CSIS

TRANSNATIONAL THREATS UPDATE

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"Defending our Nation against its enemies is the first and fundamental commitment of the Federal Government. Today, that task has changed dramatically. Enemies in the past needed great armies and great industrial capabilities to endanger America. Now, shadowy networks of individuals can bring great chaos and suffering to our shores for less than it costs to purchase a single tank. Terrorists are organized to penetrate open societies and to turn the power of modern technologies against us."

President George W. Bush, *2002 National Security Strategy*

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Terrorism

East Turkestan Islamic Movement (ETIM)

Earlier this month, China and Kyrgyzstan held joint bilateral border defense and counterterrorist military exercises, the first time the People's Liberation Army of China has ever held such exercises with a foreign military. The exercises follow a successful Chinese campaign to designate the East Turkestan Islamic Movement (ETIM), a militant Muslim separatist group in the Xinjiang region, as an international terrorist organization, with links to Al Qaeda. China, however, has been accused of using the war on terrorism as a means to "suppress legitimate political expression or freedom of religious belief" as well as human rights abuses in the region.

China blames ETIM and Uighur separatists, a Turkish-speaking majority in Xinjiang, for numerous terrorist incidents including bombings, assassinations, arson, and assaults over the last 10 years, claiming the lives of 160 people and injuring over 440. Many experts site a lack of evidence and proper information on the group and question the extent of terrorist activity and links to international terrorism.

Pressured by China, and following a January 2002 report from its government claiming the ETIM was receiving money, military weapons, and training from Al Qaeda and the Taliban, the United States placed ETIM on a State Department list of terrorist organizations in late August. Although Deputy Secretary of State Richard Armitage says the group has "committed acts of violence against unarmed civilians without any regard for who was hurt," critics note the timing of the decision: warming relations with China, its participation in the "war on terrorism," tighter missile export regulations, and President Jiang Zemin's October visit to Bush's Crawford ranch.

Container Security Initiative

Plans are well under way for implementing the Container Security Initiative (CSI), which seeks to guard the United States against terrorist attacks by obtaining the cooperation of the world's top 10 seaports in pre-screening cargo containers bound for the United States. The program, initiated by Customs Service Commissioner Robert C. Bonner on February 22 of this year, has so far gained support in Europe from Germany, France, the Netherlands, and Belgium, and in Asia from Singapore, Japan, Hong Kong, and Malaysia. Thailand is still debating costs and potential problems, such as corruption, and has not yet agreed to join. These "mega-ports" handle 49 percent of cargo crossing U.S. borders. Almost half of the world's cargo containers (46 percent) are bound for the United States, comprising $2.1 trillion worth of cargo last year alone. U.S. Customs officers are to be stationed at participating ports within 30 to 60 days.

CSI will not check all 6 million containers headed for the United States but rather aims to identify those that are "high-risk." Improved security technology will allow faster x-ray inspection to replace physical inspection and will include comprehensive, crane-mounted radiation detectors to replace hand-held units as well as electronic seals to guard against tampering. Due to the high volume of imports to the United States, an attack could have a devastating impact on trade worldwide. CSI would streamline customs procedures allowing for more efficiency and could guarantee the continuation of trade even if an attack were to occur. Bonner hopes to expand the program to include the top 20 ports, thus accounting for 70 percent of cargo received in U.S. ports, though he stresses that all countries are encouraged to participate.

Real IRA

Are the Real IRA calls for disbandment really genuine? Behind bars, leaders of the terrorist group known as the Real Irish Republican Army, including the founder and former leader, Michael McKevitt, have called for the group to disband. In withdrawing their support, the prisoners blasted the group for "fraternizing with criminal elements," corruption, and "financial motivations." Members of the Real IRA not in jail reacted furiously, claiming that the statement was released for selfish interests. The announcement confirmed that the Real IRA had carried out the Omagh bombing that killed 29, calling it an "enormous tactical blunder." Yet some analysts speculate the statement was released in order to upstage a recent political appeal by David Trimble at the Ulster Unionist Party conference. Trimble called for the full disbandment of the Real IRA since they posed a threat to the peace process. Nonetheless the contradictions and disapproval between the imprisoned Real IRA members and the free members reveals that a future splintering of the group could take place.

Cyber Terror

In a comprehensive and sophisticated instance of cyber terrorism, a Distributed Denial of Service (DDOS) attack on October 21 brought down 9 of the world's 13 Internet root servers, underlining the need for more protective Internet security measures in both the public and private sector. Such attacks highlight the vulnerabilities of our infrastructure in the face of terrorists' increasing capabilities.

In a DDOS attack, assailants send millions of false authentication messages to multiple root servers, which serve as the primary directories for routing internet hosting severs to Internet domains, ultimately flooding the system with packets of false data and forcing it to crash. The Internet is designed to run on as few as four of the root servers, so users did not notice a disruption, but an attack of longer duration could have caused delays, failed connections, and could potentially have brought internet traffic to a halt. Internet providers were asked to filter out the false packets, limiting the impact of the hour-long attack.

Attacks of this type, though not of this magnitude, are quite common and easy to do with little equipment or experience. In 2000, a teenager nicknamed "Mafiaboy" managed to shut down a number of prominent Internet sites, and in 1998, in a different, but more striking attack, a 12-year old was able to gain control of Arizona's Roosevelt Dam.

Although the FBI's National Infrastructure Protection Center has not yet named suspects in the October attack, evidence that Al Qaeda affiliates have been researching cyber intrusion methods for U.S. supervisory control systems underscores motivations and possible capabilities that the United States must address. An Al Qaeda computer seized in Afghanistan had explored sites containing operation manuals of U.S. transport and communication controls. Most Distributed Control Systems (DCS) and Supervisory Control and Data Acquisition systems (SCADA), which also run programs controlling pipelines, nuclear power plants, fire departments, air traffic control systems, and electrical, water, and gas facilities, were created with few security measures, as they were never intended to be accessible to the general public at all. Today, however, many SCADA and DCS systems are linked to the Internet, and many skilled hackers could gain access.

A recent survey of IT professionals showed that 49 percent agreed a cyber attack is likely in the next 12 months and that government and corporate cooperation is imperative. However, the private sector is still largely uninformed of the dangers of a cyber attack, and corporations often prefer to control their security issues independently. Many companies, not wanting their privacy violated or information revealed, rarely report attacks, and are reluctant to reveal access and locations of operational switches.

The Bush administration is behind schedule on producing an outline for strengthening the security of cyber infrastructure, but it has plans to publish an agenda by the end of the year. The intended program, however, will rely on the voluntary cooperation of private firms, rather than government-mandated regulations. The federal government has admitted that the threat of cyber terrorism is real and immediate, with the possibility of a terrorist attack by joint physical and cyber tactics to be much more likely than was previously imagined. The fear of a physical attack via cyberspace, with virtual tools causing real damage to property or life, is an oxymoronic situation that today's corporate security officers and government officials must be prepared to face.

Money Laundering

Singapore, a key U.S. ally that last year detained 31 members of Jemaah Islamiyah, passed a measure on September 30 that will regulate the handling of terrorist-affiliated funds by financial institutions located or incorporated in Singapore. Institutions are barred from

involvement in transactions if they have "reasonable grounds" to believe that the funds "will be used to commit any terrorist act." Businesses are required to immediately contact the proponents of the measure, the Monetary Authority Singapore (MAS), if they have any information about terrorist activity or believe they are in possession of any terrorist-related property.

Though banks and financial institutions already systematically monitor suspicious transactions, identifying terrorist funds is difficult, as they often involve legitimate transactions, a process dubbed "reverse money laundering." Ironically, the billionaires that are financing terrorism are the same high-profile clients that financial institutions around the world are desperate to attract. The MAS has a primary role in regulating high-volume funds that come from blue chip investors and legitimate sources such as charity groups and nonprofits, but which are ultimately used to support terrorist activity.

The measure coincides with a British law allowing the government to intercede in terrorist financial transactions, the UN Security Council's antiterrorist resolutions, the recent International Convention for the Suppression of Financing Terrorism, and a commitment articulated jointly with the United States promising to crack down on Al Qaeda bank accounts.

Drug Trafficking

Colombia

Carlos Castano, leader of the United Self-Defense Forces of Colombia (AUC), a right-wing paramilitary group, announced his plans to surrender to the United States on drug-trafficking charges shortly after he was indicted on September 24. Castano is considering it as an "option," as long as he is not charged under any other allegations or deported back to Colombia. Castano, who denies his involvement in trafficking 17 tons of cocaine to Europe and the United States, says he is innocent of drug-trafficking charges, though he admits giving bribes to Colombian narcotics agents and imposing taxes on growers in order to obtain money to outfit the AUC.

Cocaine is a major industry in Colombia, accounting for 70 percent of the market worldwide, and Castano claims he was forced to depend on funds from the narcotics industry in order to compete with his enemy, the FARC, that allegedly earns up to $500 million a year from trafficking.

Castano, who faces war crimes charges in Colombia, may want to arrange a deal with the U.S. government by becoming an informer in the narcotics trade in exchange for protection for himself and his children in the United States.

President Bush has already identified the AUC as a terrorist group, however, and Castano's high profile, criminal activity, and former role as an informer to the United States parallels the case of Manuel Noriega in 1988. The man who started the now 10,000-member AUC in a touching tribute after the death of his father at the hands of Marxist guerrillas has been the mastermind of a number of massacres, murders of political figures, and brutalities involving killings by chainsaws, hammers and rocks. Right now the war on drugs is taking a second seat to the one on terrorism, and U.S. president Bush may be depending on Colombian president Uribe "to deliver."

Myanmar

Following the Taliban ban on poppy cultivation in Afghanistan, Myanmar became, albeit for a short while, the world's number one producer of opium and cultivator of poppy opium in 2001. (Afghanistan has regained its rank, with an estimated total production of 3,400 metric tons of opium in 2002, a level comparable to that of the late 1990's). According to a United Nations report issued in August 2002, Myanmar's poppy cultivation is estimated to cover 105,000 hectares, and the country produced an estimated 1,097 tons of opium in 2001. Although the government has taken steps in drug control and eradication and established bilateral cooperation with various countries including China, Vietnam, Philippines, India, Cambodia, and the Russian Federation, drug production has remained stable. Myanmar's military government is unable, and some analysts claim unwilling, to crack down on the major drug-producing regions infamously known as the "Golden Triangle." And the peace agreement signed by Myanmar in 1989 with the 20,000-strong United Wa State Army, considered the biggest narcotics producer in the world, inhibits real progress.

Such armed ethnic guerrilla forces also produce most of the world's methamphetamine in factories hidden in jungles across the region. The newest drug, ya ba, a vague label for methamphetamines in pill form, has already made its way to the United States, Europe, and Australia.

China

China is facing a daunting task with the rise in domestic drug trafficking and drug use. Since the 1970s, stricter enforcement against drug trafficking in Thailand has led organized groups to find alternative routes by way of China to their overseas markets. Improved infrastructure and an increase in smuggling of goods and people make it easier for drug traffickers to operate within China.

The Golden Triangle, which includes 4,060 kilometers of border between Myanmar, China, Laos and Thailand, is a huge trafficking hub comprising dozens of heroin-producing labs. The United States has assisted Chinese antinarcotics officers with listening posts within the Yunnan region. Opium and heroin are also routed through the Golden Crescent, from Pakistan and Afghanistan through Tibet, and China's Gansu and Xinjiang regions. In addition, sources in Maritime Territory law-enforcement bodies state that drug smugglers are recruited among prostitutes both in the Russian border regions and within China. According to reports, 80 to 85 percent of Russian prostitutes working in Beijing traffic in drugs. In an effort to combat drug trafficking, China signed a cooperative antidrug venture last year with its Southeast Asian neighbors including Thailand, Myanmar, Laos, and Vietnam.

The rise in drug trafficking has also coincided with a rise in Chinese drug users. In the 1980s and 1990s drug addiction was considered a national embarrassment, which led to a devastating impact on drug education and international antidrug cooperation, similar to the AIDS epidemic. The government has now publicly acknowledged the country's drug problem. According to the *United Nations Global Illicit Drug Trends 2002* report, the number of registered drug addicts over the last decade rose more than 1,000 percent from 70,000 in 1990 to 901,000 in 2001, even though experts place the number at over 4 million. China faces additional social problems with the rise in HIV/AIDS. According to public health experts, there are 5 million HIV-positive people in China. The rise in drug trafficking and drug consumption coincides with the presence of numerous organized crime groups, (such as the 14k Triad; known to have allied itself with the United Wa State Army), and the emergence of an affluent Chinese drug consumer.

Europe

The European Monitoring Center for Drugs and Drug Addiction has released its 2002 report on drug use statistics and treatment indicators. The overall trend showed percentages of drug users in the EU to be stable, compared to a U.S. increase in recent years. Surprisingly, rates of drug use in the EU are consistently lower than in the United States despite more lenient drug enforcement regulations.

Cannabis is the most common drug in the EU with 5 to 15 percent of 15- to 64-year olds having tried it, while in the UK the rate is 30 percent, second only to the United States at 34 percent. Though some countries have decriminalized or legalized Cannabis, it is still the most widely seized drug in the EU, half of the seizures occurring in Spain. Users of synthetic drugs represent less than 3 percent with the main concentration among young people at nightclubs, who often mix the drugs with energy drinks and alcohol. The majority of drug users are unemployed (55 percent), have minimal education (66 percent primary school educated), and are more often male than female—though that gap is narrower among young adults.

With 7,000 to 8,000 drug-related deaths each year, the death rate among drug users is 20 percent higher than in the general population, most involving heroin use. Percentages of injecting drug users range from 1 percent in the UK to 34 percent in Spain. The population of heroin users is generally under 1 percent, although a total of 9 tons were seized last year. In Europe, heroine surpasses Cannabis in popularity only in Portugal, where, incidentally, HIV infection rates are on the rise. Latvia, Lithuania, and Estonia are also seeing higher rates of HIV infection, due to their geographical locations as primary drug-trafficking routes. Ninety percent of drugs enter the EU through the Balkans or Poland, countries that are seeing a higher rate of drug use internally as they become more westernized. A lack of treatment facilities is an increasing problem in Eastern Europe and the Baltics, with 6,000 facilities per 100 million inhabitants, in comparison with Western European countries at 750,000 facilities per 100 million inhabitants. Unlike the United States, the EU plans to focus on schools, treatment facilities, and the judiciary system to aid their antidrug campaign. Many European countries are increasingly widening the distinction between narcotics users and offenders, advocating treatment instead of incarceration.

This update is produced by the Transnational Threats Initiative at the Center for Strategic and International Studies (CSIS) and provides monthly news on terrorism, drug trafficking, organized crime, money laundering, and other transnational threats.