threat to us than many would have assumed just a year ago and that is on top of the hostile actions in which Iran has been engaging for years, including killing Americans in Iraq and Afghanistan, supporting terrorist groups across the Middle East, destabilizing Arab countries, propping up and rearming the Assad regime in Syria, and continuing their undeterred pursuit of a nuclear weapons capability. The threat posed by the Iranian regime could soon bring the Middle East to the brink of war if it is not there already.

North Korea is in the midst of a potentially dangerous and destabilizing transition. An inexperienced 29-year-old is now in charge of a government that continues to produce nuclear weapons, develop ever-more sophisticated ballistic missiles, threaten our ally in the Republic of Korea, and administer the most brutal apparatus

of state oppression of any country on earth. The chances of increased conflict and miscalculations are as real as ever before.

The Peoples Republic of China continues with a nontransparent buildup of its military forces while engaging in provocative acts against its neighbors in international waters. Indeed, tensions in the South China Sea have rarely been higher. At the same time, the number and sophistication of cyber attacks on American targets by Chinese actors, likely with Chinese Government involvement in many cases, is growing increasingly severe and damaging. Indeed, as last year's report from the Office of the National Counterintelligence Executive makes clear, quote, Chinese actors are the world's most active and persistent perpetrators of economic espionage.

In Afghanistan, the Taliban insurgency is damaged but not broken, and regrettably their will to stay in the fight against the international coalition and our Afghan partners has only been increased by the administration's repeated public commitments to certain dates for withdrawing down our military forces regardless of conditions on the ground.

Meanwhile, Pakistan remains as fragile and combustible as ever. And as our witnesses' statements make clear, Pakistan's intelligence service continues to support terrorist elements inside Afghanistan that are attacking and killing Americans.

In Iraq, the fragile stability of democratic gains that Iraqis have been able to forge, thanks to the surge, now seem to be unraveling. Prime Minister Maliki appears to be consolidating his power at the expense of the other political blocs. Violence is up significantly since the departure of U.S. troops. Al Qaeda in Iraq and violent Shia extremist groups are still very much active and threatening to Iraq's stability. It is increasingly difficult to argue that Iraq, to use the President's words, is "stable and self-reliant."

And 1 year into the Arab Spring, the situation remains fluid, uncertain, and in places very troubling. From Tunisia and Libya to Egypt, Yemen, and Bahrain, countries are undergoing monumental changes and the outcomes of those changes are still far from clear.

And then there is Syria where the conflict appears to be entering a new phase. More than 6,000 lives have been lost and there appears to be no end in sight. The bloodshed must be stopped and we should rule out no option that could help save lives. We must consider, among other actions, providing opposition groups inside Syria both political and military with better means to organize their activities, to care for the wounded, to find safe havens, to communicate securely, to defend themselves, and to fight back against Assad's forces. The time has come when all options must be on the table to end the killing and force Assad to leave power.

We could continue for some time listing the myriad of other threats facing our Nation, and I am confident we will cover most of them in today's hearing. What should be clear is that by no objective assessment are the threats to our National security decreasing. To the contrary, they are increasing as the prepared testimonies of our witnesses make vividly clear.

So the question that Members of Congress and the members of this committee in particular need to think long and hard about is this. Why, in an international environment of growing uncertainty,

risk, and threat, would we choose to add to those risks by making large and misguided cuts to our National defense budget, cuts that by themselves will not significantly reduce our National debt, the real driver of which is our domestic entitlement programs? I do not see a compelling answer to this question at this time, and I imagine today's hearing will underscore that point.

Thank you, Mr. Chairman.

Chairman LEVIN. Thank you so much, Senator McCain.

Director Clapper?

**STATEMENT OF HON. JAMES R. CLAPPER, JR., DIRECTOR OF NATIONAL INTELLIGENCE**

Director CLAPPER. Thank you, Chairman Levin and Ranking Member McCain, distinguished members of the committee, for inviting us to present the 2012 worldwide threat assessment. I would observe you have probably already given it for us.

I am joined today by the Director of the Defense Intelligence Agency, my friend and colleague of long standing, Lieutenant General Ron Burgess.

These remarks and our statement for the record reflect the collective insights of extraordinary men and women of the U.S. Intelligence Community whom you have recognized—and we most appreciate that—and whom it is our privilege and honor to lead. We are most appreciative of your acknowledgment of the work, sometimes under very hazardous conditions, that are done by the men and women of the community around the world.

We will not attempt to cover the full scope of worldwide threats in these brief oral remarks, so I would like to highlight some of the issues that we identified for the coming year, some of which you have already done for us, as I said.

Earlier this month was the 51st anniversary of my enlistment in the Marine Corps and during my subsequent entire career, I do not recall a more complex and interdependent array of challenges than we face today. The capabilities, technologies, know-how, communications, and environmental forces are not confined by borders and can trigger transnational disruptions with astonishing speed. And never before has the Intelligence Community been called upon to master such complexity on so many issues in such a resource-constrained environment.

We are rising to the challenge by continuing to integrate the Intelligence Community, taking advantage of new technologies, implementing new efficiencies, and as always, simply working harder. But candidly maintaining the world's premier intelligence enterprise in the face of our shrinking budgets will be a challenge. We will be accepting and managing risks more so than we have had to do in the last decade. And when I say "we," I mean both the legislative and the executive.

We begin our threat assessment as we did last year with the global issues of terrorism and proliferation. The Intelligence Community sees the next 2 to 3 years as a critical transition phase for the terrorist threat, particularly for al Qaeda and likeminded groups. With Osama bin Laden's death, the global jihadist movement lost its most iconic and inspirational leader. The new al Qaeda commander is less charismatic and the death or capture of

prominent al Qaeda figures has shrunk the group's top leadership layer. However, even with its degraded capabilities and its focus on smaller, simpler plots, al Qaeda remains a threat. As long as we sustain the pressure, we judge that core al Qaeda will be of largely symbolic importance to the global jihadist movement, but regional affiliates and, to a lesser extent, small cells and individuals will drive the global jihad agenda.

Proliferation, that is, efforts to develop, acquire, or spread weapons of mass destruction, is also a major global strategic threat. Among nation states, as you have alluded, Iran's technical advances, particularly in uranium enrichment, strengthen our assessment that Iran is more than capable of producing enough highly enriched uranium for a weapon if its political leaders, specifically the Supreme Leader himself, chooses to do so.

North Korea's export of ballistic missiles and associated materials to several countries, including Iran and Syria, illustrate the reach of the North's proliferation activities. We do not expect that Kim Jung Un, North Korea's new young leader, to change Pyongyang's policy of attempting to export most of its weapons systems.

I note that in this year's statement for the record, as you have noted yourselves, that we elevated our discussion of cyber threats to follow terrorism and proliferation, and perhaps in something of the coals of Newcastle, just to affirm that cyber threat is one of the most challenging ones we face. We foresee a cyber environment in which emerging technologies are developed and implemented before security responses can be put in place. Among state actors, we are particularly concerned about entities within China and Russia conducting intrusions into U.S. computer networks and stealing U.S. data. And the growing role that non-state actors are playing in cyberspace is a great example of the easy access to potentially disruptive and even lethal technology and know-how by such groups.

Two of our greatest strategic cyber challenges are, first, definitive, real-time attribution of cyber attacks, that is, knowing who carried out such attacks and where perpetrators are located; and second, managing the enormous vulnerabilities within the IT supply chain for U.S. networks. In this regard, a cybersecurity bill was recently introduced by Senators Lieberman, Collins, Rockefeller, and Feinstein. It addresses the core homeland security requirements that would improve cybersecurity for the American people, for our Nation's critical infrastructure, and for the Federal Government's own networks and computers. The Intelligence Community considers such legislative steps essential to addressing our Nation's critical infrastructure vulnerabilities which pose serious national and economic security risks.

Briefly, looking geographically around the world, in Afghanistan—and General Burgess will have more to say about this—during the past year, the Taliban lost some ground, but that was mainly in places where the International Security Assistance Forces, or ISAF, were concentrated. And Taliban senior leaders continue to enjoy safe haven in Pakistan. ISAF's efforts to partner with Afghan national security forces are encouraging, but corruption and governance challenges continue to threaten the Afghan forces' operational effectiveness. Most provinces have established



basic governance structures, but they struggle to provide essential services. The International Security Assistance Forces and the support of Afghanistan's neighbors, notably and particularly Pakistan, will remain essential to sustain the gains that have been achieved. And although there is broad international political support for the Afghan Government, there are doubts in many capitals, particularly in Europe, about how to fund Afghanistan initiatives after 2014.

In Iraq, violence and sporadic high-profile attacks continue. Prime Minister Maliki's recent aggressive moves against Sunni political leaders have heightened political tensions. But for now, we believe the Sunnis continue to view the political process as the best venue to pursue change.

Elsewhere across the Middle East and North Africa, those pushing for change are confronting ruling elites, sectarian, ethnic, and tribal divisions, lack of experience with democracies, stalled economic development, military and security force resistance, and regional power initiatives. These are fluid political environments that offer openings for extremists to participate more assertively in political life. States where authoritarian leaders have been toppled, such as Tunisia, Egypt, and Libya, have to construct or reconstruct their political systems through complex negotiations among competing factions. And nowhere is this transition, I believe, more important than in Egypt, which I think will be a bellwether, and of course is so strategically important because of its size, its location and, of course, the peace treaty that it now has with Israel.

In Syria, regime intransigence and social divisions are prolonging internal struggles and could potentially turn domestic upheavals into regional crises.

In Yemen, although a political transition is underway, the security situation continues to be marred by violence, and fragmentation of the country is a real possibility.

As the ancient Roman historian Tacitus once observed, the best day after a bad emperor is the first. But after that, I would add, things get very problematic.

The Intelligence Community is also paying close attention to developments across the African continent, throughout the western hemisphere, Europe, and across Asia. And here too, few issues are self-contained. Virtually every region has a bearing on our key concerns of terrorism, proliferation, cybersecurity, and instability, and throughout the globe, wherever there are environmental stresses on water, food, and natural resources, as well as health threats, economic crises, and organized crime, we see ripple effects around the world and impacts on U.S. interests.

Amidst these extraordinary challenges, it is important to remind this distinguished body and the American people that in all of our work, the U.S. Intelligence Community strives to exemplify American values. We carry out our missions with respect for the rule of law and the protection of civil liberties and privacy. That pledge leads me to mention our highest legislative priority this year and it requires the support of both houses of Congress. I refer specifically to the Foreign Intelligence Surveillance Act—Amendments Act, or FAA, which is set to expire at the end of 2012.

Title 7 of FISA allows the Intelligence Community to collect vital information about international terrorists and other important targets overseas. This law authorizes surveillance of non-U.S. persons located overseas who are of foreign intelligence importance, meaning they have a connection to or information about threats such as terrorism or proliferation. It also provides for comprehensive oversight by all three branches of Government to protect the privacy and civil liberties of U.S. persons. The Department of Justice and my office conduct extensive oversight reviews of these activities and we report to Congress on implementation and compliance twice a year. Intelligence collection under FISA produces crucial intelligence that is vital to protect the Nation against international terrorism and other threats.

We are always considering whether there are changes that could be made to improve the law, but our first priority is reauthorization of these authorities in their current form. We look forward to the speedy enactment of the legislation reauthorizing the FISA amendments and act so there can be no interruption in our ability to use these authorities to protect the American people.

So I end this brief statement where I began and then turn it over to General Burgess.

The fiscal environment we face as a Nation and in our Intelligence Community will require careful identification and management of the challenges the IC focuses on and the risks we must mutually assume.

With that, I thank you and the members of the committee for your dedication to the security of our Nation, your support for our men and women of the Intelligence Community, and your attention here today.

So with that, I will stop and turn it over to General Burgess.

[The prepared statement of Director Clapper follows:]

Chairman LEVIN. Thank you, Director Clapper.

General Burgess?

**STATEMENT OF LTG RONALD L. BURGESS, JR., USA,  
DIRECTOR, DEFENSE INTELLIGENCE AGENCY**

General BURGESS. Chairman Levin, Ranking Member McCain, and other members of the committee, I want to thank you for the opportunity to join my longtime friend and professional colleague, Director Clapper, in representing the men and women of the U.S. Intelligence Community.

I would like to begin with current military operations in Afghanistan where we assess that endemic corruption and persistent qualitative deficiencies in the army and police forces undermine efforts to extend effective governance and security. The Afghan army remains reliant on ISAF for key combat support such as logistics, intelligence, and transport. While Afghan army performance improved in some operations when partnered with ISAF units, additional gains will require sustained mentoring and support.

Despite successful coalition targeting, the Taliban remains resilient and able to replace leadership losses while also competing to provide governance at the local level. From its Pakistani safe havens, the Taliban leadership remains confident of eventual victory.

To the west, Iran remains committed to threatening U.S. interests in the region through its support to terrorists and militant groups, including in Iraq and Afghanistan, while it remains committed to strengthening its naval, nuclear, and missile capabilities. Iran can close the Straits of Hormuz at least temporarily and may launch missiles against United States forces and our allies in the region if it is attacked. Iran could also attempt to employ terrorist surrogates worldwide. However, the agency assesses Iran as unlikely to initiate or intentionally provoke a conflict.

Iranian ballistic missiles in development could range across the region and Central Europe. Iran's new space launch vehicle demonstrates progress toward a potential ICBM. Iran today has the technical, scientific, and industrial capability to eventually produce nuclear weapons. While international pressure against Iran has increased, including through sanctions, we assess that Tehran is not close to agreeing to abandoning its nuclear program.

In Iraq, DIA assesses that Baghdad security forces probably can maintain current security levels this year despite manning shortages and overly centralized command and control. Despite perceptions of sectarian bias and a need for logistics, intelligence, and tactical communications training, Iraq's security forces are putting forces on the street, they are securing high-profile sites, and they are conducting intelligence-driven targeting. However, Sunni insurgent and Shia militant groups likely will remain serious challenges for Iraq and remaining U.S. personnel until more comprehensive political reconciliation reduces lingering tensions among religious and tribal constituencies.

More broadly across the region, the popular forces sweeping the Middle East and North Africa are demonstrating the potential to reorder longstanding assumptions, relationships, and alliances in a way that invites risk and opportunities for the United States and our allies. Armed domestic opponents pose an unprecedented challenge to the al Assad regime in Syria, and its collapse would have serious implications for Iran, Hezbollah, Hamas, and Lebanon.

Turning to Asia, North Korea's third-generation leadership transition is underway. Improving the economy and regime's survival remain enduring leadership priorities. Pyongyang's nuclear and missile programs provide strategic deterrence, international prestige, and leverage to extract economic and political concessions. While North Korea may abandon portions of its nuclear program for better relations with the United States, it is unlikely to surrender its nuclear weapons.

Pyongyang's forward-positioned military can attack South Korea with little or no strategic warning, but it suffers from logistic shortages, aging equipment, and poor training. Pyongyang likely knows it cannot reunite the peninsula by force and is unlikely to attack on a scale that would risk its own survival.

We see no sign that the leadership transition has changed the regime's calculus regarding nuclear weapons, and the Defense Intelligence Agency retains continued focus on the peninsula to provide warning against additional attacks from the north.

China continues to build a more modern military to defend its core interests, which are territorial sovereignty, national unity, and sustained access to economic resources. Countering U.S. forces in

a Taiwan or South China Sea contingency remains a top Chinese military priority. Investments in naval anti-air and anti-ship capabilities are designed to achieve periodic and local sea and air superiority to include the islands closest to the mainland. Once focused on territorial defense, China's air force is developing offshore strike, air and missile defense, strategic mobility, and early warning and reconnaissance capabilities. China may incorporate new capabilities in novel ways that present challenges for U.S. forces.

Last year's first flight of a fifth-generation fighter and launch of China's first aircraft carrier underscore the breadth and quality of China's military modernization program. However, a lack of modern combat experience is but one example that steps remain before China achieves the full potential of its new technologies, platforms, and military personnel.

Regarding cyber threats, we continue to see daily attempts to gain access to our Nation's Government and business computer networks, including our own secure systems. This threat is large and growing in scale and sophistication.

Finally, al Qaeda losses in 2011 have focused the core group and its affiliates in Yemen, Somalia, and North Africa on self-preservation and reconstitution. Though damaged, the group and its affiliates remain committed to transnational attacks in Europe and against the United States. Al Qaeda in the lands of the Maghreb, or AQIM, acquired weapons from Libya this year, kidnapped westerners and continued its support Nigeria-based Boko Haram. While we have made important gains against al Qaeda and its affiliates, we remain in a race against their ability to evolve, regenerate leadership, and launch attacks. Self-radicalization or lone wolf individuals, including within the United States and even within our own ranks, remain an enduring concern.

I would like to close by noting how honored I am to represent the men and women of the Defense Intelligence Agency. We remain acutely aware that while much of what we do is secret, our work is always a public trust. On their behalf, I would like to thank the members of this committee for your continued support and confidence in our work. Thank you.

[The prepared statement of General Burgess follows:]

Chairman LEVIN. Thank you very much, General Burgess.

Let us try 7 minutes for a first round, and I hope that there will be time for a second round.

Director Clapper's prepared statement said the following in terms of the Intelligence Community's assessment about Iran's nuclear program: "We assess Iran as keeping open the option to develop nuclear weapons should it choose to do so. We do not know, however, if Iran will eventually decide to build nuclear weapons." And his statement also said that we judge Iran's nuclear decision-making as guided by a cost-benefit approach which offers the international community opportunities to influence Tehran.

General Burgess, do you agree with that statement of Director Clapper in his prepared statement?

General BURGESS. Yes, sir. Sir, I think it would be very consistent with what the Vice Chairman of the Joint Chiefs and myself, along with a couple of other witnesses, stated before this committee almost a year and a half ago.

Chairman LEVIN. Director Clapper, I understand that what you have said—and now General Burgess agrees with—is that Iran has not yet decided to develop nuclear weapons. Is that correct? Is that still your assessment?

Director CLAPPER. Yes, sir. That is the Intelligence Community's assessment that that is an option that is still held out by the Iranians and we believe the decision would be made by the Supreme Leader himself and he would base that on a cost-benefit analysis in terms of—I do not think he would want a nuclear weapon at any price. So that, I think, plays to the value of sanctions, particularly the recent ratcheting up of more sanctions in anticipation that that will induce a change in their policy and behavior.

Chairman LEVIN. And it is the Intelligence Community's assessment that sanctions and other international pressure actually could—not will necessarily, but could—influence Iran in its decision as to whether to proceed.

Director CLAPPER. Absolutely, sir. Of course, the impacts that the sanctions are already having on the Iranian economy, the devaluation of their currency, the difficulty they are having in engaging in banking transactions, which will, of course, increase with the recent provisions in the National Defense Authorization Act. And so to the extent that the Iranian population becomes restive and if the regime then feels threatened in terms of its stability and tenure, the thought is that that could change their policy.

I think it is interesting that they have apparently asked the EU for resumption of the Five Plus One dialogue, and of course, there is another meeting coming up, another engagement with the International Atomic Energy Administration. So we will see whether the Iranians may be changing their mind.

Chairman LEVIN. Well, I must tell you I am skeptical about putting any significance in that, but nonetheless, it is not my testimony that we are here to hear. It is your testimony and it is obviously important testimony.

Director Clapper, in a recent interview, Defense Secretary Panetta said that if Iran decides to pursue a nuclear weapon capability, it would probably take them about a year to be able to produce a bomb and then possibly another 1 or 2 years in order to put it on a deliverable vehicle of some sort in order to deliver that weapon. Do you disagree with Defense Secretary Panetta's assessment?

Director CLAPPER. No, sir, I do not disagree, and particularly with respect to the year, that is, I think, technically feasible but practically not likely. There are all kinds of combinations and permutations that could affect how long it might take should the Iranians make a decision to pursue a nuclear weapon, how long that might take. I think the details of that are best—it is rather complex and arcane and sensitive because of how we know this—left to a closed session discussion.

Chairman LEVIN. You say that the year is perhaps right, but it is more likely that it would take longer. Was that the implication of your—

Director CLAPPER. Yes, sir.

Chairman LEVIN. Now, a Washington Post columnist recently wrote that a senior administration official believes that an Israeli

strike against Iran was likely this spring. General Burgess, in the view of the Intelligence Community, has Israel decided to attack Iran?

General BURGESS. Sir, to the best of our knowledge, Israel has not decided to attack Iran.

Chairman LEVIN. I was concerned, as I indicated in my opening statement, Director Clapper, by recent news reports that the latest National Intelligence Estimate reflects a difference of views between the Intelligence Community and our military commanders over the security situation in Afghanistan. And I made reference as to who signed up to that difference of views, including General Allen, Ambassador Crocker—not including. These are the ones who signed the difference: General Allen, Ambassador Crocker, General Mattis, and Admiral Stavridis.

Can you tell us whether those news reports are accurate, that there is a difference of views on that matter?

Director CLAPPER. Without going into the specifics of classified National Intelligence Estimates, I can certainly confirm that they took issue with the NIE on three counts having to do with the assumptions that were made about force structure, did not feel that we gave sufficient weight to Pakistan and its impact as a safe haven, and generally felt that the NIE was pessimistic.

Chairman LEVIN. Pessimistic about that or about other matters as well?

Director CLAPPER. Just generally it was pessimistic.

Chairman LEVIN. About the situation in Afghanistan.

Director CLAPPER. In Afghanistan and the prospects for post-2014. And that, by the way, was the time frame. It is after 2014.

If you forgive a little history, sir, I served as an analyst briefer for General Westmoreland in Vietnam in 1966. I kind of lost my professional innocence a little bit then when I found out that operational commanders sometimes do not agree with their view of the success of their campaign as compared to and contrasted with that perspective displayed by intelligence.

Fast forward about 25 years or so and I served as the Chief of Air Force intelligence during Operation Desert Storm. General Schwarzkopf protested long and loud all during the war and after the war about the accuracy of the intelligence, in fact, that did not comport with his view.

Classically intelligence is supposedly in the portion of the glass that is half empty, and operational commanders and policymakers, for that matter, are often in the portion of the glass that is half full. Probably the truth is somewhere at the water line.

So I do not find it a bad thing. In fact, I think it is healthy that there is contrast between what the operational commanders believe and what the Intelligence Community assesses.

Chairman LEVIN. Thank you very much.

Senator McCain.

Senator MCCAIN. I want to follow up on the chairman's questions. So you believe that post 2014, Afghanistan faces extremely difficult challenges.

Director CLAPPER. Yes, sir, I do. I think in terms of governance and the ability of the ANSF, which we are striving hard to train up, there are some indications that that is having success, but I

think the Afghan Government will continue to require assistance from the West. And of course, another issue is the extent to which we and other coalition members will be able to sustain that support.

Importantly as well is the achievement of a strategic partnership agreement with the Afghan Government which would be a preface for our continued presence in some form to advise and assist and perhaps assist particularly with counterterrorism.

Senator MCCAIN. And there has been no change in the ISI relationship with the Haqqani network who are killing Americans in Afghanistan.

Director CLAPPER. Yes, sir. With respect to the Pakistani Government—and ISI is kind of microcosm of the larger government—their existential threat is India, and they focus on that. And their concern is, of course, sustaining influence and presence in Afghanistan, and they will probably continue to do that through proxy militias.

Senator MCCAIN. So our relationship with Pakistan must be based on the realistic assessment that ISI's relationship with the Haqqani network and other organizations will probably not change.

Director CLAPPER. Yes, sir. I mean, there are cases where our interests converge government to government, and that relationship and that factoid is reflected in the relationship with ISI.

Senator MCCAIN. Secretary Panetta publicly stated that Israel will decide in April, May, or June whether to attack Iran's nuclear facilities or not. Do you agree with that?

Director CLAPPER. Well, I think he was quoted by a columnist. I think General Burgess answered that question. We do not believe at this point that they have made a decision to do that. What could have given rise to this is simply the fact that the weather becomes better, obviously, in the spring and that could be conducive to an attack. But to reemphasize what General Burgess said, we do not believe they have made such a decision.

Senator MCCAIN. We are seeing a very intriguing kind of situation evolve here. There have been what is believed to be Iranian attacks or attempts to attack worldwide: in the United States in the case of the Saudi ambassador, Georgia, India—the explosions there. Now today we read about Thailand. Does this tell us a number of things, including the extent of the Iranian worldwide terrorist network, and does this also tell us that there is a covert conflict or war going on between Israel and Iran?

Director CLAPPER. Well, I think Iran is—well, there are two dimensions of this. I think on the one count, they feel somewhat under siege. On the other hand, they are sort of feeling their oats. Through the Iranian lens, they probably view Arab Spring as a good thing and opportunities for them to exploit, which thus far have not worked to their favor. So they, through their proxies, the IRGC particularly, decided—made a conscious judgment to reach out against primarily Israeli and then secondarily against U.S. interests.

Senator MCCAIN. And they are displaying some capabilities.

Director CLAPPER. Well, yes, sir, to a certain extent. Even though the attacks that you reference were not successful in case they blew one of their own up, but they regard those as successful be-

cause of the psychological impact they have in each one of the countries.

Senator MCCAIN. Quickly. In the situation in Mexico, do you believe that—as you know, 50,000 Mexicans have lost their lives as a result of drug-related violence. Is your assessment that these violent criminal organizations pose a threat to the United States, including States along the border?

Director CLAPPER. Yes, sir, they do. There is always the prospect of a spillover, and that is one reason why we are working closely with the Mexican Government and that is particularly true with respect to intelligence initiatives that we are working with them, which I would be happy to discuss in closed session. But it is a profound threat to both countries.

Senator MCCAIN. Have you seen any indication that the top candidates vying to succeed President Calderon will alter the way the Mexican Government addresses the threat of the cartels?

Director CLAPPER. I believe, sir, that—I cannot do a one-by-one assessment, but I believe that no matter who succeeds President Calderon, they will be committed to continue this campaign.

Senator MCCAIN. Well, I suggest you look a little more carefully because I think that may not be the case, at least with one of the candidates.

If the status quo remains in Syria with increasing Russian arms and equipment, Iranian presence and assistance to Assad, what is the outlook as far as the situation in Syria is concerned, and what in your view do we and the Arab League and other likeminded countries need to do to alter that equation if it is an apparent stalemate with the massacre continuing?

Director CLAPPER. Well, there are, as we characterize them, four pillars of Assad regime.

The continued effectiveness of the military and support of his own military, which is quite large. There have been desertions but, for the most part—and they have engaged about 80 percent of their maneuver units in assaults on the civilian population.

The economy is another pillar that has really taken some hits. The price of gas has doubled since September. The price of food has gone sky high. They have periodic electrical interruptions. So the economy is going south.

The state of the opposition, which is quite fragmented. It is very localized. The Syrian National Council really does not only command and control these opposition groups. The Free Syrian Army is a separate organization not connected to the Syrian National Council.

And of course, the other is the cohesion of the elites. And although we have seen signs of some of the seniors in the Assad regime making contingency plans to evacuate, move families, move financial resources, to this point, they have held together. Assad himself, probably because of his psychological need to emulate his father, sees no other option but to continue to try to crush the opposition.

Senator MCCAIN. I guess my question, sir, was unless something changes as far as assistance from the outside, do you see a continued stalemate in Syria.



Director CLAPPER. I do, sir. I think it will just continue. We do not see any—short of a coup or something like that, Assad will hang in there and continue to do as he has done.

Senator MCCAIN. And the massacre continues.

Thank you, Mr. Chairman.

I thank the witnesses. It has been very helpful.

Chairman LEVIN. Thank you, Senator McCain.

Senator Lieberman.

Senator LIEBERMAN. Thanks, Mr. Chairman.

Director Clapper, General Burgess, thanks for your really extraordinary leadership of the Intelligence Community and all you do to protect our security.

Director Clapper, I want to just go back to Iran for a couple of minutes quickly. You said this morning that it is your assessment or the IC's assessment that Iran has not made a decision to build a nuclear weapon. But I assume you also believe, based on International Atomic Energy Agency reports and information that the Intelligence Community has, that Iran has taken steps to put them in a position to make a decision to break out and build a nuclear weapon.

Director CLAPPER. Yes, sir. That is a good characterization. There also are certain things they have not yet done, which I would be happy to discuss in closed session, that would be key indicators that they have made such a decision.

Senator LIEBERMAN. Yes. But they have done things—is it fair to say—that are inconsistent with just wanting to have peaceful nuclear energy capacity?

Director CLAPPER. Well, obviously, the issue here is the extent to which they produce highly enriched uranium. They have produced small amounts of 20 percent highly enriched uranium which ostensibly could be used for legitimate peaceful purposes. So if they go beyond that, obviously, that would be a negative indicator. I will put it that way.

Senator LIEBERMAN. Right.

General Burgess, do you want to add to that at all?

General BURGESS. Well, sir, I would agree with what Director Clapper said, but sir, I would agree with your characterization because of the movement from the 3.5 to the 20 percent enrichment. That is already a leap and it is not that much of a bigger leap to the bigger 90 percent that they would need to go to.

Senator LIEBERMAN. Right. Thank you.

And do you both agree or is it your assessment that if Iran makes a decision to build a nuclear weapons capability and, in fact, achieves it, that it is likely to set off a nuclear arms race within the region; in other words, that other countries, Saudi Arabia, for instance, will want to also have a nuclear weapons capability?

Director CLAPPER. Well, it is certainly a possibility, sir. Absolutely.

Senator LIEBERMAN. And is it also fair to say—and we have talked about the Iranian sponsorship of terrorism—that if they did have nuclear weapons capability, it might well embolden them in their use of terrorism against regional opponents and even the United States?

Director CLAPPER. Yes, sir. It would serve as a deterrent. Even I think to a certain extent the ambiguity that exists now serves as a deterrent and does serve to help embolden them.

Chairman LEVIN. Okay, thanks.

Let me go over to cybersecurity. Thank you very much, Director Clapper, for your statement of support for the legislation that Senators Collins and Rockefeller and Feinstein and I introduced.

The main intention of the legislation—it does a lot of things—is to create a system where the Federal Government, through the Department of Homeland Security, advised and supported, if you will, by the NSA, can work with the private sector to make sure that the private sector is defending itself and our country against cyber attack. I have spent a lot of time on this. Right now, because of the remarkable capacities of cyber attackers and the extent to which they can attack privately owned and operated cyber infrastructure for either economic gains or to literally attack our country, we need to ask the private sector to make investments to defend themselves and us that I am afraid of them are not yet making.

Is that your general impression? In other words, bottom line, do we have a vulnerability at this moment? Does the privately owned and operated cyber infrastructure of America have a vulnerability to both economic thievery and strategic attack?

Director CLAPPER. Both the chairman and the ranking member cited the National Counterintelligence Executive report that we issued in October which called out both China and Russia as our primary concerns particularly with respect to the Chinese and their theft of intellectual property, of course, much of which occurs in the private sector.

I know the bill is quite lengthy, some 270 pages. I have not read it all. The important thing for me was the precepts that it addresses. It delineates roles of the various components of the Government to include the Department of Homeland Security, which I believe has an important role to play here. It defines what I feel is a good balance in the relationship with the private sector and how intrusive the Government is going to be, which is certainly an issue, and most importantly, protect civil liberties and privacy. I am sure there are other provisions in the bill that some might take issue with, but the precepts, I think, are important in terms of the balance between protection and our freedom.

Senator LIEBERMAN. I appreciate very much what you have just said.

Part of the problem here, as we go forward, I think is that so much of the vulnerability we have and even the attacks that are occurring now or the exploitation occurring are largely invisible to the public. So am I right in this regard that there is—well, the report you just cited said it. There is extensive, ongoing theft of intellectual property of American businesses, which in fact enables competition from abroad that actually costs us jobs here at home and diminishes our economic prosperity at home.

Director CLAPPER. Absolutely, sir. One of the down sides of this, profound down sides, for the United States, of course, particularly when people are robbing us of our technology, which of course saves them the investment in R&D—so that is almost a double

whammy, if you will. I think there is difficulty for some—it is something you cannot see, feel, or touch since it is a passive theft and you do not directly see immediately the negative impacts of that, unlike an attack which, obviously, is by its nature active in which you would feel the effect of seizure of the banking system or the stopping of our electrical grid or some other egregious effect like that.

Senator LIEBERMAN. And would you agree, finally, with General Burgess, that right now our privately owned and operated cyber infrastructure, electric grid, banking system, transportation, even water supply and dams, are not adequately defended against such an attack?

Director CLAPPER. That is probably true and it is uneven. Some parts of the infrastructure are reasonably well protected.

Senator LIEBERMAN. I agree.

Director CLAPPER. But it is not complete. Of course, you are kind in—you know, the weakest link proposition here is vulnerability.

Senator LIEBERMAN. General Burgess, do you want to add something?

General BURGESS. Sir, I was just going to say—and I am like Director Clapper—I have not read the whole thing, but from my days when I was in then the Director of National Intelligence and took on the issue with Mike McConnell of cyber security, I think what you have put on the table, sir, is a great first step. And as an American citizen, thank you to the Senate for doing that. It is a good first step. It is progress. Change is generally evolutionary as opposed to revolutionary, and I would say this is evolutionary in my humble opinion.

If I had one thing that I would poke a little on, as I think I understand, there is not a requirement to share some information. It is encouraged. I always tell people, when I speak publicly, we are a Nation separated by a common language. We all define words a little differently. So in terms of economic attack and stuff like that, some entities may not want folks to know about what has been taken and they are not required to divulge that. So, sir, just a comment from the peanut gallery.

Senator LIEBERMAN. I take that seriously. It is a good comment. It is a thoughtful poke. And thank you for your words.

Thank you, Mr. Chairman.

Chairman LEVIN. Thank you, Senator Lieberman.

Senator Inhofe.

Senator INHOFE. Thank you, Mr. Chairman.

I really think is one of the better hearings that we have had with the straightforward responses, and I appreciate that very much. And your comment about language—I am going to get that for the record. I am going to use that later on.

Chairman LEVIN. I just wrote it down.

Senator INHOFE. Oh, you did? That was a good one, General.

I think we pretty much have decided on this 20 percent, getting back to Iran now, that it is something that is either achieved or is being achieved as we talk. And, General Burgess, you said we have the scientific, technical, and industrial capabilities of producing a weapon. We did not really talk about when. ?When? is the big issue.

I remember what Secretary Panetta said just the other day about—and we have repeated that several times. Several of the questioners have. And I think that is consistent. That is consistent. Back in the debate, where we had a difference of opinion as to whether or not we should continue with the ground-based interceptor in Poland, at that time the unclassified date was actually 2015. So this is pretty consistent.

One thing I do not understand—and I think there are a lot of people who do not, and I would like to get the clarification. We do know, in terms of the percentage necessary for the production of power. We are talking about from 3.5 to 5 percent enrichment. Is that pretty well something that has been used?

Director CLAPPER. I think so, sir. I cannot verify it for power generation. I do not know what the percentage is, but I think that is right.

Senator INHOFE. But it is something less than the 20 percent, apparently where they are right now.

Director CLAPPER. Yes, sir, I would guess.

Senator INHOFE. This morning in today's early bird, they talked about Iran has invoked the medical reactor to justify its enrichment of uranium to 20 percent, the higher level of refinement that nuclear power systems require. The higher enriched material also enables Iran to potentially move more quickly.

So it talks about something that I have heard and I assume is correct that the difficulty is getting up to the 20 percentage. The time between reaching that level and reaching the 90 percent that we have been concerned about goes much more rapidly than it would be to get up to 20 percent. Is this accurate?

Director CLAPPER. That is generally true, sir, but there are a number of factors that would affect the pace and volume which would, frankly, be best left to a closed discussion. I would be happy to do that with you.

Senator INHOFE. Sure, and that is good. But I have heard this. These are things that we assume, we have talked about, and my concern has been when we do end up getting to that point.

It has been reported by the President that he is weighing the options of cutting down our nuclear arsenal unilaterally by up to 80 percent, and that is something that I am very much concerned about. There are a lot of us who actually, back when the New START treaty was debated, were concerned about these things, and I still am. It is my understanding—and I remember it. I am going to read a quote by the President. When the President was trying to get the additional Senators on board to pass the treaty, he made some commitments. He said, I recognize that nuclear modernization requires investment in the long term. It is my commitment to the Congress that my administration will pursue these programs and capabilities for as long as I am President. And yet, in the fiscal year 2013 budget, he is decreasing that amount by \$347 million and actually delaying the system of modernization.

I have a quote that I have used recently by Gates that talks about—I cannot find it right here, but it talks about the fact that we have some 30 other countries that depend on our nuclear umbrella here. Do either one of you have any comments to make about

this, which is not a proposal yet, but it is a discussion of reduction of some 80 percent?

Director CLAPPER. Well, sir, that is news to me. To what extent we may reduce or not our nuclear arsenal is certainly not an intelligence call, but I can assure you that the Intelligence Community will be a participant in such deliberations and would certainly convey the threat dimensions of this, particularly with respect to the Nations of primary nuclear concern which, of course, are Russia and China.

Senator INHOFE. Yes. You said it is news to you, but this was released yesterday and maybe you were preparing for this hearing and did not get that.

Let me just mention something about North Korea.

Director CLAPPER. What I meant was news to me, sir, was reducing that to that extent.

Senator INHOFE. Okay. That was in the release yesterday.

In the area of North Korea, I have always been concerned about the accuracy of our intelligence there. And I told the story of going back to 1998 when I made the request as to when North Korea would have the capability. At that time—this is a multi-stage rocket—they talked about 3 to 5 years, and it was 7 days later in 1998, August 31st, that they actually fired one. I would just like to know how confident the two of you are on the quality of the intelligence we have on North Korea.

Director CLAPPER. Sir, I have followed North Korea for a long time. I served as the Director of Intelligence to U.S. Forces Korea in the 1980's, and I will tell you that North Korea is one of the toughest intelligence targets we have and has long been a very, very secretive society, very controlled society. And there is ambiguity about our insight into North Korea's nuclear capabilities and their intentions.

There are some promising developments, which I would be happy to discuss with you in closed session, with respect to enhancing the quality of our intelligence insights.

Senator INHOFE. I would appreciate that very much.

Thank you, Mr. Chairman.

Chairman LEVIN. Thank you very much, Senator Inhofe.

Senator Webb is next.

Senator WEBB. Thank you, Mr. Chairman.

Mr. Chairman and Senator Inhofe both, actually the writer in me has to say this. Before you use that quote from General Burgess, I believe the first person who made that statement was Winston Churchill when he said that the United States and Britain were two countries separated by a common language. So I did not want to out you, General Burgess, but somebody was going to do it sooner or later.

Senator INHOFE. Well, I appreciate that.

Senator WEBB. It actually goes to one of the points that I need to make this morning and to ask both of you for your advice on, and that is words do count. I also sit on the Foreign Relations Committee, and the last few days, we have been trying to put together a resolution with respect to Syria. First, I would say, Director, that your testimony and your comments were very helpful today. And you can hear the frustration from people like Senator

McCain on the fact that people up here think they need to do something, but we have to be careful what we do and we have to be careful about the statements that we make as a Senate.

I have had a number of occasions, since I have been here, to attempt to look at some of these statements that are well-meaning but hastily drawn and sometimes overly conclusive in their tone and yet are not really complete in the detail. And these things are pulled into the media and they say the Senate unanimously made this particular conclusion about one event or another.

We had General Dempsey up here 2 days ago. I asked him a question about the nature of the opposition in Syria, the question going not to what the Assad regime would be capable of doing which, by the way, Director, I thought you laid out in very understandable specifics, but really what is on the other side of the picket line. Who are they? How much of this is domestic? How much of it is foreign? What is the regional dynamic?

And he made one comment. I am going to give you a partial quote. He said, Syria is a much different situation than we collectively saw in Libya. It presents a very different challenge in which we also know that other regional actors are providing support as a part of a Sunni majority rebelling against an oppressive regime. We all know this. I think you made some comments about this as well.

I asked him about the reports in the media last week that al Qaeda was involved in some of the assassination attempts in Syria. He would not reject it out of hand. He said he did not know.

But one of the things that General Dempsey was very clear about was they were still attempting to analyze the intelligence information to come to some sort of conclusions. And so this is sort of an opportune time for me to be able to ask both of you what are your thoughts on the nature of the opposition that is active on the ground in Syria right now.

Director CLAPPER. Let me take a stab at that and then I will ask General Burgess to amplify or correct, as the case may be.

As I indicated earlier, the opposition is very fractionated. There is not a national movement even though there is a title of the Syrian National Council, but a lot of that is from external, exiles and the like. But there is not a unitary, connected opposition force. It is very local. It is on a community-by-community basis. In fact, in some communities, the opposition is actually providing municipal services as though it is running the community and trying to defend itself against attacks from the Syrian regime-controlled military.

The Free Syrian Army, which is kind of a blanket, generic name that is sort of applied to the collection of oppositionists, is itself not unified. There is an internal feud about who is going to lead it.

Complicating this, as you implied, of course, are sort of the neighborhood dynamics. The Iranians are very, very concerned about propping up Assad. So they have sent help in terms of trainers, advisors, and equipment, mostly riot suppression equipment, that sort of thing.

AQ. Another disturbing phenomenon that we have seen recently apparently is the presence of extremists who have infiltrated the

opposition groups. The opposition groups, in many cases, may not be aware they are there.

We have had the two attacks that you alluded to, the two bombings in Damascus in December I think it was and then the two additional bombings in Aleppo, both of which were targeted against security and intelligence buildings and had all the earmarks of an al Qaeda-like attack. And so we believe that al Qaeda in Iraq is extending its reach into Syria.

Complicating all this is—this is another contrast with Libya where we had one or two or three sites that had chemical warfare components. It is a much more complex issue in Syria which has an extensive network of such installations, although to this point—and we are watching these very carefully—they appear to be secure.

So many complexities here involving the opposition which I am sure will affect any discussion about coming to some assistance.

Senator WEBB. General?

General BURGESS. Sir, there is not a whole lot I can add to what Director Clapper laid out.

The only other comment that I would make is in regards to what we have seen, reference the al Qaeda-like events. As we try and look at some of that, it appears to be those elements that may already be in country. But what we have not seen so far and what we have not assessed yet is whether there would be what I would call a clarion call to outsiders coming in to augment. We have not seen much of that up this time. So basically the team that is on the ground is playing with what it has.

Senator WEBB. Thank you.

My time is up, but I would like to read very briefly from a piece that was just published by Leslie Gelb, who needs no introduction, a foreign policy expert in our country, saying when interventionists become avenging angels, they blind themselves and the Nation and run dangerously amuck. They plunge in with no plans, with half-baked plans, with demands to supply arms to rebels they know nothing about with ideas for no-fly zones and bombing. Their good intentions could pave the road to hell for Syrians, preserving lives today but sacrificing many more later. Again, I hope members of this body will keep this in mind as we develop policies.

Thank you, Mr. Chairman.

Chairman LEVIN. Thank you, Senator Webb.

Senator Ayotte.

Senator AYOTTE. Thank you, Mr. Chairman.

Director Clapper, General Burgess, thank you so much for being here today and for your service.

Director Clapper, I believe you have previously testified that the reengagement rate from those who have been released from Guantanamo Bay was 27 percent. What is the current reengagement rate of terrorists who have been released from Guantanamo and has it gone up again from the 27 percent?

Director CLAPPER. I think the next assessment will reflect a very small, less than a percentage point, increase.

Senator AYOTTE. So the next assessment will reflect perhaps a percentage increase. So from 27 percent to 28 percent?

Director CLAPPER. Somewhere in that neighborhood.

Senator AYOTTE. Certainly anyone being released from there and getting back in to fight our soldiers is one too many. Is it not?

Director CLAPPER. Yes.

Senator AYOTTE. I wanted to ask you about—there have been reports from the administration about the potential of exchanging—and I asked Secretary Panetta about this the other day—of five detainees to Qatar in exchange for gestures of good will from the Taliban in Afghanistan. As I understand these five detainees that have been reported by both the Washington Post and the Wall Street Journal, they have been previously assessed by the administration in 2010 to present a high risk of returning to the fight. Has the designation for these five detainees changed by the administration?

Director CLAPPER. No, ma'am, they have not.

And I hasten to add that, of course, negotiations have always been a part of any winding down of combat hostilities, and that is the case here. This is a case of exploring the option to see what sort of reaction we might get from the Taliban.

A couple points I would make here is that I do not think anyone harbors any illusions about these five Taliban members and what they might do if they were transferred. Part and parcel of this discussion would be their transfer to a third country such as Qatar, and then the conditions under which they would be surveilled and monitored.

I would also want to add that under the provisions of the National Defense Authorization Act of fiscal year 2012, the Secretary of Defense has to certify his view on whether or not anyone can be transferred with respect to their recidivism. And I can tell you from personal encounters with Secretary Panetta, he treats that authority with the gravity that it deserves. So this is something I think the administration will do very deliberately.

Senator AYOTTE. Well, and I appreciate that and I appreciate what the Secretary had to say about his responsibilities the other day, and I know that he takes these very seriously.

But I want people to understand very clearly these individuals were designated by the administration in 2010 to be high risk. Nothing has changed about that assessment. And the notion that we can monitor them or surveill them—we have tried that in the past with releasing people that have come from Guantanamo, terrorists, to third party countries with—now we think may go up to a 20 percent reengagement rate for what I understand the administration has described as good will from the Taliban.

I think this is an unacceptable risk. Unless we are going to get them to lay down their arms, I do not know why we would do this to our military men and women and to our allies. So I appreciate what you are saying. I just see this as a huge risk in terms of safety for our troops and our allies.

I wanted to ask you briefly about Iran. I know that you have gotten many, many questions, both of you, about Iran. I just want to clarify a couple of issues.

Does the Iranian regime continue to support Hezbollah? What kind of threat does Hezbollah pose to our ally Israel? Is Iran supporting Hamas in the Gaza Strip? And, General Burgess, is Iran



supporting insurgents in Afghanistan, and what role is Iran playing in Iraq?

Director CLAPPER. I did not quite write down all those questions.

Senator AYOTTE. So basically do they continue to support Hezbollah?

Director CLAPPER. Yes, they do.

Senator AYOTTE. Hamas?

Director CLAPPER. There is a very close relationship between particularly the IRGC, the Republican Guard Corps, Qods Force, which is the organization responsible for external operations around the world, and Hezbollah. It is kind of a partnership arrangement with the Iranians as the senior partner.

Senator AYOTTE. And is Hezbollah not a terrorist group that threatens our close ally Israel?

Director CLAPPER. Yes.

Senator AYOTTE. Does Iran continue to support Hamas in the Gaza Strip?

Director CLAPPER. Indirectly, yes.

Senator AYOTTE. Are they not a threat also to Israel and also to the peace process?

Director CLAPPER. Hamas?

Senator AYOTTE. Yes.

Director CLAPPER. Yes.

Senator AYOTTE. General Burgess, is Iran supporting the insurgents in Iraq? I mean, excuse me. In Afghanistan.

General BURGESS. Yes, ma'am.

Senator AYOTTE. And what type of role are they playing in Afghanistan?

General BURGESS. They have provided arms. They have been caught. I mean, we have found Iranian arms in Afghanistan. So they are working what we would call a dual-track strategy as they work not only to work against U.S. and coalition desires in there, but while at the same time, they want to put forward the Government of Afghanistan. So they are walking a very fine line.

Senator AYOTTE. But they are clearly supporting our enemies and trying to kill our soldiers.

General BURGESS. Yes, ma'am.

Senator AYOTTE. And in Iraq, what role are they playing right now, now that we have withdrawn, and how would you describe their role there?

General BURGESS. I would describe their role in much the same way as I did in Afghanistan as a very dual-track. Iran does not want a strong Iraq on their border, but at the same time, they also want to encourage us out of there totally. So again, they are walking both sides of the fence.

Senator AYOTTE. So again, they are working contrary to a stable Iraq and they are also working contrary to our National security interests.

General BURGESS. I would not disagree with that statement.

Director CLAPPER. They would like to have a cooperative Shia-dominated government in Iraq, which they have, but that is not to say that the Iraqi Government, particularly Prime Minister Maliki, is necessarily a complete satellite of Iran. He has his issues with the Iranians as well.

Senator AYOTTE. But clearly their efforts are continuing to fuel sectarian violence.

Director CLAPPER. Absolutely. The three principal Shia militant groups that Iran has supported in the past, some of which were directly responsible for attacks on U.S. forces—and of course, the issue is whether they will turn their ire against the Iraqi Government or simply become part of the political process remains to be seen.

Senator AYOTTE. And when you throw on top of it, of course, their efforts to acquire a nuclear weapon, no question they are a grave threat to our national security and to that of our allies.

Director CLAPPER. That is true. Iran is a big problem.

Senator AYOTTE. Thank you.

Chairman LEVIN. Thank you, Senator Ayotte.

Senator Blumenthal.

Senator BLUMENTHAL. Thank you, Mr. Chairman. And I join with other members of the committee in thanking you for your service and for your excellent testimony here this morning.

Focusing on Afghanistan and the roadside bombs, or IEDs, as you know, members of this committee and the United States Senate consider the role of Pakistan in providing ingredients used to make those roadside bombs as a grave threat to this Nation. In fact, in 2012 National Defense Authorization Act, the \$700 million in aid to Pakistan is frozen until they—and I am quoting—demonstrate significant efforts toward implementation of a strategy to counter improvised explosive devices.

I have heard nothing. I have seen nothing that indicates they are making that kind of significant effort. Am I misinformed? Could you shed some light on that issue?

General BURGESS. Sir, I would tell you that, yes, IED usage in Afghanistan is up by 15 percent, and most of the precursors and components for those IEDs, while they are assembled in Afghanistan, come through Pakistan.

Senator BLUMENTHAL. And that could not be happening if Pakistan were making significant efforts to stem the flow of ammonium calcium nitrate and fertilizer, the components of those roadside bombs. Am I correct in that?

Director CLAPPER. Yes, sir, that is correct. Two of the major companies that produce this material are located in Pakistan. There is an extensive network from Pakistan into Afghanistan to move these materials.

Senator BLUMENTHAL. We know where those plants are. Do we not?

Director CLAPPER. Yes, sir, we do.

Senator BLUMENTHAL. And in fact, the congressional delegation that I joined, as recently as August, met with at least one of the owners of those plants who indicated that their production is ongoing and the Pakistanis have the wherewithal to stop the flow of those ingredients into Afghanistan. Do they not, sir?

Director CLAPPER. Well, that is a good question, sir, as to how much the Pakistani Government controls anything in the FATA and the FATA regions which border Afghanistan. But it is clear they could probably do more than they have to this point.

Senator BLUMENTHAL. Again, to come to the bottom line here, they have really made no significant effort so far.

Director CLAPPER. Not that I am aware of, no, sir.

Senator BLUMENTHAL. Turning to another area of inquiry, could you shed some light on the talks that are in progress, if there are such talks—as Mr. Karzai has acknowledged in the past few days, there are apparently—involving the three parties, the Taliban, the United States, and Afghanistan?

Director CLAPPER. Yes, sir, there have been. I do not think either General Burgess or I are kind of the authorities on the negotiations with the Taliban. I am sure the Special Representative for Afghanistan and Pakistan, Mark Grossman, is far better informed of that.

But I am sure there has been dialogue. I am sure President Karzai, either directly or through intermediaries, has been discussing reconciliation issues with the Taliban.

Senator BLUMENTHAL. You are aware that such talks are ongoing.

Director CLAPPER. Yes, sir. I believe they are.

Senator BLUMENTHAL. What would be the need then for releasing these currently incarcerated Taliban insurgents if those talks are ongoing at the moment?

Director CLAPPER. Sir, this is part of confidence building. I think that started as kind of a separate track and there are some reciprocity considerations which I would prefer to talk about in closed session.

Senator BLUMENTHAL. Well, I appreciate that. I would just say I would see no need for that kind of release if in fact the talks are ongoing, and in fact if our adversaries have an interest, a self-interest, in talking, I personally would question the need for any such release, apart from the security issues that have been raised by my colleague from New Hampshire, Senator Ayotte, and others previously.

Let me ask you, if I may, a general question, and I understand you may be reluctant to go into details in this setting. But if you could characterize whether there are differences in the threat assessments from our intelligence about the Iranian nuclear capability and the potential response to Israeli intervention there and the Israelis' intelligence assessments, if you understand my question, which calls for sort of a general answer. I am not asking for the details.

Director CLAPPER. If your question is, just to make sure I understand it, do we and the Israelis largely agree, and the answer is yes.

Senator BLUMENTHAL. Do you agree, General Burgess?

General BURGESS. Sir, I do. And we have been in these discussions for many years. I have personally been involved in them in both my previous life and in this life. Sir, generally speaking, our assessments track with each other. They comport.

Senator BLUMENTHAL. Thank you.

And let me ask a final question and you may not think it is directly relevant to all of the questions that you have had so far. But we have been in discussions with, as recently as a couple days ago, Secretary Panetta and General Dempsey about the overall budget of the Department of Defense and the platforms that exist. In

terms of platforms for intelligence gathering, are there particular areas where you think the expenditure of resources poses a threat; in other words, to put it more simply, where diminished funding impedes or imperils intelligence gathering by the United States?

Director CLAPPER. Well, sir, we are going through our own cuts in the Intelligence Community since a large portion of the national intelligence program is embedded in the DOD budget. So we were kind of given the same reduction targets on a proportionate basis. So we are in the mode, for the first time in 10 years, of cutting intelligence resources. We have been on a steady upward slope for the whole decade and that is going to come to a halt. And so we will have less capability than we have had in the last 10 years.

That said, I have been through this before. When I served as Director of DIA in the early 1990s and we had to reap the peace dividend after the fall of the wall and we did some profound cutting in the Intelligence Community and did not do it very well. So we have tried to profit from that experience and place stock in those capabilities that make us resilient and agile so we can respond as we need to wherever hot spots or crises occur in the world.

So as the Department of Defense, for example, pivots to the Far East or the Pacific, we will do that as well. Obviously, a major equity for us in the Intelligence Community is support to the military.

Where we are affected, I think, to get to your question, is, for example, as we draw down in Iraq and have a much reduced footprint across the board to include intelligence, that will affect the fidelity of the intelligence that we have previously had on Iraq. And I anticipate, when we draw down in Afghanistan and intelligence resources are drawn down proportionately, that we will also not have the fidelity that we have today. So in that context, yes, we will lose some capability.

But the premise of the Intelligence Community and one of the organizing principles I have tried to push, as a result of my experience 20 years ago, is those capabilities that enable global coverage to include for denied areas such as Russia and China and enable us to adapt and be resilient depending on what the crisis of the day is.

Senator BLUMENTHAL. Thank you very much. Again, thank you both for answering my questions and for being so forthcoming to our committee. Thank you.

Chairman LEVIN. Thank you very much, Senator Blumenthal.

Senator Brown.

Senator BROWN. Thank you, Mr. Chairman.

I will not belabor the points two of my colleagues have made in reference to Iran, and I agree with most of what was said. But I just want to emphasize how important it is that we ensure that Israel has everything it needs from us to close any intelligence capability gaps it has with respect to Iran. Do both of you agree with that recommendation or suggestion?

Director CLAPPER. Yes, sir, and I think both of us have been proponents for sharing intelligence with the Israelis. I will be going there next week to engage with the Israeli intelligence officials to discuss that very point.

Senator BROWN. Great. Thank you.

And, Director, also just to add on a little bit more, my colleagues have already mentioned Syria and how the people are enduring serious attacks from Assad. Earlier this week, the head of al Qaeda released a video calling on all Muslims in the countries surrounding Syria to join the fight against the Assad regime. And given that the President and the administration officials continue to say it is not a matter of if but when it will fail and fall, are we prepared for the situation of a possible failed state where al Qaeda enjoys a safe harbor and refuge from which to coordinate attacks? I.e., like what is the plan if Syria falls?

Director CLAPPER. Well, that is a great question, sir, because who would succeed or what would succeed Assad is a mystery. We certainly do not know—I do not—what would ensue. And as the quote that I read in my oral remarks here at the outset of the testimony, quoting the Roman historian Tacitus, when he said the best day after a bad emperor is the first day and after that, I would add, it kind of goes down hill. There is no identifiable group that would succeed him. And so there would be kind of a vacuum, I think, that would lend itself to extremists operating in Syria, which is particularly troublesome in light of the large network of chemical warfare, CBW weapons storage facilities and other related facilities that there are in Syria.

Senator BROWN. I agree. I have a concern that al Qaeda in Iraq is moving towards Syria and consolidating themselves there now. Do you have any evidence of that?

Director CLAPPER. Yes, sir, we do. We have seen evidence of Sunni extremists. I cannot label them specifically as al Qaeda, but a similar ilk, who are infiltrating the oppositionist groups, in many cases probably unbeknownst to those opposition groups.

Senator BROWN. And just to shift gears a little bit, the Ft. Hood shooting. I know that there were some recommendations made regarding information-sharing. What is the status of that? And can you tell me a little bit about the counterIntelligence Community and what they are doing to help the leaders on the ground identify potential breakdowns like the one we saw at Ft. Hood?

Director CLAPPER. I am not sure what you are—

Senator BROWN. Well, key reforms have yet to be completed, particularly in the area of information-sharing which continues, I think, to put our Nation at risk for homegrown terrorism and insider threats. Are you getting all the information you need from U.S. agencies to adequately address our domestic threats, do you think?

Director CLAPPER. Well, sir, I will put it this way. I think we have come a long way in the last 10 years in information-sharing. It is a big focus for me for the Office of the Director of National Intelligence, sharing vertically across the agencies, as well as—or horizontally and vertically, as well with the Federal, State, local, tribal, and private sector. There has been a lot of work done towards that. It is an emphasis area for me, and I do think we have made great improvements.

At the same time, of course, we have had episodes like Wikileaks which reminds us of the need to balance sharing and security. So we always have that fine line to draw between those two. But I think we have improved, but there is always more to do.

Senator BROWN. Very well. Thank you both.

Chairman LEVIN. Thank you very much, Senator Brown.

Senator Udall.

Senator UDALL. Mr. Chairman, sorry. I would like to yield to Mr. Manchin. I know he has got a scheduling conflict, but I would like to keep my place in the queue if I might.

Senator MANCHIN. We are just flip-flopping, Mr. Chairman.

Chairman LEVIN. We always appreciate those kind of courtesies.

Senator Manchin.

Senator MANCHIN. Thank you so much, Mr. Chairman.

Director Clapper, I am reading a book, finishing up. It is called "The Coming Jobs War" by Jim Clifton. I would recommend it if you all have not seen it. It says basically the coming jobs war is going to be the biggest war that we have facing this world, who is fighting for what jobs. And it basically breaks it down: 7 billion human beings on this great planet Earth; 5 billion over the age of 15; 3 billion seeking a job of some sort or working; only 1.2 billion formal jobs in the world today. So we can see the mammoth problem that we are facing.

With that, I think what I am asking is when you conduct intelligence estimates, do you consider the impact of unemployment and what it will have on the stability of a population and how that increases the likelihood of unrest and terrorism?

Director CLAPPER. Absolutely, sir. I have not read the book, but I will get it. But I think the point, even more basic than jobs, is if you project out in the future what the world's supply of food and water is going to be in the face of the growing population, if you project out what the population of the Earth is going to be in the face of declining resources. And, yes, absolutely we do account for that in doing any kind of intelligence assessments. An indelible illustration of that, of course, was Arab Spring because of the conditions which actually still exist, the population bulge of high numbers of young, unemployed people, rising economic difficulties and deprivation, the lack of political freedom of expression. And of course, one of our major insights into that is in social media, which has become a major bellwether for the attitudes of people. So the short answer to your question, sir, is absolutely we do consider that in assessing the potential for disruption.

Senator MANCHIN. Thank you.

And General, following up on that, when I read this book and I was thinking our involvement and the amount of money that we have spent in Afghanistan, knowing that when we leave, they have no economy. They have had no economy. The only economy they have is us. Knowing that the unrest, instability, terrorism, or the ability to foster terrorism will be the same—and I have a very, very hard time understanding why we are still there, and I know I have talked to everybody and I feel very strong about that.

What I will say is this, sir. There are reports that North Korea and Iran have possession of U.S. drones that crashed in December and will likely try to reverse engineer them so they would have them at their disposal. Why on earth did we not design or request a design of destruction when we lost those drones under any circumstance, that we could have destroyed them so they could not have been copied and reproduced back to use against us?

Director CLAPPER. I would be happy to discuss that with you in closed session, sir.

Senator MANCHIN. Got you.

And, General Burgess, this will be for you. What does the succession of Kim Jong Un mean for the security of the Korean Peninsula, and what does it mean for the North Korean nuclear program and the Six Party Talks that are going on?

General BURGESS. Sir, what I would tell you so far, as we have watched the succession, it is unfolding as we had thought it would. It is actually moving as has been designated. And at this time, we see no change to any of their policies and we actually see no impact on the way they are going about conducting business at the present time.

Senator MANCHIN. And concerning al Qaeda, al Shabaab, the terrorist insurgent group in Somalia, formally joined al Qaeda this past week. Some Somalian Americans have traveled from the U.S. to join al Shabaab and fight the transitional government in Somalia. And I would like to know from you, sir, what are we going to be doing to respond to this threat.

Director CLAPPER. First of all, I would play down a bit the significance of this union between al Shabaab and al Qaeda. I think the core al Qaeda is an organization under siege and is in decline. Al Shabaab, for its part, is under pressure by virtue of the both Ethiopian and Kenyan incursions into Somalia. They have lost territory and are under the gun. So I think we will continue to do what we have always done with these two organizations. Al Shabaab, for its part, has been largely focused on regional issues, that is, within the Horn of Africa as opposed to projecting out a homeland threat. What is bothersome about al Shabaab, of course, are the number of foreign fighter recruits that they bring in and train and then fight.

Senator MANCHIN. Finally, to both of you all, on Tuesday General Dempsey testified that the military government in Egypt is aware that they stand to lose \$1.3 billion of aid from the United States, and we have been a solid partner. According to press reports, the same government General Dempsey spoke of is losing power to anti-American factions. Some of these factions are a campaign to end the U.S. aid to Egypt.

Based on your intelligence assessments, will we be able to rely on a future Egyptian Government to uphold the 1979 peace treaty with Israel?

Director CLAPPER. That is an excellent question, sir, and I think that will depend very much on the continuation of the transitional process in Egypt particularly when they write their constitution and what the constitution may or may not say about the treaty with Israel. I think under any circumstance—I cannot foresee a circumstance with any civilian government that emerges after the SCAF transitions or hands off in June that there will not at least be a review of the treaty. But how that will come out we do not know.

Senator MANCHIN. Let me just say thank you to both of you for your outstanding service to this country of ours.

And with that, I want to thank my gracious colleague, most generous colleague from Colorado.

Chairman LEVIN. Thank you, Senator Manchin.  
Senator Graham.

Senator GRAHAM. Thank you, Mr. Chairman.

Thank you both for your service to our country.

I think it was mentioned that the intelligence budget is sort of wrapped up in the Department of Defense budget. Secretary Panetta said that if we did sequestration, if we took another \$500 billion to \$600 billion on top of the \$487 billion being planned, it would be devastating. It would be irresponsible on the Department of Defense side. Would it have the same effect, Director Clapper, on the intelligence side?

Director CLAPPER. Absolutely, sir.

Senator GRAHAM. And would you agree with me that if America ever needed a smart intelligence network, it is now? Because the enemies we are fighting really do not care if they die. They just want you to go with them.

Director CLAPPER. That and other reasons, yes, sir.

And if I may add, the provisions, as they pertain to intelligence, are actually even more onerous because we would not have any latitude to move or pick and choose where we would reduce. It is stipulated for us that every single program within intelligence would have to take a proportional hit. So we would be faced with the prospect of RIFing a lot of employees, which would have a devastating effect not only on them, but the employees who were not, as well as it would affect virtually every major acquisition system we have in the Intelligence Community because they would all be wounded. So it would be a disaster.

Senator GRAHAM. Would you say it would result in destroying the ability of the Intelligence Community to adequately defend this country?

Director CLAPPER. Well, sir, I would have a hard time saying, as the Director of National Intelligence, that I could face a group like this and say I have any degree of confidence that I can provide adequate intelligence for the safety and welfare of this Nation if that happened.

Senator GRAHAM. In many ways, America would go blind in terms of intelligence gathering.

Director CLAPPER. It would, sir, over time.

Senator GRAHAM. Over time, okay.

Let us go to Iran. Keep this at the 30,000-foot view. The regime's goal, do you not think, is survival? Right? Do you both agree with that?

Director CLAPPER. Yes, sir.

Senator GRAHAM. Do you think they have made a decision that maybe the best way to survive is to develop a nuclear weapon?

Director CLAPPER. Well, sir, we have said consistently that they will base this on a cost-benefit analysis.

Senator GRAHAM. Do you think they are trying to develop a nuclear weapon? Do you think that is their goal?

Director CLAPPER. They are putting themselves—they are sustaining the industrial infrastructure to enable them, if they make that decision. Yes, sir.

Senator GRAHAM. Do you think they are building these power plants for peaceful nuclear power generation purposes?



Director CLAPPER. That remains to be seen.

Senator GRAHAM. Do you have doubt about the Iranians' intention when it comes to making a nuclear weapon?

Director CLAPPER. I do.

Senator GRAHAM. So you are not so sure they are trying to make a bomb.

Director CLAPPER. I am sorry?

Senator GRAHAM. You doubt whether or not they are trying to create a nuclear bomb?

Director CLAPPER. I think they are keeping themselves in a position to make that decision, but there are certain things they have not yet done and have not done for some time.

Senator GRAHAM. How would we know when they have made that decision?

Director CLAPPER. I am happy to discuss that with you in closed session.

Senator GRAHAM. Well, I guess my point is that I take a different view. I am very convinced that they are going down the road of developing a nuclear weapon. I cannot read anyone's mind, but it seems logical to me that they believe if they get a nuclear weapon, they will become North Korea and nobody really in the future is going to bother them.

Let us talk about nuclear capability in the hands of the Iranians. Is that a good outcome for United States national security interests if they were able nuclear capability?

Director CLAPPER. Obviously not to have a nuclear weapon and the means of delivering it.

Senator GRAHAM. Right.

The reason being, it would create a nuclear arms race most likely in the Mideast.

Director CLAPPER. That is certainly a potential and likely outcome.

Senator GRAHAM. Arab Sunni states would not take kindly to Persian Shias having a nuclear trump card.

Director CLAPPER. Correct.

Senator GRAHAM. And the likelihood of a terrorist organization being able to access nuclear materials in the hands of the Iranian ayatollahs would be greater, not less. Would you not think?

Director CLAPPER. Probably so, and of course, that is the nexus of a terrorist group and weapons of mass destruction—

Senator GRAHAM. So when President Obama says it is unacceptable for the Iranians to achieve nuclear capability, do you agree with that?

Director CLAPPER. Yes, sir, I do.

Senator GRAHAM. Congress is about to introduce a resolution that says containment of a nuclear-capable Iran is not a good national security strategy. So we are going to be backing up the President, and I am glad to hear you agree with that proposition, that we should not as a Nation try to contain a nuclear-capable Iran. We should try to prevent it. And as you said, sanctions may work. I hope they do. I am not in the camp of believing that all is lost.

Do you also believe that all options should remain on the table when it comes to stopping them from getting a nuclear capability?

Director CLAPPER. Well, sir, that is a personal view. That is not the Intelligence Community's—you know, we do not—

Senator GRAHAM. Just personally.

Director CLAPPER.—policy, but certainly I do.

Senator GRAHAM. Yes. That is what the President said and I certainly agree with him.

Now, let us get back to Iraq. Has the security environment deteriorated since we left Iraq militarily?

Director CLAPPER. I think it is about the same. We have recently done an assessment on the prospects in Iraq for the next 18 months, and I think the view is that while there are challenges and uncertainties, we believe, at least for the next year or so, that the Iraqi Government will continue. It appears that the Sunnis at this point believe that their best prospect for protecting their interests is to participate in the government.

Senator GRAHAM. So do you believe that us withdrawing all of our forces from Iraq has really had no effect on the Iraqi security environment?

Director CLAPPER. I would not say no effect.

Senator GRAHAM. Would you say minimal effect?

Director CLAPPER. Well, I think there are certain enabler capabilities that they no longer have by virtue of our absence. But at the same time, as General Burgess indicated in his statement, they have done reasonably well and they have a reasonably capable CT force.

Senator GRAHAM. Do you know why the Vice President Hashimi, a Sunni vice president, why they tried to indict him days after we left and not before?

Director CLAPPER. I do not know why the timing other than, I guess, the implication would be that our presence there, although we were doing all we could diplomatically—I do not know why the timing.

Senator GRAHAM. Is it generally viewed by the Sunnis and the Kurds that when America left Iraq, that was a boon to Iranian influence?

Director CLAPPER. Well, sir, I do not really know how—

Senator GRAHAM. Have you talked to the Sunnis and Kurds about this?

Director CLAPPER. I have not.

Senator GRAHAM. I would suggest that you do.

Now, when it comes to Afghanistan.

Director CLAPPER. There is no question they are concerned about—

Senator GRAHAM. I would suggest you sit down with some leading Sunnis and Kurds and have a discussion about what they think is happening in Iraq.

Now, Afghanistan. The Strategic Partnership Agreement is really the last card to be played in many ways—is that not correct—via Afghanistan?

Director CLAPPER. I am not sure what you mean by “last card.” That is certainly an important—

Senator GRAHAM. Mr. Chairman, just if I could have 30 additional seconds here, I will be quick.

The bottom line is if we have an American military presence post 2014 at the request of the Afghan Government and people that would allow a counterterrorism capability, American air power, that would always give the edge to the Afghan security forces and probably be the end of the Taliban militarily. Do you agree with that construct?

Director CLAPPER. I do. I think that would be a very positive thing not only in Afghanistan, but regionally.

Senator GRAHAM. And would be the best way to negotiate with the Taliban saying you are never going to take this country back over militarily. You need to get involved in the political system.

Director CLAPPER. Well, at a minimum, that the Taliban would not provide a reservoir or harbor or safe haven for the likes of al Qaeda.

Senator GRAHAM. Thank you.

Chairman LEVIN. Thank you, Senator Graham.

Senator Udall.

Senator UDALL. Mr. Chairman, I am again going to yield to a colleague, Senator Hagan, who chairs the Emerging Threats Subcommittee, who has to preside on the floor in a few minutes. So if I might, I would yield to her—

Chairman LEVIN. Of course. Senator Hagan?

Senator UDALL.—and maintain my—

Chairman LEVIN. You got no competition left at the moment.

Senator Hagan.

Senator HAGAN. Thank you, Mr. Chairman, and certainly thank you, Senator Udall.

I wanted to follow up on Senator Graham's question concerning Iraq, but I also wanted to state how much I appreciate both of you being here today testifying but, in addition, your leadership and long-term security interests in our country. So thank you.

Director Clapper, in your prepared testimony, you state al Qaeda in Iraq, despite its weakened capabilities, remains capable of high-profile attacks and some Shia militant groups will continue targeting U.S. interests, including diplomatic personnel.

What is the Intelligence Community's assessment of the capabilities of Iraqi counterterrorism forces to continue similar operations against al Qaeda in Iraq in the absence of our U.S. forces? General Burgess?

General BURGESS. Ma'am, I would tell you that our assessment is that the CT force that was left there is a capable force but also AQI is a capable and formidable foe. So while the Iraqis have some capability, there are certainly some things that we are still looking at doing to help them from an intelligence standpoint and some others with some of the resources—

Senator HAGAN. How about protecting our diplomatic forces?

General BURGESS. Ma'am, we put a lot of resources against that as the United States and we work with our Iraqi friends.

Senator HAGAN. Thank you.

Let me move to Libya and the proliferation of their weapons stockpiles. When Qaddafi's regime fell, it was discovered he had undeclared stocks of chemical weapons, as well as large quantities of conventional weapons. Can you tell the committee if the chemical weapons are secured?

Director CLAPPER. Yes, they are.

Senator HAGAN. Were these weapons produced by Libya or whether they had help in producing these weapons?

Director CLAPPER. We do not know and have not been able to determine that.

Senator HAGAN. What about your assessment of what happened to all the stockpiles of conventional weapons such as missile and artillery?

Director CLAPPER. Well, the principal area of concern, of course, are the so-called MANPADs, or shoulder-fired anti-aircraft weapons, and the estimate was, going into the upheavals there, of about 20,000 MANPADs. In fact, Libya had more MANPADs than any non-producing country in the world.

There has been an active and aggressive program run by the State Department to recover MANPADs, and through that program, the estimate—they have recovered about a quarter of them, about 5,000 MANPADs. There are some number of others that were probably destroyed in the course of the air campaign that were in depots and other storage places, but the truth is that MANPADs and other weapons are distributed all over the place, in homes, in factories, in schoolhouses. It is all over. So there is a concern, obviously, about recovery of these weapons.

I would say, though, that the transitional government in Libya is on schedule and is moving towards elections and reforming the government. Their oil refinery capacity has recovered faster than we anticipated. They are up to, we estimate, about 1 million barrels a day, and their pre-upheaval level was about 1.6 million. So there are problems there, but there is some room for optimism.

Senator HAGAN. How did you estimate 20,000 MANPADs and then 5,000 recovered?

Director CLAPPER. Well, the 5,000 recovered is by count.

Senator HAGAN. Right.

Director CLAPPER. And that was the best intelligence assessment that we had based on all-source analysis of the number of MANPADs they had before the demonstrations and the like started.

Senator HAGAN. In recent weeks, we have seen a spike in violent attacks by the Boko Haram in Nigeria. Are some of these weapons getting into Nigeria, especially the MANPADs that you are discussing?

Director CLAPPER. We do not have any evidence of a direct relationship between weapons in Libya, if that is your question—

Senator HAGAN. Yes.

Director CLAPPER.—and Nigeria. No.

Senator HAGAN. According to press reports, al Qaeda in the Arabian Peninsula, partially as a result of the ongoing political crisis in Yemen's capital, continues to gain territory in the southern region of Yemen. Al Qaeda in the Arabian Peninsula's gains are a cause for concern, obviously, for many reasons, including the fact that it potentially creates a sanctuary for planning of external operations.

My question is what is the Intelligence Community's assessment of AQAP's territorial gains in southern Yemen and has it provided

planning and training space for the potential AQAP external operations.

Director CLAPPER. Well, obviously, we are very concerned about that, particularly to the extent that it would provide a haven for training facilities. We are monitoring that very carefully and also watching. I think it interesting when a terrorist group like al Qaeda and AQAP all of a sudden has municipal responsibilities and just how they deal with that and whether that will be a distraction to their foreign plotting. I think AQAP, though, as one of the al Qaeda franchises, is probably the organization that we are most concerned about in terms of potential threats to Europe or the homeland.

Senator HAGAN. What is your assessment of the ability of the Yemeni security service to confront AQAP and regain the government's control of this space?

Director CLAPPER. To this point, we continue to have good cooperation with the Yemeni intelligence and security organizations, and hopefully that will be sustained even as the government transitions.

Senator HAGAN. Thank you, Mr. Chairman.

Thank you, gentlemen.

Chairman LEVIN. Thank you very much, Senator Hagan.

Senator Cornyn.

Senator CORNYN. Thank you, Mr. Chairman.

Thank you for your service, gentlemen. You have our respect and admiration.

I just have a few questions I want to ask you about the economy. Director Clapper, on page 28, you, in part of your prepared remarks, talk about the challenges to the global economy and also to energy. And I want to specifically ask you about the red lines that Secretary Panetta identified with regard to blockades of the Strait of Hormuz which I do not think it takes a fertile imagination to see if there was some sort of action by Israel against Iran because of concern about their nuclear capability, that there would be retaliation and part of that could well be a blockade of the Strait of Hormuz, which I am confident we could break that blockade.

But I just want to ask you when 20 percent of the world's oil supply transits the Straits of Hormuz, what is the impact on oil prices of the geopolitical issues that we see in the Middle East. In other words, does the threat of a possible action by Israel against Iran and possible retaliation, which would include a blockade of the Strait of Hormuz, affect worldwide oil prices?

Director CLAPPER. Well, yes, sir, it does and, of course, for the reasons you cite, if the strait were blocked, that would have profound impact not only in the region but in the rest of the world. It would have great impact, obviously, on the price of oil. And of course, that is one thing we have to manage very carefully with the NDAA provisions on imposing more sanctions on Iran so that we do not end up in the worst of both worlds. But you are quite right. It is a very delicate balance here and clearly would have impacts on the price of oil and the world economy.

Senator CORNYN. And a blockade of the Straits of Hormuz, because of the blockade of the oil trade—would you see that that would have a negative impact not only on the global economy in

terms of the projections of growth—and what I am getting at is, obviously, we are coming out of a very tough patch and projections by the Congressional Budget Office and the Federal Reserve are for a relatively slow rate of growth and higher unemployment here for the next several years. And I just would like to get your impressions of the possibility of a blockade—what that would do in terms of the rate of expected growth of our economy here and related topics.

Director CLAPPER. Well, sir, I would have to take that one under advisement. I am not an economist, and I would want the experts to—if there is the possibility for projecting what the impacts would be globally on the economy and individually, and it would vary from country to country depending on how dependent they are on oil that transits the strait. But I think the general answer is it is hard to see a good effect for any number of reasons if a blockade were allowed to stand.

Senator CORNYN. We have been debating a payroll tax holiday. An estimate is that it would provide an extra \$20 a week for a person making \$50,000 a year, but in 2011, the average family spent more than \$4,000 in gasoline. So my concern is, in terms of our economy, the geopolitical uncertainty that we have been talking about, and what impact that would have on families here in the United States and what impact it would have to perhaps dampen, if not wipe out, our economic recovery. And I know you know that is sort of the direction I was heading in.

Let me ask you. Because I am from Texas, obviously Mexico is our southern neighbor. Senator McCain had some questions about Mexico, and obviously, it is a matter of continual concern.

The Department of Justice, and more particularly the Bureau of Alcohol, Tobacco, and Firearms, had a program called “Fast and Furious” that you are aware of whereby 2,000, approximately, weapons were allowed to walk from gun dealers in the United States by the Bureau of Alcohol, Tobacco, and Firearms. And I believe the last estimate I saw is that roughly only about a quarter of those weapons have actually been recovered. And of course, one of them—or two of them actually were found at the scene of the death of U.S. Border Patrol Agent Brian Terry.

Could you shed any light or do you have any opinion on what the impact of the transit of those firearms would have on the cartels and the violence and the crime that we might see as a result?

Director CLAPPER. Well, sir, this is not an intelligence issue. Fortunately, it is one aspect that I do not have any responsibility for. It is a very unfortunate incident. Obviously, guns, whether in a case like this or by any other means, that find their way from the United States into Mexico certainly do not help the situation.

Senator CORNYN. Do you know, either General Burgess or Director Clapper, whether Mexico—I am advised Mexico Government officials were not advised by the Department of Justice or the Bureau of Tobacco and Firearms about this Fast and Furious program. Do you have anything you can tell us about their reaction to this diplomatic breakdown?

Director CLAPPER. No, I cannot, sir. Again, it was not an issue conducted in intelligence channels. So I do not know anything about it.

Senator CORNYN. Thank you very much.

Thank you, Mr. Chairman.

Chairman LEVIN. Thank you, Senator Cornyn.

Senator Udall.

Senator UDALL. Thank you, Mr. Chairman.

Gentlemen, good morning to you. Thanks for the incredible breadth and depth of your work and the tour that you have taken us on touching on many of the hot spots in the world. I also want to thank you for your service, which has included many, many years.

Let me turn to a comment that Secretary Gates made at West Point. He said, quote, I must tell you when it comes to predicting the nature and location of our next military engagements, since Vietnam our record has been perfect. We have never once gotten it right from Mayaguez to Grenada, Panama, Somalia, the Balkans, Haiti, Kuwait, Iraq, and more. We had no idea, a year before any of these missions, that we would be so engaged.

Do you agree with Secretary Gates on this point, and if so, what can we do and what can you do to address that failing?

Director CLAPPER. Well—

Senator UDALL. I guess I presupposed, Director, you would agree with me and Secretary Gates, but if you disagree, please feel free to do so.

Director CLAPPER. I am a great fan of Secretary Gates. We are good friends and have known each other, so I am loathe to disagree with him.

I would say that as far as our obligation, our responsibility is to provide as much insight for decision-makers and policymakers, which we are not, what the implications are, what the threat situation is, what kind of a situation we are getting ourselves into for any military operation overseas.

Senator UDALL. General Burgess, do you care to comment and particularly if there any thoughts you have of changes, additional resources?

General BURGESS. No, sir, I would not. Like Director Clapper, I would probably never publicly disagree with Secretary Gates.

But having said that, I mean, as we have discussed even last year in front of this committee having this same discussion as we looked at the Arab Spring, as it was called then, I am one of those that think that the Intelligence Community did, in fact, paint the picture of the environment and the situation and things that were going on. Did we make the tactical call in some cases? No, sir. Can we be faulted for that? Sure, because there is intelligence failure and operational success as we say.

Senator UDALL. I think it is important to note that Secretary Gates said we have a perfect record—I am paraphrasing—when it comes to predicting the nature and location of our next military engagements. He did not necessarily imply that our intelligence did not give us some indication or that we were not prepared with some understanding of those cultures and societies.

Let me piggyback on your comment about the Arab Spring and direct a question to both of you. I would be interested to see what you have to say. What has the Intelligence Community learned in the wake of the Arab Spring?

Director CLAPPER. Well, we have learned that in our focus on counterterrorism, where we were in many of these countries engaged with local liaison services on that subject and maybe were not paying as much attention to the back yard that we were in at the time. So there is that lesson.

Certainly we put a lot of emphasis on the use of social media as an indicator. It is not a panacea. It is not the cure-all and it is not clairvoyant, but it is certainly a great indicator of the general attitudes and tenor of a citizenry. That, as well as how a host government may try to suppress that social media. So that is somewhat kind of a new thing for us which I think was brought home to us very clearly as a result of Arab Spring.

Senator UDALL. General Burgess, do you have anything else to add?

General BURGESS. Nothing to add.

Senator UDALL. I read a real interesting—I am slightly loathe to even mention it here, but it is in the general information that North Korea's citizens now have more access, Director Clapper, to new media technologies.

Director CLAPPER. Well, not much. There are certain elite that have access to that sort of thing, but the general citizenry, unless it is smuggled in from the outside, do not. And, of course, the North Korean regime realizes that and what social media means in terms of the outside world and freedom of information.

Senator UDALL. There is an opportunity there but also fraught with danger for their citizens, obviously.

Let me turn to Pakistan. We know that it is a fractious environment there. It is a regime divided. Who determines there the level of cooperation on counterterrorism and on the counterinsurgency efforts?

Director CLAPPER. Well, as you may know, sir, the Pakistani Government is in the throes of kind of reexamining perhaps a reset, if I can use that term, of just what the relationship will be with the United States. That is a subject their parliament is going to take up. And so we will await the outcome of that.

Senator UDALL. How do you assess the current economic situation in Pakistan?

Director CLAPPER. Well, they have their challenges. It is a tough situation there for them.

Senator UDALL. Another question on Pakistan. Your assessment, General and Director Clapper, on the likelihood of another military coup in Pakistan over the next year to 2 years.

Director CLAPPER. Well—

Senator UDALL. Is that a closed session?

Director CLAPPER. The history has been that they have never had an administration that saw the completion of its whole term. I am moderately optimistic that this one may succeed despite all its current challenges and the court proceeding that is going on there now. But I do not think it is the inclination of the current army leadership, specifically General Kayani, who I think is very sensitive to the independence of the military and not doing that.

Senator UDALL. I see Senator Shaheen is here. Let me ask one last question.



Would you describe—and I know you speak in plain English, but I will put it that way as well—the magnitude of the cyber threat facing the country? We were privy to some important briefings as you all participated in these last few weeks on the Senate side.

Director CLAPPER. Well, sir, we discussed this quite a bit, and both of us have spoken to it in our written testimony and it is quite profound. In my oral remarks, I just highlighted the fact that counterterrorism, proliferation, and cyber are our three major concerns that we highlighted in the oral testimony. The National Counterintelligence Executive, which is part of my staff, issued a report on the impact of economic espionage in this country, which was put out in October, which called out both Russia and China, particularly China because of the grand theft of intellectual property in this country. So it is quite a profound threat, and that is one reason why we are supportive of the Lieberman, Collins, Rockefeller, Feinstein bill.

Senator UDALL. So you included it in your three central threats.

Director CLAPPER. I did.

Senator UDALL. Well, thank you again. Thanks for your service and thank you for spending all morning with us. I appreciate it. Thank you.

Chairman LEVIN. Thank you, Senator Udall.

Senator Shaheen.

Senator SHAHEEN. Thank you, Mr. Chairman.

And thank you, Director Clapper and General Burgess, for being here. I hate to keep you past the noon hour, so I will try and be quick.

Last year, in the midst of the Libyan operation, Senator Collins and I wrote to the administration expressing our concerns that I know you share about Libya's vast arsenal of unsecured manned portable air defense systems, MANPADs. And considering that these pose a continuing threat and there are an estimated 20,000 still out there, I am not going to ask you to speak to that because we asked that the Intelligence Committee give us a report as part of the NDAA authorization. And I just wanted to say that I look forward to hearing from you about that subject because it is clearly going continue to be a concern.

Director CLAPPER. It is a concern. And you are quite right about the estimate, the all-source estimate we had before the anti-Qaddafi demonstrations started of about 20,000 MANPADs in Libya. The State Department is managing an aggressive program to recover MANPADs, and to this point it recovered about 25 percent of them, about 5,000. There are many others that we are certain, although we cannot count them all, that were destroyed by virtue of the fact they were in ammo depots and bunkers and this sort of thing that were destroyed during either the contest between the opposition and regime or the NATO air strikes. That said, there is a large number that are unlocated and will be very problematic in recovering since they have them all over the place. Libya was awash in weaponry.

So we will continue with the program to do what we can to either account for the ones destroyed or damaged during the demonstrations and encounters and, as well, continue, I would guess, with the recovery program that the State Department team is running.

Senator SHAHEEN. How often are we seeing these come up with the militias in Libya as there is continuing conflict there.

Director CLAPPER. Well, there is. Many of the Libyan militias have not folded under a central government yet and many of them are keeping their weapons for one reason or another. So that too is another issue that we are trying to watch.

Senator SHAHEEN. I want to pick up on Senator Udall's questioning about Pakistan, which I believe continues to be one of the most dangerous parts of the world, and especially given the continued back-and-forth in our relationship with Pakistan. Can you talk about what the current vulnerabilities are of their nuclear program and the potential to lead to proliferation of sensitive technology or material?

Director CLAPPER. I would be pleased to discuss that with you in closed session.

Senator SHAHEEN. I thought that is what you might say, but can you talk about how confident you are that the Pakistani nuclear program has the appropriate safeguards and protections?

Director CLAPPER. I am reasonably confident they do.

Senator SHAHEEN. Are we also feeling like the next level of military leadership down from General Kayani also shares the same commitment to safeguarding that arsenal that we have seen from the top leadership in the military?

Director CLAPPER. I believe they do.

Senator SHAHEEN. Thank you.

Obviously, Pakistan's relations with India play a role in their defense plans and operations. There has been some small good news in terms of the potential for a thaw in that relationship in the last year or so. Can you talk about how you assess the potential for improved ties between the two countries and how that might affect stability in that region?

Director CLAPPER. Well, obviously, from Pakistan's standpoint, they view India as an existential threat, but as you alluded, there have been some encouraging breaks here in the context of dialogue between the two countries. And I know from having traveled and dialogued with—the Indians would be very interested as well in relaxing tensions, but there are longstanding, fundamental issues there that I think will be hard to overcome. Obviously, if they did reach some agreement, it would be huge, but there are lots of countervailing factors, I think, that are again best left for discussion in closed session that I think are going to make that difficult.

Senator SHAHEEN. When we were there last summer—I was there with Chairman Levin, and this issue came up. The political leadership was quick to reassure us that they were taking measures to try and thaw relations. Is our assessment that there is a commitment at the top levels in both India and Pakistan to try and address this longstanding conflict that has existed between the two countries?

Director CLAPPER. I think that is probably a fair assessment. I think at the top levels, they would both see advantages, mutual advantages.

Senator SHAHEEN. Thank you.

General Burgess, for nearly 2 decades, the submarine force is a majority and its military modernization has been something that

we have seen from China. To what extent do those ongoing modernization efforts and its focus on expanding its submarine force raise concerns with our Navy and our ability to respond to that Chinese buildup?

General BURGESS. I think across the board the Chinese are making modernization improvements, whether it be in their air force, in their navy, and other aspects of what they are doing. They are taking a very holistic approach. Submarines are part of that.

We in Defense Intelligence, along with the Navy and others, are watching that very carefully and we continue to watch their developments.

Senator SHAHEEN. Thank you.

Director Clapper, I want to go back to Russia. I chair the European Affairs Subcommittee in the Foreign Relations Committee, and so we have been watching very closely what is happening in Russia right now, the protests, the reaction to Putin's announcement that he would switch from being prime minister to being president again. And you talked in your January testimony about Putin's return to the presidency is resulting in more continuity than change.

Can you talk about how we view, first of all, the impact of demonstrations in Russia and what change that might effect as we are looking at a changeover in Putin's role there?

Director CLAPPER. Well, I think I find this evolution in Russia very interesting. Again, this is another manifestation of the impact of social media. And I think the Russian Government, the Russian elite are finding real challenges in putting that free information flow via social media genie back in the bottle. I often wonder whether Mr. Putin will rue the day he decided to come back. He might have been better served to quit while he was ahead. I think he comes from kind of the old school, and I do not think the old order is going to work in Russia. And I think the thousands of people willing to turn out in a bitter, bitter Moscow cold in January and February is a great testament to some profound change I believe is going on in Russia.

Senator SHAHEEN. Thank you both very much.

Chairman LEVIN. Thank you very much, Senator Shaheen.

I have a few questions which may be the beginning and the end of round two, depending if any other Senators arrive.

First, in response to a question about how long an Israeli military attack on Iran would postpone Iran getting a bomb, Secretary of Defense Panetta said, "that at best it might postpone it maybe 1, possibly 2 years". Does the Intelligence Community agree with that?

Director CLAPPER. Well, I do not disagree with it, but I think there is a lot of factors that could play here. How effective such an attack was, what the targets were, what the rate of recovery might be. So there is a lot of imponderables there that could affect a guesstimate—and that is all it is—about how long it would take to resume.

Chairman LEVIN. Has the Intelligence Community made an estimate of that issue, how long it would take to resume after an Israeli military attack?

Director CLAPPER. We have not come up with a single number for the reasons I just kind of alluded to. It would be hard to come up with a number because it would have to be an assessment as well how well the Iranians could recover and how much damage—how effective the attack was.

Chairman LEVIN. Okay. Now, you indicated that our Intelligence Community and the Israeli Intelligence Community are aligned on issues relative to Iran. Do the Israelis agree with you that Iran has not made a decision as to whether or not to have a nuclear weapon? Do you they agree with that?

Director CLAPPER. I am happy to discuss that with you in closed session, sir.

Chairman LEVIN. Thank you.

And by the way, I do not believe there is going to be a need today for that closed session to give us all hope for lunch.

Director Clapper, what is the Intelligence Community's assessment of the performance of the Afghan security forces in providing security in those areas where they have assumed the lead?

Director CLAPPER. Well, I think so far, so good. The areas that have been turned over in the initial tranche I think have performed reasonably well, but let me ask General Burgess if he wants to add to that.

Chairman LEVIN. Thank you. General?

General BURGESS. No, sir. I think the Intelligence Community would agree with what you just stated, and in fact, this is one of the places where the Intelligence Community is in agreement with the commanders on the ground in terms of how the Afghan forces are performing.

Chairman LEVIN. And that is that they are performing?

General BURGESS. They are performing well when they are backed up by enablers from ISAF.

Chairman LEVIN. Thank you.

In a DOD press briefing recently, Lieutenant General Scaparadi, Commander of the ISAF Joint Command and who is in charge of operations in Afghanistan, described some signs of progress by the Afghan security forces. He indicated that he gave a positive view of the progress to build the capabilities of the Afghan army and the Afghan police. And I think, General Burgess, you have indicated you just basically share that view, and I think also Director Clapper indicated pretty much the same thing.

This is my question to you, General. Do you share General Dempsey's assessment—that was just a couple days ago—that the Afghan security forces are on track to assume the lead for providing security throughout Afghanistan by 2014 while still requiring support from coalition forces for key enablers like intelligence and lift?

General BURGESS. Yes, sir, I would be in agreement.

Chairman LEVIN. A question on Pakistan. According to news reports, a leaked NATO report entitled "state of the Taliban 2012" included claims by Taliban detainees that Pakistan is providing support to the insurgency, and it reportedly also portrayed, though, a strained and a distrustful relationship between the Pakistani intelligence, the ISI, and key insurgent groups, including the Haqqani network. And this is what the document reportedly stated:

“There is a widespread assumption that Pakistan will never allow the Taliban the chance to become independent of ISI control.”

Do you share that same assumption that Pakistan will never allow the Taliban a chance to become independent of ISI control? Director?

Director CLAPPER. I have not seen this report, sir.

I think the Pakistanis via the ISI would want to maintain visibility and influence. I am not sure I would go so far as to say they would insist on dominance, but they certainly want to have insight and influence in Afghanistan, particularly in a post 2014 context, remembering that their primary interest is India.

Chairman LEVIN. General, in your assessment, does the Pakistan military have the intention to take steps to stop the Haqqani’s use of the FATA or the KP province as a safe haven for conducting cross-border attacks into Afghanistan?

Director CLAPPER. Well, the Pakistani army, within its capabilities and in light of its other obligations, has done a lot in the FATA and has lost a lot of soldiers in that process.

Chairman LEVIN. My question, though, is whether they have the intention to take steps to stop the Haqqanis.

Director CLAPPER. I do not think so.

General BURGESS. And, sir, I would agree with that. And if you look at what the Pakistan army has done, they have actually cut forces from 2010 to now in terms of the number of brigades that are in there because they have a sustainment issue.

Chairman LEVIN. Okay. Relative to the reconciliation talks, Director, what are the Taliban’s motivations for participating in the reconciliation talks?

Director CLAPPER. Well, that is a great question, sir. I think they want to, I believe, achieve some legitimacy. They want to be players in some form in a Government of Afghanistan. Of course, they obviously see us as key to that end.

Chairman LEVIN. Thank you.

Senator Portman.

Senator PORTMAN. Thank you, Mr. Chairman.

Gentlemen, I will not prolong this because it looks like I may be between you and a much-deserved break for lunch.

First of all, thank you for your testimony today. I had two other hearings. So I bounced around a little.

But I got to hear some of the opening and I also listened to Senator McCain and his opening. He talked a little about the increasing reports of a link between al Qaeda and Iran. And, Director Clapper, last year the Treasury Department designated a number of high-ranking members of al Qaeda who operate a facilitation network from inside of Iran. There was a press release announcing the designations from David Cohen, the Under Secretary. He says—and I quote—Iran is the leading sponsor of state-sponsored terrorism in the world today. By exposing Iran’s secret deal with al Qaeda and allowing it to funnel funds and operatives through its territory, we are illuminating yet another aspect of Iran’s unmatched support for terrorism. That is a pretty troubling statement.

What is your understanding of this secret deal, so-called, between Iran and al Qaeda?

Director CLAPPER. Iran and al Qaeda have had sort of a, to a certain extent, shotgun marriage. I think Iran has harbored al Qaeda leaders, facilitators but under house arrest conditions, remembering of course that Iran is a Shia state and al Qaeda is Sunni. So they do not agree ideologically in the first place. I think Iran, of course, pays attention to our pursuit of al Qaeda and what we have done in Afghanistan and Iraq, next door neighbors to them. So on the one hand, they have had this sort of standoff arrangement with al Qaeda allowing them to exist there but not to foment any operations directly from Iran because they are very sensitive about, hey, we might come after them there as well. So it has been this longstanding, as I say, kind of shotgun marriage or a marriage of convenience. I think probably the Iranians may think that they might use perhaps al Qaeda in the future as a surrogate or proxy.

Senator PORTMAN. Would they think, Mr. Director, that they might use them as a hedge against an attack from the West?

Director CLAPPER. That is what I meant. They may have that in mind for future use, but I think for now—and the history has been that they have not allowed them to operate freely in Iran.

Senator PORTMAN. And you think they have not allowed them to conduct operations using Iran as a platform.

Director CLAPPER. I do not think they have, sir, not directly, not in the sense, say, by core al Qaeda in Pakistan.

Senator PORTMAN. Speaking of core al Qaeda and core al Qaeda leadership, it seems as though some significant progress has been made. Your statements today say that there is a diminishing operational importance of the core al Qaeda leadership and that they play an increasingly symbolic role.

Director CLAPPER. That assumes we sustain the pressure on them, though.

Senator PORTMAN. Okay. That is one of my questions. Having dedicated a lot of resources to that effort over the years to go after the core leadership and we have not had success in attriting their numbers and their role, what do you think our resource level needs to be going forward, and what happens to the lower-level al Qaeda in Pakistan if the final elements of the core leadership are taken out?

Director CLAPPER. Well, and they are about down to that. I think what we have to ensure is that they do not regenerate, that they do not recruit and continue to operate there. So we will always have to be vigilant to prevent a recurrence or regeneration of the al Qaeda leadership centering its planning and operational planning from the safe haven in Pakistan.

Senator PORTMAN. If we are successful in the continued effort, how would you prioritize resources that we are currently using targeting the core? Would you think those resources would have to continue to be devoted to the al Qaeda threat or would you—

Director CLAPPER. Well, yes, sir, because of the franchises, so-called, notably AQAP which currently we view as the primary threat to the homeland because of their planning and intent to attack either in Europe or homeland United States. Then there are the variants in AQIM in Africa. So as these franchises emerge, drawing on the ideology of al Qaeda wherever they are, I think we will always be in the mode of being vigilant to their reemergence.

Senator PORTMAN. I thank you.

And, General Burgess, thank you for your leadership with NASIC and all the other intel work that your folks are doing to provide us with the information that we need as a country to be able to respond to these threats. As the ranking member of the Emerging Threats Subcommittee, I am continually impressed by the good work of your folks. So thank you for that.

And, Mr. Chairman, I am going to allow these witnesses, who have spent a lot of time here today, the opportunity now to take a much-deserved break. Thank you.

Chairman LEVIN. Well, I know you want to allow it, but I am going to ask two more questions. So despite your good suggestion, Senator Portman, I am going to just finish up with a couple questions.

My last question had to do with the motivation of the Taliban. My next question relating to the reconciliation talks that they are apparently engaging in has to do not with their motivation, which you addressed, but what your assessment is of the prospects of success in any degree of those talks.

Director CLAPPER. Sir, I do not know and we will not know until we actually engage.

Chairman LEVIN. Do you have an assessment?

Director CLAPPER. No, I do not. I honestly do not know. I do know that Taliban objectives—

Chairman LEVIN. I am talking about prospects. Do you think you are likely to advance the cause of some kind of a positive success in Afghanistan?

Director CLAPPER. It could, and I believe that is the reason that such negotiations are being pursued, to see whether there is a path there that may buttress or support reconciliation and resolution.

Chairman LEVIN. Like a number of other members of the committee, I have expressed some real concern at the reports that the administration is considering transferring some Taliban detainees from Guantanamo to Qatar, and I have expressed this both publicly and to the administration privately. It seems to me that such transfers would be premature and should only be considered after the Taliban has engaged in positive discussions on reconciliation. I think you heard at least one or maybe more of our members express similar concerns this morning, and I just want to let you know that there is some real concern by many members of this committee about such a transfer in the absence of some real progress and real showing of good faith in meeting some of the other conditions.

And we are aware that the Secretary of Defense has to certify certain things before that takes place, but in addition to that certification, there are some real feeling that the people who would be released, even though they may be contained in Qatar, nonetheless could have an effect on the battle by some control, by some propaganda that they might utilize, and in other ways.

So I want you to be aware that feeling on the part of many members of this committee—I do not know if all of us feel that way, but there has been so much expression that you should be aware of it.

And my question, though, has to do with this. Has the decision been made regarding the transfer of detainees to Guantanamo?

Director CLAPPER. No, sir.

Chairman LEVIN. Okay.

Now, Director, you stated that there has been about a decade of funding increases to the Intelligence Community and now, as part of the defense budget, cuts that have been mandated by the law that was passed by Congress, that there is now going to be a reduction in the Defense Department budget and that includes in the Intelligence Community budget as well and that that would reduce some capability. And my question is whether you are able to administer the cut in a way that any reduction in capability is manageable and acceptable.

Director CLAPPER. Yes, sir, we can. Now, just to be clear, that is under the Budget Control Act. If we were to go to sequestration, that is quite a different matter.

Chairman LEVIN. No. And my question was the Budget Control Act.

Under the 2013 budget request, which does follow the Budget Control Act, that came in from the administration a few days ago, that request, including the request relative to your budget and any reduction in the budget, has your support.

Director CLAPPER. Yes, sir, it does.

Chairman LEVIN. Senator Portman? So you can take some of the brunt for delaying their lunch. After all your good instincts and your sensitivity, I took that on myself.

Thank you both for your fine testimony, your service to our Nation for all of the people who work with you in the Intelligence Community, for the great work that they do. We frequently talk about our troops and we consider people in the Intelligence Community to be very much like our troops with the dedication that they show, the risks that many of them take. So we are thankful to you and to them and to their families because families need to support your community as they do our troops.

And we will stand adjourned.

[Whereupon, at 12:26 p.m., the committee adjourned.]