The Department of State has the lead responsibility for advancing our counterterrorism goals with other countries and welcomes the opportunity to submit a report to the Congress on those issues. After I say a few words on that subject, I will address the composition of the report and why we made the decision to revamp the Department’s report to reflect the creation of the National Counterterrorism Center (NCTC), allowing each agency to concentrate in the area of its expertise.

International terrorism continued to pose a significant threat to the United States and its partners in 2004. Despite ongoing improvements in U.S. homeland security, our campaigns against insurgents and terrorists, and the deepening counterterrorism cooperation among the nations of the world, the slaughter of hundreds of innocents at Beslan school and major attacks in Madrid, on a Philippines ferry, and in Sinai, demonstrated the danger that international terrorism poses to friendly countries. Although fortunately there were no attacks on the homeland during 2004, the loss of American citizens in Iraq, Afghanistan, Saudi Arabia, Egypt, and Gaza this year reminds us that the U.S. homeland, U.S. citizens and interests, and U.S. friends and allies remain at risk.

In 2004, the United States broadened and deepened its international cooperation on counterterrorism issues. Increased diplomatic, intelligence, law enforcement, military and financial cooperation contributed directly to homeland security and the interdiction or disruption of terrorists around the globe. We have discussed these efforts extensively in Country Reports on Terrorism 2004 our annual report to Congress transmitted to you on April 27.
In that report, we offered a number of examples of this cooperation. For example:

- Close cooperation with British, French and other authorities, coordinated through the State Department and U.S. Embassies in London, Paris and elsewhere, was pivotal to managing threats to airline security during the '03-'04 new year period.

- Information sharing with the United Kingdom and Pakistan led to the disclosure and disruption of al-Qaida attack planning against U.S. financial institutions.

- U.S. diplomatic and military assistance in Africa facilitated cooperation among Algeria, Mali, Mauritania, Niger, Libya and Chad that led to the capture and return of wanted GSPC faction leader El Para to Algeria to stand trial.

- Law enforcement officers in Iraq, Colombia, Indonesia, the Philippines, Saudi Arabia and Pakistan, among others, applied U.S. specialized counterterrorism training to bring terrorists to justice.

Notably, 2004 was also marked by progress in decreasing the threat from state-sponsored terrorism. Iraq's designation as a state sponsor of terrorism was rescinded in October 2004. Although still designated as state sponsors of terrorism, Libya and Sudan took significant steps to cooperate in the global war on terrorism. Unfortunately, Cuba, North Korea, Syria, and in particular, Iran continued to embrace terrorism as an instrument of national policy. And, as we have noted before, we find it most worrisome that these countries all have the capabilities to manufacture weapons of mass destruction and other destabilizing technologies that could fall into the hands of terrorists.

Iran and Syria are of special concern to us for their direct, open, and prominent role in supporting Hezbollah and Palestinian terrorist groups, for their unhelpful actions in Iraq and in Iran's case, the unwillingness to bring to justice senior al-Qaida members detained in 2003, including senior al-Qaida members who were involved in the planning of the 9/11 attacks.

Now let me turn to the process issues. For years, as many of you know, statistical data on global terrorism has been published as part of an annual
State Department report called *Patterns of Global Terrorism*, that was last provided to Congress in April 2004.

The law itself requires basically two things. It requires detailed assessments of specified countries, and information about specified terrorist groups.

The compilation of data about terrorist attacks is not a required part of the report. And, in fact, the Department of State itself has never compiled statistical data on international terrorist incidents. This function has always been performed by the intelligence community, although the State Department has traditionally released this data, going back to the years in which the State Department was the public voice of the U.S. Government on international terrorism generally.

Of course, that situation has been changing in recent years. In July 2004, the 9/11 Commission recommended creation of a National Counterterrorism Center to conduct all-source analysis of global terrorism.

The President implemented this recommendation by Executive Order in August and the center was created by statute in December 2004, in the Intelligence Reform and Terrorism Prevention Act.

But what's important for our purposes here is what the law that Congress adopted said the NCTC should do. The law states that the NCTC is the primary organization for analysis and integration of "all intelligence possessed or acquired by the United States Government pertaining to terrorism or counterterrorism." The law further states that the NCTC will be the United States Government's "shared knowledge bank on known and suspected terrorists and international terror groups, as well as their goals, strategies, capabilities, and networks of contact and support."

Given that statutory mandate, the State Department has focused its own report to Congress on the issues in its mandate, renamed *Country Reports on Terrorism 2004*, assessing countries and providing information on terrorist groups, which we are still statutorily required to do. And we respect and defer to the National Counterterrorism Center to assume its new mandate as the "shared knowledge bank" for data on global terrorism.

We are gratified by the way some serious experts on terrorism analysis have responded to these innovations. Former terrorism prosecutor Andrew C. McCarthy in “The National Review Online” noted that under our new
approach, State and NCTC “have labored to make terrorism information more reliable, more accessible, and more reflective of common sense.” Oxford Analytica noted that despite a new title and format “Country Reports on Terrorism 2004 continues to provide a detailed account of global anti-terror cooperation.” Noted national security commentator Tony Cordesman at the Center for Strategic and International Studies wrote in a report called “Good Riddance to Meaningless Rubbish,” “The news that the State Department has dropped the statistical appendices from its annual report (on terrorism) should not come as a shock to anyone. The State Department report has been (and is) extremely useful for its characterization of terrorist groups. It never, however, produced useful numbers on the patterns of terrorism.” An analysis of the report by the Washington Institute for Near East Policy noted that the controversy over numbers “diverted attention from other, more significant aspects of the report. Country Reports 2004 provides a fairly balanced assessment of the evolving global jihadist threat, illustrating why and how jihadist groups pose a serious danger not only to the United States, but also to many other countries.”

On April 27, NCTC committed to developing a new approach to compiling statistics that needs to be and will be significantly revised and improved, including NCTC’s plans for providing a more comprehensive accounting of global terrorist incidents by June of this year. My colleague, John Brennan, is here with me today to discuss this with you.

The Department of State would support legislative changes that specifically task NCTC with the annual responsibility for statistical analysis of terrorism consistent with its basic mandate. The State Department would continue to prepare an annual report addressing state sponsors of terrorism, multilateral and bilateral cooperation on terrorism, terrorist groups and terrorist sanctuaries, as well as the new Section 7120 reporting requirements that lie within State's area of expertise. The Department has begun consultations on this topic. We will be working with DNI and NCTC to shape a joint understanding on this topic. We will be back in touch with the Committee at a later date with a formal proposal.

Thank you, Mr. Chairman, for this opportunity to testify before the Committee.