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**Statement for the Record
House Permanent Select Committee on Intelligence
And
House Armed Services Committee**

July 25, 2007



**Implications of the NIE
The Terrorism Threat to the US Homeland**

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UNCLASSIFIED1
UNCLASSIFIED

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By

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Chairman Reyes, Chairman Skelton, Ranking Member Hoekstra, Ranking Member Hunter and Members of the House Permanent Select Committee on Intelligence and the House Armed Services Committee, thank you for the invitation to appear before the committees to offer the Intelligence Community's assessment of the terrorist threat to the Homeland and the National Counter Terrorism Center's strategies, capabilities and resources to combat the terrorism threat.

It is my privilege to be accompanied by Michael Leiter, Principal Deputy Director of the National Counterterrorism Center and Peter Verga, Acting Assistant Secretary of Defense for Homeland Defense and America's Security Affairs.

We judge the US Homeland will face a persistent and evolving terrorist threat over the next three years. The main threat comes from Islamic terrorist groups and cells, especially al-Qa'ida, driven by their undiminished intent to attack the Homeland and a continued effort by these terrorist groups to adapt and improve their capabilities.

We assess that greatly increased worldwide counterterrorism efforts over the past five years have constrained the ability of al-Qa'ida to attack the US Homeland again and have led terrorist groups to perceive the Homeland as a harder target to strike than on 9/11. These measures have helped disrupt known plots against the United States since 9/11.

We are concerned, however, that this level of international cooperation may wane as 9/11 becomes a more distant memory and perceptions of the threat diverge.

Al-Qa'ida is and will remain the most serious terrorist threat to the Homeland, as its central leadership continues to plan high-impact plots, while pushing others in extremist Sunni communities to mimic its efforts and to supplement its capabilities. We assess the group has protected or regenerated key elements of its Homeland attack capability, including: a safehaven in the Pakistan Federally Administered Tribal Areas (FATA), operational lieutenants, and its top leadership. Although we have discovered only a handful of individuals in the United States with ties to al-Qa'ida senior leadership since 9/11, we judge that al-Qa'ida will intensify its efforts to put operatives here.

As a result, we judge that the United States currently is in a heightened threat environment.

UNCLASSIFIED2
UNCLASSIFIED

UNCLASSIFIEDUNCLASSIFIED

We assess that al-Qa'ida will continue to enhance its capabilities to attack the Homeland through greater cooperation with regional terrorist groups. Of note, we assess that al-Qa'ida will probably seek to leverage the contacts and capabilities of al-Qa'ida in Iraq (AQI), its most visible and capable affiliate and the only one known to have expressed a desire to attack the Homeland. In addition, we assess that its association with AQI helps al-Qa'ida to energize the broader Sunni extremist community, raise resources, and to recruit and indoctrinate operatives, including for Homeland attacks.

We assess that al-Qa'ida's Homeland plotting is likely to continue to focus on prominent political, economic, and infrastructure targets with the goal of producing mass casualties, visually dramatic destruction, significant economic aftershocks, and/or fear among the US population. The group is proficient with conventional small arms and improvised explosive devices, and is innovative in creating new capabilities and overcoming security obstacles.

We assess that al-Qa'ida will continue to try to acquire and employ chemical, biological, radiological, or nuclear material in attacks and would not hesitate to use them if it develops what it deems is sufficient capability.

We assess Lebanese Hizballah, which has conducted anti-US attacks outside the United States in the past, may be more likely to consider attacking the Homeland over the next three years if it perceives the United States as posing a direct threat to the group or Iran.

We assess that the spread of radical—especially Salafi—Internet sites, increasingly aggressive anti-US rhetoric and actions, and the growing number of radical, self-generating cells in Western countries indicate that the radical and violent segment of the West's Muslim population is expanding, including in the United States. The arrest and prosecution by US law enforcement of a small number of violent Islamic extremists inside the United States—who are becoming more connected ideologically, virtually, and/or in a physical sense to the global extremist movement—points to the possibility that others may become sufficiently radicalized that they will view the use of violence here as legitimate. We assess that this internal Muslim terrorist threat is not likely to be as severe as it is in Europe, however.

We assess that other, non-Muslim terrorist groups—often referred to as “single-issue” groups by the FBI—probably will conduct attacks over the next three years given their violent histories, but we assess this violence is likely to be on a small scale.

We assess that globalization trends and recent technological advances will continue to enable even small numbers of alienated people to find and connect with one another, justify and intensify their anger, and mobilize resources to attack—all without requiring a centralized terrorist organization, training camp, or leader.

- The ability to detect broader and more diverse terrorist plotting in this environment will challenge current US defensive efforts and the tools we use to detect and disrupt plots. It will also require greater understanding of how suspect activities at the local level relate to strategic threat information and how best to identify indicators of

UNCLASSIFIEDUNCLASSIFIED

terrorist activity in the midst of legitimate interactions.

I would now like to review the role the National Counterterrorism Center (NCTC) is playing and will play in the War on Terror (WOT).

Today, NCTC performs two critical functions in the WOT. Pursuant to the Intelligence Reform and Terrorism Prevention Act (IRTPA) of 2004, the Director wears two hats. One of those hats is as principal advisor to the Director of National Intelligence on intelligence matters relating to counterterrorism. The second hat is the responsibility for conducting Strategic Operational Planning for the War on Terror for the entire US Government (USG). In that hat, the Director reports to the President, via the National and Homeland Security Councils.

With respect to the first role, that relating to intelligence, IRTPA establishes NCTC "to serve as the primary organization in the USG for analyzing and integrating all intelligence possessed or acquired by the USG pertaining to terrorism and counterterrorism, excepting intelligence pertaining exclusively to domestic terrorists and domestic counterterrorism." The act, makes NCTC both the hub for Community CT analysis and the chief advocate for, and leader of, improvements in CT analysis. Both functions require close collaboration with members of the IC and the Office of the Director of National Intelligence (ODNI). We are pursuing a comprehensive set of actions to meet current and future mission requirements while addressing the long range need to improve our foundational intelligence capabilities.

Organizationally, NCTC is a part of the ODNI, however it's staff includes some 400 detailees from 16 agencies from across the USG, including State, Defense, Homeland Security, FBI, CIA, Energy, HHS, Agriculture, Treasury, and the NRC, among others. This rotational structure is deliberate, enabling NCTC to bring together diverse talents and perspectives to address the mission requirements of our customers.

NCTC is the exemplar of all source, integrated analysis. Our analysts have access to all available CT information through dozens of networks and databases. We focus on everything from threat warning to strategic analysis, both foreign and domestic; and, we serve a broad customer base, including the President, Departments and Agencies, and the Congress.

As a broad forum, the IICT brings together diverse sources of expertise from throughout the USG and is the fulcrum where analytical skills and experience can be leveraged. The IICT helps NCTC optimize CT analysis and production, and supports our strategic planning and assessment of intelligence needs.

Of course, analysts cannot produce critical intelligence without the requisite information. Analysis must drive collection. Therefore, the NCTC Director's role as Mission Manager also encompasses guiding the collection process in close collaboration with the Deputy Director of National Intelligence for Collection (DDNI/C) and the agencies responsible for that collection. NCTC has been working closely with the DDNI/C and Community collectors to ensure efforts are appropriately focused on any and all lead data associated with plots directed against the West, and specifically the U.S. Homeland. NCTC actions include working with the intelligence,

UNCLASSIFIEDUNCLASSIFIED

defense and law enforcement communities to ensure that lead information is identified and shared as soon as possible.

Information sharing underpins improvements in analysis and government collaboration to prevent future acts of terrorism. Per the IRTPA, the Center has responsibility "to ensure that agencies, as appropriate, have access to and receive all-source intelligence products needed to execute their counterterrorism plans or perform independent, alternative analysis," and "to ensure that such agencies receive intelligence needed to accomplish their assigned activities." Toward these ends, NCTC continues to push information to the broad Community while establishing the means to improve interagency collaboration.

NCTC Online (NOL) continues to prove its value as a classified repository and the gateway to terrorist-related intelligence products and services. NOL reaches the full range of intelligence, law enforcement, defense, homeland security, foreign affairs and other federal organizations involved in the War on Terror. It now hosts over 8,000 authorized users, more than 7 million documents, and contributions from over 60 organizations. This is fundamental change: before 9/11, there was no electronic library of terrorism information available across the US Government. Of critical importance, NOL is also accessible to state and local partners through networks provided by both DHS and the FBI.

The Terrorist Identities Datamart Environment (TIDE) serves as our central knowledge base for all-source information on international terrorist identities. It is made available to the majority of the CT analytic community through NOL. TIDE distributes a "sensitive but unclassified" extract to the Terrorist Screening Center which, in turn, validates this information and provides it to Federal departments and agencies and select foreign governments to use for screening purposes. The establishment and continued refinement of TIDE represents a major accomplishment in our CT efforts. Before 9/11, the US lacked a single database of all known and suspected international terrorists, and our reliance on multiple watchlists, maintained by separate departments, presented a major vulnerability.

Situational awareness of emerging threats and ongoing CT operations is key to the integration of CT efforts. Relevant USG organizations come together three times daily via SVTCs to exchange information and collaborate on response options. This too is a fundamental change: Before 9/11, there was no routine means to maintain situational awareness across the US Government.

I will now turn to NCTC's second function, Strategic Operational Planning (SOP), which involves a wide spectrum of planning functions. It bridges the gap between coordinated interagency policy and strategy, and tactical operations by Departments and Agencies to implement that strategy. Essentially, SOP takes interagency planning to a much more granular level than we have historically undertaken as a government. In this role the NCTC leads an interagency planning effort that brings all elements of national power to bear in the war on terrorism. That includes the full weight of our diplomatic, financial, military, intelligence, homeland security and law enforcement activities.

SOP is new in government. It involves a three-part continuous process: planning, implementation and assessment. NCTC is leading an interagency effort to build processes for all three phases. The NCTC has completed the first phase of planning by the interagency, and is

UNCLASSIFIED5
UNCLASSIFIED

UNCLASSIFIEDUNCLASSIFIED

now in the process of building the capability to implement intergovernmental plans and assess their effectiveness.

NCTC's planning efforts span a spectrum from strategic, deliberate planning to the more operational, dynamic planning. At the strategic level is the National Implementation Plan (NIP). The initial planning effort culminated in June, 2006 when it was approved by the President. We are currently at the one-year anniversary mark.

At the more tactical end of the planning process are more dynamic planning efforts, including those established to address specific threat streams. Specific to the current threat picture we face, I chair a newly-formed Interagency Task Force that is developing additional options and measures for disrupting potential terrorist attacks on the Homeland. The ITF is continuously evaluating new intelligence in order to coordinate additional actions to further disrupt the threat. For example, DHS is taking additional steps designed to prevent terrorists from entering the Homeland, and FBI is working closely with state and local law enforcement to increase situational awareness of the threat throughout the country. The ITF is also working closely with intelligence collectors to continue monitoring the activities of our adversaries. The ITF also reports to senior policymakers on a regular basis at the White House.

In closing, we have come a long way over the last two years, as a Center and a Community working collaboratively. We are making substantial progress in improving CT analysis through the Analytic Framework and development and implementation of analytic tradecraft and quality standards. NCTC ensures active collaboration through the IICT and daily SVTC's. NCTC's unique position with access to all CT intelligence information results in our daily review of all significant CT cables, the production of a variety of alert, warning, and in-depth analytic reports, to include pieces for the Presidential Daily Briefs (PDB).

Mr. Chairman, this concludes my remarks and we will take any questions you may have. Thank you.