

“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

CONTENTS

Terrorism.....	1
Money Laundering.....	3
Organized Crime.....	4
Drug Trafficking.....	4

Terrorism

Iraq and Abu Sayyaf

Although Washington has yet to deliver convincing proof of Baghdad’s connections to Al Qaeda, Saddam Hussein will have a harder time denying reports from Manila about his links to another Muslim terrorist group. The Philippines Department of Foreign Affairs said that it has intelligence reports linking an Iraqi diplomat in Manila to the Abu Sayyaf Group ASG, blamed for a bomb blast that killed a U.S. soldier in Zamboanga City in October 2002. A U.S. Special Forces soldier and two Filipinos were killed, and a second U.S. soldier was wounded when the bomb exploded outside a karaoke bar. A second U.S. soldier was wounded in the blast. According to Foreign Affairs Secretary Blas Ople, military intelligence officials traced phone calls between Iraq’s Second Secretary Consul Husham Z. Hussein and ASG guerrillas. Ople said that Hussein “knows that we are monitoring his activities. The intelligence reports are very detailed but I am not allowed to fully disclose it because it will compromise their assets and sources of information.” (*United Press International*)

Exporting the Terror Thriving in Algeria’s Bloody Civil War

Algeria’s civil war is the breeding ground for terrorists recruited to Al Qaeda and the international radical Islamic terrorist network. Increasingly, these recruits are being exported from their national struggle against their secular regime to fight the global holy war against the West, and recently, it’s European component.

Radical Islamic terrorism in Europe is not new. In 1995, members of the Armed Islamic Group (GIA), killed seven people and injured 80 in a Paris metro attack. Recent arrests in Europe, however, removed the veil on a continent-wide terrorist network comprised mainly of North Africans inspired by and linked to Al Qaeda, with experience and training in Chechnya, Algeria, and Afghanistan as well as the ability to produce chemical weapons, in this case ricin, a deadly nerve agent. In the span of just two months, the information gathered has already led to the arrests of dozens of other individuals in Britain, France, Italy, and Spain.

The composition of the groups now in custody highlights a disturbing trend: the expanding reach of existing terrorist’s groups training, capabilities, targets, and goals. The unabated conflict in Algeria against a pro-Western government combined with the “bin Laden effect” has led some to reorient their struggle against the West.

Having traditionally moved to France, its former colonial ruler, Algerians have crossed the channel into Great Britain, where security services and asylum laws are more lenient, transforming London into a “Londonistan” for security forces. Magnus Ranstorp, a terrorism expert, notes that of the 200 important terrorism-related arrests in

Europe since September 11, 2001, 75 percent were North Africans.

According to Garth Whitty, a London-based security expert, “Algeria is a hotbed of Islamic extremism. When you move away from Osama bin Laden and his immediate Lieutenants with the Yemeni and Saudi connections, the Algerians are way up there.”

Although there has been unprecedented intelligence cooperation between the European countries, especially between French and British intelligence services, the large batch of ricin likely responsible for the traces left in a North London flat has yet to be located. (*Combined dispatches*)

The Chechen Connection

According to the most experienced counter-terrorist investigator in the western world, Jean-Louis Bruguiere, Chechnya is becoming a neo-Afghanistan. The recent links between the arrested members of the ricin plots in Europe and the Caucasus regions of Chechnya, including the Pankisi Gorge in neighboring Georgia, are perfect examples of how longstanding regional conflicts are turning into training grounds for international terrorist organizations as well as the important long-term impact that such conflicts have on the creation of a new generation of “Chechen Arabs.” (*International Herald Tribune*)

Al Qaeda and Yemen

Two recent terrorist attacks in Yemen highlight the challenges of combating terrorism in remote regions of the world. Despite what is regarded as adequate cooperation from the Yemeni government, which balances a partnership with the United States and a population staunchly against U.S. policies in the Middle East, Yemen has remained a focus point of terrorist activity since the U.S.S Cole attack in October 2000. Recently, the arrest of two men— Ahmed Ali Jarallah, accused of killing an opposition political leader and an extremist preacher known for his anti-American and anti-secularist sentiment, and Abed Abdel Razzak Kamel, one of his followers said to have killed three Americans at the Jibla hospital—is fueling allegations pointing directly to Al Qaeda.

Following the war against Soviet occupation in Afghanistan, Yemen opened its doors, and numerous Afghan-Arabs arrived in the country. Training camps were set up and, soon, the complacent authorities were overwhelmed. Yemen, a poor and rugged country, has tried to crack down, closing the camps and creating a special forces unit that is making headway, but Osama bin Laden’s alleged ancestral home has nonetheless remained a site of Al-Qaeda attacks and a refuge for terrorist operatives since September 11, 2001.

Although President Ali Abdullah Saleh has helped Washington crack down on terrorism in Yemen, the majority of Yemenis remains hostile to U.S. policy in Palestine and Iraq as well as generally unsympathetic to Americans. It is precisely this cooperation between the Yemeni government and Washington that has averted an all-out U.S. military intervention in the country. Yemeni officials vigorously deny that bin Laden has chosen their country as a new home, but the links are hard to dispute considering the numerous Yemenis in senior Al Qaeda ranks and the fact that many of the militants that shielded Al Qaeda in Afghanistan (after the defeat of the Taliban) were Yemenis. Even more challenging is the Empty Quarter, a desolate desert shared with Saudi Arabia, used as a hiding place by some of the world’s most-wanted terrorists. Although the government has made progress and a 4,000-strong regiment was sent there, two of the most-wanted terrorists, Mohammed Hamdi Al-Ahdal and Fowaz Al Rabe, have disappeared in the Empty Quarter. Similarly, the government has established a coastguard force along with a U.S.-trained intelligence unit. In the hopes of depriving terrorists on the run of places to hide, Yemeni and U.S. forces are extending their battle on terrorism into the most inhospitable places on Earth. In November, one of Al Qaeda’s top operatives in Yemen was killed by a Hellfire missile fired from an unmanned Predator drone.

The question remains, however, whether or not the two recent attacks that have outraged the Yemenis are connected to the Al Qaeda network. Investigators see no direct link, but they would not be surprised to find one. Albeit inspired by the ideals of Al Qaeda rather than the group’s actual work, the two acts of murder appear to have achieved largely local political gains for the

homegrown militants. To Yemeni Interior Minister Rashad al-Alimi, the former is no more comforting than the latter; “The ideology, in my opinion, is the most dangerous thing.” (*Combined dispatches*)

Al Qaeda and Tonga

Al Qaeda terrorists have taken advantage of Tonga’s corrupt royal family in order to ship operatives, weapons, and explosives under Tongan flags of convenience. Such flags allow outside shipping companies to use the ships and crew of a country such as Tonga to avoid taxes and inspections and, in this case, to protect terrorists. A shipping company named Nova, based in the United States and Romania, is under investigation for smuggling suspected Al Qaeda members. The Tongan government has cracked down on its register of ships, announcing that it plans to terminate the registration of 185 vessels this June and will immediately deregister any vessel carrying illicit cargo. The Pacific Island Forum in Fiji will host a group to address transnational threats this month and will obtain funding from Australia, New Zealand, and the United States. (*Sydney Morning Herald*)

Singapore’s Jemaah Islamiah (JI) Leader Arrested in Bintan

The Indonesian police seized Mas Selamat bin Kastari, believed to be the head of the Jemaah Islamiah terrorist cell in Singapore. Police picked up the Singaporean national on a bus in Tanjung Pinang in Bintan, while he was traveling with his wife and children. Interpol had warned the Indonesian police of Kastari in relation to a plan to hijack planes in Bangkok and Singapore. The Indonesian police were tipped off by their Singaporean counterparts and subsequently discovered that the suspected JI head had entered Indonesia from Singapore using a fake identity card and passport. He is being held on charges of forging state documents while more evidence to charge him with terrorism is being gathered. The arrest is significant, until now Indonesia had concentrated on JI members involved in the Bali attacks. JI is still a threat, and key JI members such as Hambali and Malaysian Zulkifli Marzuki are still at large in the region. (*The Straits Times*)

Money Laundering

Efforts to Curb Hawala Networks Bound to Fail According to IMF Specialist

According to an analysis by the International Monetary Fund, the unregulated hawala banking system, used worldwide and recently noted for its tendency to be exploited by terrorists, will continue to be used for legitimate and illegal transactions alike as long as the demand for cheap money transfers exists and regardless of government attempts to intervene.

Although the G7 countries are urging developing countries to legalize the hawala networks to enable officials to monitor them better, an IMF senior economist, Mohammed El-Qorchi, warns that federal attempts to curb their use will just push the informal funds-transfer systems underground. Developing countries are pushing to make it easier and especially cheaper for the poor to make money transfers through formal banking outlets, arguing that this is a much more effective means of stemming informal systems. Similarly, Indian authorities point to a decrease in terrorist hawala activity in favor of using commodities such as diamonds and gold. (*The London Times*)

U.S. Task Force that Tracks Down Terror Financiers to Nearly Double in Size

In the effort to cut terrorist finances, the government will nearly double the size of a multi-agency task force responsible for tracking down terrorist financiers. The number of agents working on Operation Green Quest will increase from 240 to roughly 460. The operation, which was set up on October 25, 2001, mobilized resources to cut off bin Laden and his Al Qaeda network from sources of financing. The initial effort has widened as the United States now strives to shut down all terrorist financiers. Roughly \$124.5 million in financial assets belonging to terrorist groups have been frozen since the attacks.

The task force includes agents from the Internal Revenue Service; the Secret Service; the Federal Bureau of Investigation; the Bureau of Alcohol, Tobacco, and Firearms; and the Postal Inspection Service. Commissioner of the Customs Service Robert Bonner notes that the number of agents will increase, and the task force will expand its field offices from one, currently in New York

City, to 15 around the country. In addition, the Customs Service plans to add three new field offices to the 30 existing ones abroad. Two would be in the United Arab Emirates (Abu Dhabi and Dubai) with a third one in Berne, Switzerland. The work of the task force has so far resulted in 79 arrests, 70 indictments, and 600 open investigations. Operation Green Quest has seized close to \$33 million.

Forcing terrorists out of the traditional banking system will likely result in an increase in underground and criminal activities, such as trade in gold and precious stones, narcotics trafficking, and the smuggling of goods. UN experts note that Al Qaeda receives funds from charitable organizations and is still supported by bin Laden's personal inheritance and investments. Although it acknowledges the task force's achievements, the Bush administration stresses that more work needs to be done. (*Associated Press*)

Organized Crime

Turkish Mafia Arrests in England

23 people were arrested during a 500-strong police raid on suspected Turkish organized crime gangs in North London. The group—linked to international heroin trafficking, gunrunning, and extortion rackets—was said to be “probably the biggest organized crime group in the UK.” Rival Turkish and Kurdish gangs and mafias are responsible for establishing and running professional networks used to distribute close to 70 percent of the heroin coming from Afghanistan through the Balkans. (*The Guardian, London*)

Illegal Immigration from Mexico Becoming More Lucrative and Violent

“Coyotes,” as illegal immigrant smugglers are known, are now charging more than \$1200 per person for a trip across the border that costs less than \$500 five years ago. The changing nature of the business has attracted criminal gangs and drug runners to participate, and violence and turf wars have increased as a result. What was once an assortment of small businesses running the trade is today dominated by full-fledged organizations that use a network of drivers and guides, who specialize in different routes and methods all the while communicating with

cellular phones, organized in computer databases, offering bus and air transport and, sometimes, even jobs.

Rival groups and turf wars have increased the risks tremendously for the immigrants, holding them hostage or kidnapping them from rival gangs for ransom. (*Associated Press*)

Drug Trafficking

Mexican Government: New Approach to Fighting Corruption in the Drug War

After years of investigations and promises, the Mexican government has undertaken one of the most coordinated and comprehensive attacks on drug-related corruption. Raids were conducted on anti-drug agents, and the offices of the Federal Special Prosecutor's Office for Drug Crimes were closed in 11 Mexican states. President Vicente Fox has received a lot of praise both domestically and internationally for his anti-drugs efforts. His willingness to utilize the army, in coordination with other federal agencies, to undergo simultaneous raids in remote areas is seen as a preamble to greater military involvement in combating corruption and drugs.

The military, however, has also been tainted by drug-related corruption, and critics point to the numerous human rights abuses committed in the pursuit of drug criminals. (*Los Angeles Times*)

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.

CSIS does not take specific public policy positions; accordingly, all views, positions, and conclusions in this publication should be understood to be solely those of the author(s).

© 2002 by the Center for Strategic and International Studies.