

SUBCOMMITTEE ON TERRORISM AND HOMELAND SECURITY

HOUSE PERMANENT SELECT COMMITTEE ON INTELLIGENCE



Counterterrorism Intelligence Capabilities and Performance Prior to 9-11

A Report to the Speaker of the House of Representatives and the Minority Leader

July 2002

REPORT

OF THE

**SUBCOMMITTEE ON TERRORISM
AND HOMELAND SECURITY
HOUSE PERMANENT SELECT
COMMITTEE ON INTELLIGENCE ON
COUNTERTERRORISM
INTELLIGENCE CAPABILITIES AND
PERFORMANCE PRIOR TO 9-11**

SUBMITTED BY
MR. CHAMBLISS OF GEORGIA, CHAIRMAN

**MEMBERS OF THE SUBCOMMITTEE ON TERRORISM AND
HOMELAND SECURITY**

Saxby Chambliss (R-GA),
Chairman

Jane Harman (D-CA),
Ranking Democrat

Jim Gibbons (R-NV),
Vice-Chairman

Gary Condit (D-CA)

Tim Roemer (D-CA)

Peter Hoekstra (R-MI),

Silvestre Reyes (D-TX)

Ray Lahood (R-IL)

Robert (Bud) Cramer, Jr.

Richard M. Burr (R-NC)

(D-AL)

Terry Everett (R-AL)

Porter J. Goss (R-FL),
Ex Officio

Nancy Pelosi (D-CA),
Ex Officio

Majority Staff:

Minority Staff:

Jay Jakub,
Subcommittee Staff Director

Carolyn Bartholomew,
Professional Staff Member

James Lewis,
Professional Staff Member

Beth Larson,
Professional Staff Member

Krister Holladay,
Staff

Marcel Lettre,
Professional Staff Member

Diane Roark,
Professional Staff Member

Wyndee Parker, Counsel,
Professional Staff Member

Riley Perdue,
Professional Staff Member

Kevin Schmidt,
Staff Assistant

SAXBY CHAMBLISS, GEORGIA, CHAIRMAN

JIM GIBBONS, NEVADA
RAY LAHOOD, ILLINOIS
PETER HOEKSTRA, MICHIGAN
RICHARD BURR, NORTH CAROLINA
TERRY EVERETT, ALABAMA

JANE HARMAN, CALIFORNIA, RANKING DEMOCRAT
GARY DONOFRIO, CALIFORNIA
TIM ROEMER, INDIANA
SILVESTRE REYES, TEXAS
ROBERT E. (BUD) CRAMER, JR., ALABAMA

PORTER J. GOSS, FLORIDA, EX OFFICIO
NANCY PELOSI, CALIFORNIA, EX OFFICIO

H-405, THE CAPITOL
WASHINGTON, DC 20515

(202) 225-4121

JAY JAKUB, STAFF DIRECTOR

U.S. HOUSE OF REPRESENTATIVES
PERMANENT SELECT COMMITTEE ON INTELLIGENCE
SUBCOMMITTEE ON TERRORISM AND HOMELAND SECURITY

July 17, 2002

The Honorable J. Dennis Hastert
Speaker of the House of Representatives
United States Congress
Washington, D.C. 20515

Dear Mr. Speaker:

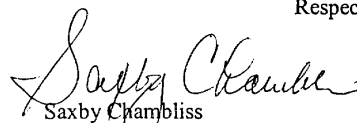
In accordance with your instructions, and those of the Democratic Leader, we hereby submit this report of the Subcommittee on Terrorism and Homeland Security of the Permanent Select Committee on Intelligence.

The Subcommittee was established at your direction as a bi-partisan 'working group' in January 2001 with a mandate to make recommendations on how to improve America's counterterrorism and homeland security capabilities. It was later given the responsibility to investigate the intelligence deficiencies that existed on September 11, 2001, and its status changed to that of a subcommittee of the Intelligence Committee.

We subsequently set about evaluating the performance of the three key agencies charged with protecting America from the scourge of terrorism, the Central Intelligence Agency, the National Security Agency, and the Federal Bureau of Investigation. This report represents our findings on the gaps in the aforementioned agencies counterterrorism capabilities prior to 9-11, and makes specific recommendations on how those gaps should be addressed. Because of your expressed desire to improve Congressional oversight of counterterrorism and homeland security, we have also included our assessment of the current oversight situation in the House on these issues, and have offered options for streamlining and enhancing the quality of oversight. Additional information on terrorism and homeland security matters has been included to provide you with a useful reference aid.

It has been our honor to serve in this bi-partisan capacity in support of the security of all Americans. We will continue to provide you and Leader Gephardt with our assessments, in various forms, of key issues related to the war on terrorism during the remainder of the 107th Congress and for as long as our work remains useful to you.

Respectfully submitted,


Saxby Chambliss
Chairman


Jane Harman
Ranking Democrat

cc: The Honorable Richard A. Gephardt

A Report to the Speaker of the House of Representatives and the Minority Leader from the
Subcommittee on Terrorism and Homeland Security
House Permanent Select Committee on Intelligence

July 17, 2002

Executive Summary

The principal objective of this report and the work of the Subcommittee has been to review the counterterrorism capabilities and performance of the Intelligence Community before 9-11 in order to assess intelligence deficiencies and reduce the risks from acts of terrorism in the future.

The terrorist attacks perpetrated on September 11, 2001 constituted a significant strategic surprise for the United States. The failure of the Intelligence Community (IC) to provide adequate forewarning was affected by resource constraints and a series of questionable management decisions related to funding priorities. Prophetically, IC leadership concluded at a high-level offsite on September 11, 1998 that "failure to improve operations management, resource allocation, and other key issues within the [IC], including making substantial and sweeping changes in the way the nation collects, analyzes, and produces intelligence, will likely result in a catastrophic systemic intelligence failure."

The Subcommittee has found that practically every agency of the United States Government (USG) with a counterterrorism mission uses a different definition of terrorism. All USG agencies charged with the counterterrorism mission should agree on a single definition, so that it would be clear what activity constitutes a terrorist act and who should be designated a terrorist. Without a standard definition, terrorism might be treated no differently than other crimes. The Subcommittee supports a standard definition as follows: *"Terrorism is the illegitimate, premeditated use of politically motivated violence or the threat of violence by a sub-national group against persons or property with the intent to coerce a government by instilling fear amongst the populace."*

The Subcommittee concludes its work for this report by reflecting on three key areas:

- Summary findings and recommendations across agencies
- Recommendations for congressional activity
- Questions for further focus in the future

Summary Findings and Recommendations Across Agencies

CIA

The summary finding regarding CIA is that *CIA needs to institutionalize its sharp reorientation toward going on the offensive against terrorism*. This report also arrived at the findings and recommendations that follow.

- **Keep HUMINT Mission Central.** CIA is the government's national HUMINT organization – it has to keep this mission at its center. CIA did not sufficiently penetrate the al-Qa'ida organization before September 11th. Because of the perceived reduction in the threat environment in the early to mid 1990s, and the concomitant reduction in resources for basic human intelligence collection, there were fewer operations officers, fewer stations, fewer agents, and fewer intelligence reports produced. This likely gave CIA fewer opportunities for accessing agents useful in the counterterrorism campaign and eroded overall capabilities. Several management decisions also likely degraded CIA's CT capabilities by, for example, redirecting funds earmarked for core field collection and analysis to headquarters; paying insufficient attention to CIA's unilateral CT capability; relying too much on liaison for CT; and neglecting sufficient investment of foreign language training and exploitation. The dramatic increase in resources for intelligence since 9-11 improves the outlook for CIA's CT capabilities, but only if CIA management acknowledges and deals with the systemic problems outlined in this report.

Recommendation: CIA leadership must ensure that HUMINT collection remains a central core competency of the agency, and should develop additional operational tools, in conjunction with other appropriate agencies (FBI, etc.), penetrate terrorist cells, disrupt terrorist operations and capture and render terrorists to law enforcement as appropriate. More core collectors need to be put on the streets.

- **Build New Platforms.** CIA needs to make long-term investments in new platforms to collect on the al-Qa'ida target. Using both unilateral and liaison resources will be necessary. Recognizing that liaison partners may have different interests, maintaining a unilateral capability is of key importance. More attention to individual al-Qa'ida network presence worldwide is necessary.

Recommendation: CIA should ensure that a management structure is in place to steward the multi-year investments needed to build new platforms to collect on terrorist targets. CIA must also ensure sufficient numbers of unilateral CT slots in field stations and bases.

- **Forewarning of Terrorist Intentions.** There were a number of pre-9-11 successes, including a number of takedowns during the Millennium. There was also, however, intelligence acquired prior to 9-11 that, in retrospect, proved to be directly relevant to 9-11. The ability to watchlist terrorist suspects by CIA and in other agencies proved inadequate. Fixing some of the structural issues identified in this report might have put CIA in a better position to make use of such warning information.

Recommendation: CIA should lead an effort to improve watchlisting to ensure that all relevant agencies, including FBI, Homeland Security, and others, have access to a common database of up-to-date terrorist person-related data collected by US government agencies and other appropriate sources. The creation of a terrorism watchlisting unit at CIA may be a useful first step.

- **Additional Attention to Foreign Language Training and Document Exploitation.** CIA has paid insufficient attention to foreign language training and document exploitation efforts requiring linguists. In the most recent class of new case officers in training, less than one-third had any language expertise. CIA also needs to focus on finding ways to provide clearances for people with the right language skills in less commonly taught languages for document exploitation and other linguist needs.

Recommendation: Require all new case officers and analysts to achieve a "level 3" language proficiency prior to initial deployment, and devise a mechanism for ensuring language skill maintenance is incentivized and directly tied to performance evaluation.

- **Additional institutional support for the CT career path.** CTC more than doubled in size from September 2001 to Spring 2002, but these officers were not all experienced in the counterterrorism mission. CIA needs to ensure that all training incorporates skill development to support the counterterrorism mission, and that home basing for CTC case officers is a viable option and is career-enhancing.

Recommendation: CIA should take immediate and sustained steps to dramatically improve all aspects of its CT training program. Establish structures to provide for homebasing in CTC in such a manner that ensures a normal career path for these officers. Incorporate counterterrorism-related skill development in all appropriate training for case officers and analysts

- **Balance CIA's no threshold terrorist threat reporting policy.** It has been increasingly difficult for consumers to determine the reliability of source reporting amidst the large volumes of reporting provided. One example of a CTC summer 2001 threat report, entitled "Threat of Impending al-Qa'ida Attack to Continue Indefinitely" illustrates the point.

Recommendation: Internal policies, such as CTC's 'no threshold' threat reporting policy, should be reviewed and modified to ensure that consumers are getting the most reliable reporting and that sufficient analysis is applied to that product in advance of its wholesale dissemination, wherever possible.

- **Recruiting Assets.** The availability and allocation of resources, including the redirection by CIA managers of funds earmarked for core field collection and analysis to headquarters, likely negatively impacted CIA's CT capabilities. The excessive caution and burdensome vetting process resulting from the guidelines on the recruitment of foreign assets and sources issued in 1995 undermined the CIA's ability and willingness to recruit assets, especially those who would provide insights into terrorist organizations and other hard targets. Despite a statutory requirement in December 2001 to rescind the 1995 guidelines the DCI still had not done so at the time this report was completed.

Recommendation: The 1995 guidelines must be rescinded immediately, and replaced with new guidelines that balance concerns about human rights behavior and law breaking with the need for flexibility to take advantage of opportunities to gather information on terrorist activities, as required by law.

- CIA's problems require more than just *expressed* commitment from senior CIA managers. They require sustained attention, and the subcommittee will be looking for deeds rather than words. As a start, CIA should begin to develop and implement a strategic plan to address the shortcomings identified in this report.
- CIA may not be capable of providing information useful in preventing every 9-11 type incident, but it can certainly manage its resources more efficiently and effectively to enhance its CT capabilities and thereby reduce the likelihood that future 9-11s will occur. HUMINT is one of our best hopes. We must not squander this historic opportunity to effect lasting positive change.

FBI

The summary finding regarding FBI is that *FBI's main problem going forward is to overcome its information sharing failures*. This report also arrived at the findings and recommendations that follow.

- **Enhance FBI's prevention mission.** The Subcommittee has found that FBI focus has been investigating terrorist acts, but it has placed less emphasis on preventing such acts. FBI identified many of its CT Program shortcomings prior to 9-11, but was slow to implement necessary changes. FBI's policy to decentralize investigations was inefficient for CT operations, especially against the international terrorist target. FBI's CT Program was most negatively impacted by the reticence of senior FBI managers to institute broader information-sharing initiatives; a failure to leverage FBI's ability to perform joint financial operations with other U.S. government agencies

against terrorists until after 9-11; an ineffective FBI headquarters-based CT analytical capability prior to 9-11; the failure to share field office CT expertise with the FBI community-at-large; and critical staffing shortages of translators, interpreters, and Special Agents with proficiency in languages native to most terrorists. Since accepting the position as FBI Director just a few days prior to the 9-11 attacks, Robert Mueller has mandated positive, substantive changes in the modus operandi of the FBI's CT Program.

Recommendation: "Ensuring adequate information sharing" should be communicated throughout the Bureau as the Director's top priority, and a clear strategy incorporating the personnel dimension, the technical dimension, and the legal dimension of the information-sharing problem should be developed and communicated immediately.

- **Improve intelligence gathering and analytical capabilities.** Significant changes in law were made in the October 2001 USA Patriot Act and the May 2001 changes to the Attorney General's guidelines. While these may improve intelligence gathering, FBI's analytical capabilities remain insufficient, pending the establishment of the new Office of Intelligence.
- **Address foreign language shortfalls.** A January 2002 report noted that FBI projected shortages of permanent translators and interpreters in FY 2002 and 2003, and reported backlogs of thousands of un-reviewed and untranslated materials. In key counterterrorism languages, FBI reported having in June 2001 a critical shortage of special agents with some proficiency, and FBI had very few translators and interpreters with native language skills in those languages.
- **Fixing Information Technology Challenges.** The Webster Commission in March 2002 noted in detail many of the information technology challenges of the FBI. FBI has made concerted efforts to implement change to improve technology.

Recommendation: The FBI Director should review the IT implementation strategy to ensure that it incorporates plans to facilitate the necessary information sharing processes needed within the intelligence and homeland security communities.

NSA

The summary finding regarding NSA is that *NSA needs to change from a passive gatherer to a proactive hunter – a revolution in how it conducts its work.* This report also arrived at the findings and recommendations that follow.

- **Ensure Appropriate Intelligence Collection Priorities.** The Subcommittee found it troubling that more SIGINT resources were not devoted by NSA to CT prior to 9-11, given the prior terrorist attacks against US interests starting in 1983. Also of concern is the fact that NSA hired virtually no new employees for an extended period of time prior to 9-11, resulting in a negative impact in overall capabilities, including CT.

Recommendation: NSA should review its processes for setting collection and analysis priorities to ensure that appropriate resources and effort are devoted to important targets like CT.

- **Address Analyst and Linguist Shortfalls.** In April 2000, the GAO reported a significant shortfall in linguists at NSA. After the 9-11 attacks, this shortfall actually increased slightly and was well below additional requirements identified since 9-11. A long-term linguist and analyst hiring strategy is required, as well as a methodical program to improve the skills of non-native linguists. The solution should not be agency specific.

Recommendation: In conjunction with the community, NSA should develop a long-term strategy for ensuring appropriate number of linguists are available as well as ensuring a structure for surge linguist capabilities in unanticipated crisis areas.

- **Support Signals Research and Target Development.** In the art of finding new targets, before 9-11 NSA did not have a comprehensive, focused, counter-terrorism target development effort. Although there were numerous analysts conducting the mission across NSA and its collection sites, NSA claims there were insufficient resources to conduct a focused CT-specific target development effort. NSA needs an aggressive target development focus against CT and other targets that should not be in competition for assets conducting sustained collection against established targets. NSA also needs to strengthen a cultural norm in the organization to encourage target discovery.

Recommendation: NSA should review its signals research and target development effort to ensure that long-term objectives in the counterterrorism effort are met, especially in follow-on phases beyond the campaign in Afghanistan.

- **Need for worldwide collection across the global communications network.** The global communications network is increasingly digital, high-volume fiber optic cable rather than radio frequency, internet rather than telephone, and packet-switched rather than circuit-switched, with customer instruments moving from fixed to mobile. NSA has been unable to organize itself to define and implement an integrated system that can follow the target across the global intelligent network, beyond high-level goals and plans. NSA also needs to develop methodologies to find non-governmental radical extremists who are associated with international terrorist organizations but might not be in direct contact with them. NSA also needs to balance modernization funds across its collection systems in order to continue to produce intelligence on CT.

Recommendation: NSA must define and implement an integrated system that can follow a target across the global intelligent network.

- **Fix Systems Development Deficiencies.** NSA has fundamental acquisition management problems. Technical solutions continue to be solved by tackling isolated, smaller “manageable” projects and lack a larger plan on how these small projects will integrate into a whole. NSA has historically been able to successfully develop quick reaction solutions to address crisis needs, but has been unable to establish an effective requirements process for balancing systems acquisition with available resources.

Recommendation: NSA should work with an outside body of experts on resource management and organizational restructuring to ensure that its organizational reform efforts currently underway appropriately align current mission needs, expected future needs, resources, and organizational processes and structures.

WMD

The summary finding regarding weapons of mass destruction terrorism is that *terrorist interest in CBRN weapons has been strong enough to require that the US address this threat more vigorously than it ever has before.* This report arrived at the additional findings and recommendations that follow.

- **Strong terrorist interest in CBRN.** Terrorist interest in CBRN weapons has been sufficiently strong to require that the US address this threat vigorously with the highest priority. Bin Laden declared in 1998 that acquiring unconventional weapons was “a religious duty”. Documents recovered from Afghanistan show that bin Laden was pursuing a biological weapons research program.
- **Capabilities are not widespread.** Terrorist capabilities in CBRN have not been widespread, but determined groups could access chemical, biological, radiological and possibly nuclear devices. Al-Qa’ida trainers prior to Sept 11th were training people in poisons. There were indicators that they possessed small quantities of toxic industrial chemicals, World War I-era CW agents, and biological toxins. The most lethal chemical, biological, and radiological devices are not easy to make, but non-state actors have demonstrated the ability to acquire or fabricate chemical and biological weapons materials, components, and complete weapons systems. There is much concern about dirty bombs, or radiological dispersion devices. Nuclear weapons design is much harder, but proliferation of fissile material and of expert knowledge from other states’ weapons complexes is continued cause for concern. Our intelligence collection needs to focus on acquiring additional information in these areas.
- **IC response.** The intelligence community is the first line of defense. A sharper focus on offensive preventive measures and deeper analysis will be necessary. It will remain necessary to maintain aggressive intelligence and law enforcement operations for some

years to come to lower the probability of a CBRN attack by a non-state actor on the US or its interests. A number of intelligence products note the gaps in IC knowledge of current CBRN capabilities of terrorists. Focused effort is more urgent than ever.

Recommendation: Congressional oversight committees, in conjunction with the DCI, should focus immediately on assessing improvements in IC knowledge of current CBRN capabilities of terrorists, as well as assist in identifying additional operational and analytic capabilities that are required to address the threat.

Other Issues

The report also arrived at two findings and recommendations on additional important issues.

- **Prosecute Leaks.** Several leaks have done major damage to the intelligence community's efforts.

Recommendation: Devise a senior level mechanism for overseeing the investigation and, where possible, the prosecution of willful leakers.

- **Congress: Create a leadership staff mechanism**

Recommendation: The Subcommittee recommends the creation of senior staff positions within the leadership of both parties to coordinate and address terrorism and homeland security issues, and budgets, in conjunction with the existing committees of jurisdiction.

Recommendations for Congressional Activity

In addition to the specific recommendation set forth in the chapter on Congressional oversight, the report concluded that a number of other activities would be usefully undertaken by Congress.

Recommendation: The House Permanent Select Committee on Intelligence (HPSCI) should continue aggressive oversight on a number of issues identified by the Subcommittee, including: ensuring robust unilateral clandestine collection capabilities benefiting counterterrorism collection; improving the core training program and career path for officers in the counterterrorism discipline; enhancing language training capabilities across the IC; continued support to important signals research and target development sites; support to NSA to reform its acquisition process; global coverage capability for clandestine human intelligence collection and analysis.

Recommendation: HPSCI should continue to work with the Director of Central Intelligence to examine emerging proposals for formulating one or several interagency counterterrorism analytical units.

Recommendation: The Speaker should direct the relevant committees of jurisdiction, including HPSCI, International Relations, Armed Services, and Judiciary to conduct a joint assessment of the effectiveness of the U.S. government's strategy, capabilities, and budgets to combat CBRN terrorism.

Questions for Further Focus in the Future

The Subcommittee views oversight of intelligence-related elements of terrorism and homeland security matters as critical to strengthening U.S. security and will concentrate on these matters in the coming months. This study has looked back. We must also raise questions for the future. The most important of these questions, which will assist in setting the Subcommittee's agenda going forward, are listed below.

1. *End State.* What will the end-state homeland security architecture need to look like?
2. *Intelligence Components.* What are the key intelligence-related components necessary in such an architecture? Where they do not yet exist, how must we begin to build them?
3. *Security and Other American Ideals.* How should we rebalance America's need for security -- and strong intelligence and warning -- with other American ideals, such as economic prosperity and personal liberty.
4. *Intelligence Support to All Parties.* As the roles of citizens, public, and private sectors, and first responders begin to clarify how can the intelligence community be fully responsive to requirements for useful information on the nature of the terrorist threat.
5. *Technology Plan.* What ought to be the technological components -- especially critical in intelligence collection and analysis -- incorporated into the end-state homeland security architecture?
6. *Legal Framework.* What ought to be the legal framework guiding the homeland security intelligence collection and analysis missions?
7. *Threat Assessment and Weapons of Mass Destruction.* How will the homeland security architecture ensure a full, ongoing process for assessing the threat, including conventional tactics of mass destruction as well as CBRN weapons.
8. *Additional Threats.* Although this report focuses on new capability to reduce the terrorist threat, it is important that, as priorities and resources shift other threats to our national security continue to receive sufficient understanding, monitoring, and warning.

The subcommittee expects this report to be helpful to the joint inquiry being conducted by the House and Senate Intelligence Committees into the September 11 attacks. Some of the questions posed by this report may be answered in the course of their inquiry. Others will be the focus of the subcommittee's efforts in the weeks ahead as it continues to work to reduce the threat of future terrorist attacks.