“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

FBI: Al Qaeda Planning “Spectacular” Attack

The FBI sent an emergency bulletin to law enforcement agencies nationwide late November, warning that Al Qaeda is planning a “spectacular” terrorist attack in the United States. The FBI bulletin came on the heels of a Justice Department report that U.S. intelligence intercepts had detected the highest “chatter” among terrorist targets since September 11, 2001. The FBI warned law enforcement agencies: “Sources suggest Al Qaeda may favor spectacular attacks that meet several criteria: high symbolic value, mass casualties, severe damage to the U.S. economy and maximum psychological trauma.” Likely targets are commercial aviation, petroleum plants, nuclear-related facilities, and national landmarks.

Interviews with Al Qaeda detainees, intercepts of communications from suspected operatives and other sources have yielded evidence that Osama bin Laden’s network still has a command structure and the determination to launch an attack rivaling 9/11. Recent intelligence reports indicate that Al Qaeda remains interested in the idea of using aircraft as missiles, despite the additional security at U.S. airports since 9/11. Experts still say more limited assaults, including suicide vehicle bombs, remain Al Qaeda’s weapon of choice. But intelligence reports suggest that some of Al Qaeda’s operatives view chemical or biological weapons as a way to top the 9/11 attacks.

The FBI and Department of Homeland Security told law enforcement agencies to be particularly mindful of security around cargo jets and chemical plants. Much of the talk among analysts regarding Al Qaeda’s capabilities has focused on the potential for terrorists to attack targets abroad. But officials say they are learning more about the group’s presence here. There are only a few people in the United States who could be classified as suspected Al Qaeda operatives capable of carrying out an attack. That raises the possibility that any big strike would have to be conducted by terrorists entering the country. Nearly all of the approximately 1,000 current terror-related investigations in the United States involve people suspected of raising funds or recruiting for Al Qaeda or Middle Eastern terror groups. (Combined Dispatches)

Foiled Bomb Attack at U.S. Embassy in Beirut

A Lebanese man was arrested on December 12, on suspicion he ordered a bomb attack against the U.S. embassy in Beirut. Lebanese authorities foiled the plot on December 10 when they arrested a Lebanese man outside the embassy complex carrying more than two pounds of explosives. Also taken into custody was a Palestinian taxi driver. The device did not explode and no one was harmed. A few days earlier, Lebanon charged 10 people in connection with a string of bombings against American and British restaurant franchises over the past two years and a plot to kill the U.S. ambassador, Vincent Battle. Some of those arrested are believed to have ties to Al Qaeda. Some 35 people...
have been indicted for bombing American and British targets in Lebanon between May 2002 and April of 2003. The State Department urged Americans in Lebanon to maintain a low profile and avoid Palestinian refugee camps because of growing tensions and violent anti-American rhetoric in the Middle East. (Combined Dispatches)

**Egypt Stopped Jihad Group’s Plot against Israel**

Egyptian authorities have captured 43 insurgents from an outlawed jihad group. The suspects are accused of participating in a plot to infiltrate the Gaza Strip in an attempt to strike targets in Israel. The defendants, who included explosives experts and engineering graduates, were also accused of targeting the Israeli and U.S. ambassadors to Egypt after failing to enter Israel. The jihad members were captured before the plot was carried out. The head of the jihad network was identified as Ihab Ismail Sabri, who received orders from abroad via the Internet. Egyptian security forces seized a large amount of explosives from a jihad cache. The Egyptian Islamic Jihad has been created and led by Ayman Zawahiri, chief aide to Osama Bin Laden, currently thought to be in Afghanistan. The original jihad group was responsible for the assassination in 1981 of Egyptian president Anwar Sadat, but it has not conducted an attack inside Egypt since 1993. (Combined Dispatches)

**ETA Exiles Return to Replace “Lost Generation”**

ETA leaders, who have lived as “refugees” in Latin America for several years, are to take control of ETA’s “military apparatus.” These individuals fled Spain in the 1980s and settled in Mexico, Venezuela, Cuba, Uruguay, and at one time, Communist-controlled Nicaragua. This lost generation has forced the group to use terrorists who were hiding in these countries, where they carried out logistical work, to organize infrastructure, to welcome new ETA members, and to launder the income from the clandestine “revolutionary tax” through various business networks.

The recent incorporation into the ETA leadership, after a flight from justice, of Jose Antonio Urrutikoetxea Bengotxea, alias Josu Ternera, has strengthened the role of this “gerontocracy” in ETA. The leaders arrested in France on December 9 are likely to be behind the communiqué published one day before, in which ETA announced a continuation of its attacks and identified as its preferred targets the members of the Ertzaintza (Basque regional police force). This was an indication that the talks between the PNV (Basque National Party) and the group were not going well. It is nevertheless difficult to determine what role will be played by the “gerontocracy” in these talks. (Combined Dispatches)

**High Terror Threats in Southeast Asia**

U.S officials in Southeast Asia are bracing for new terrorist attacks as they gather fresh information about Jemaah Islamiyah, the radical Islamic organization based in Indonesia. Despite arrests of some of the group’s top leaders, including Riduan Isamuddin—better known as Hambali—captured in Thailand in August 2003, the group remains intact and is growing in strength and numbers. Terrorist cells in Indonesia are “regrouping, retraining, and recruiting,” and could be planning more deadly bombings here, the country’s top security minister warned on December 7. Indonesian officials recently seized documents showing that Jemaah Islamiyah was planning attacks on Citibank branches in the country. New attacks against Westerners, with Americans and Australians at the top of the list, are expected.

The Philippines is also considered a prime target. Hambali, who was a member of bin Laden’s inner circle, has told his interrogators that the Israeli embassy and a Manila hotel were on the group’s list of targets. Malaysia and Thailand are considered lesser targets but far from immune. To counter the threat from Jemaah Islamiyah, the United States has sent more CIA agents, military assistance, and training to the Philippines. Jemaah Islamiyah is known to have a major training base on Mindanao, where Taufik Rifki, the group’s finance and logistics officer in the Philippines, was arrested. Based on his interrogation, authorities in Indonesia narrowly missed capturing Azhari Husin, a 46-year-old Malaysian, in November. He is suspected of having a role in the attack in Bali in October 2002, which killed more than 200 people, and more recently in the attack in Jakarta, Indonesia, on the Marriot Hotel.

Although many members of Jemaah Islamiyah trained in Al Qaeda camps in Afghanistan, Western and Asian governments increasingly consider it a stand-alone regional operation, with its own camps, recruiting, financing, and agenda, which includes the establishment of an Islamic state across an arc of Southeast Asia. Hambali was thought to be the vital link between Jemaah Islamiyah and Al Qaeda, and the source of money and technology. Now, the Al Qaeda network appears to be
more decentralized. Many government officials in the region, however, are wary of being seen as cooperating too closely with the United States, despite Southeast Asia now being a front line in the global fight against terrorism. *(Combined Dispatches)*

**Bangladesh Weak Link in War on Terror**

After a period of quiet, Bangladesh’s Islamists have recently intensified their activities. The country has become home to indigenous and foreign Islamic terrorists, while suspected Bangladeshi terrorists have been arrested abroad. Sixteen were taken into custody in Bolivia on December 4 after the local authorities received intelligence from France. It was strongly believed that they were aiming to hijack a plane to strike U.S. interests. Similarly, 11 Bangladeshis were earlier arrested in Saudi Arabia on August 14, while they were allegedly planning a terrorist attack. A recent Canadian intelligence report suggested that Bangladesh is fast emerging as a new haven for Islamic terrorists. The report noted recent attacks by radicals on Bangladeshi cultural groups, hints at collusion with Al Qaeda, and criticizes the government’s alleged unwillingness to act. It further suggested that these Muslims could pose a threat to Canadian aid agencies with a strong presence in Bangladesh, the third-largest Muslim country in the world.

The United States has listed Bangladesh as a terror-risk country and has included it in the National Security Entry-Exit Registration System—requiring Bangladeshis to be photographed and fingerprinted when entering the United States. Fugitives from Afghanistan migrated to Bangladesh after the Taliban regime was ousted, and senior Al Qaeda leaders are believed to have stayed there. Recently, as the noose tightened on the Jemaah Islamiah in Southeast Asia, a number of its top leaders, including Hambali, tried to relocate to Bangladesh. Hambali was caught north of Bangkok when he was about to move to Bangladesh. It is believed that one of Al Qaeda’s most wanted men, Malaysian accountant Zulkifli Marzuki, could be hiding in Bangladesh. The country may be on the side of the United States in the war on terrorism but the near absence of law and order makes the terrorists’ presence easy to sustain. *(Combined Dispatches)*

**Taliban/Afghanistan**

**Allies at Odds Over How to Fight Drug Boom**

Britain and the United States are at odds over how to deal with the massive growth in the cultivation of opium poppies in Afghanistan. Poppy growing in the country doubled between 2002 and 2003 to a level 36 times higher than under Taliban rule in 2001. But European intelligence sources and independent experts say that Washington, while publicly expressing concern, in practice turns a blind eye to the opium crop because it needs the support of the warlords, including those in the north of the country who control the bulk of the poppy harvest. The area planted with poppies, used to make heroin and morphine, was 152,000 acres in 2003, compared with 76,900 acres in 2002 and 4,210 acres in 2001. The crop will be worth about $3.5 billion, shared equally by the farmers and traffickers, according to official U.S. estimates.

The writ of President Karzai’s administration does not run much beyond the capital, Kabul, and there are insufficient U.S. and other NATO troops in Afghanistan to maintain law and order in the rest of the country. The United States and NATO also need the warlords to combat the continuing threat posed by fighters supporting the Taliban and Al Qaeda. But if Afghan poppies are responsible for 90 percent of the heroin reaching Britain, very little reaches the United States. Some of the opium is “leaking” south to Pakistan, and Al Qaeda is getting hold of some of it. On December 5, the British government announced the “Kabul gates” scheme—checkpoints designed to deter drug smuggling, manned by Afghan security forces trained in a British-led program. Since December 19, 2003, the U.S. Navy has intercepted four dhows carrying drugs in or near the Persian Gulf and established “clear ties” to the Al Qaeda network after interrogating smugglers. *(Combined Dispatches)*

**Afghan Camps: The Link to All Extremist Attacks**

An Afghan link can be traced to nearly every major terrorist attack since 9/11, from Bali to Istanbul—although not all have been carried out directly by Al Qaeda. This link has developed through Afghan camps such as the one in Rishkhor, just south of Kabul, which was destroyed by U.S. warplanes the first night of the Afghan war. Attacks like the ones in Turkey, Indonesia, Morocco, Tunisia, and the Philippines appear to have involved homegrown groups, sometimes working hand-
in-hand with Al Qaeda. Extremists were trained and either pledged allegiance to bin Laden and Al Qaeda or carried that inspiration back home to initiate more localized jihad efforts.

Between 15,000 and 20,000 people are believed to have trained at Afghan camps since 1996, 3,500 men for the Rishkhor camp alone, when bin Laden returned to Afghanistan from Sudan. The Afghan camps were fundamental for training, indoctrinating, and networking, but also to train instructors for future generations. Militants who trained in the camps poured out of the country under heavy U.S. bombardment and created a diaspora of destruction—Turkey, Philippines, Pakistan, Malaysia, Morocco, Chechnya, and countries throughout Europe and the Middle East. The United States and Canada have also arrested men trained in the Afghan camps. (Combined Dispatches)

Bin Laden/Al Qaeda

Al Qaeda Scouted U.S. Targets in South Korea

Agents from the Al Qaeda terror network made repeated visits to South Korea recently scouting U.S. targets. South Korea’s National Intelligence Service (NIS) is now on antiterrorism alert to respond to reported Al Qaeda activity in the country. NIS suspected Al Qaeda members had checked the security of U.S. troops in South Korea on two or three occasions recently. One suspected Al Qaeda member was detained at a South Korean airport for 10 hours last year prior to being expelled. Another was expelled earlier this year; he was believed to be examining security at South Korean airports and carrying out the same task in the Philippines. South Korea, a U.S. ally since World War II, hosts 37,000 U.S. troops at some 90 military posts. The country is also home to some 100,000 U.S. civilians and a wide range of U.S. business interests. The Al Qaeda network is increasingly turning its attention to Northeast Asian countries, amplifying chances of terror in the region. (Combined Dispatches)

Al Qaeda Threat to U.S. Interests in Saudi Arabia

Al Qaeda is planning a major suicide attack against U.S. interests in Saudi Arabia, including American-inhabited compounds, companies, and the U.S. embassy, warned U.S. officials in early December, as the embassy in Riyadh reopened after being closed for a week. About 30,000 American nationals live in Saudi Arabia. Britain has about the same number of citizens in the kingdom. The State Department has not decided to evacuate Americans from any housing facilities in Riyadh, but security has been bolstered. The U.S. embassy imposed new restrictions on the movement of its American employees. Al Qaeda has also targeted financial institutions that own or have a stake in Saudi Arabia, and there are signs that Al Qaeda is considering attacks on the country’s petrochemical complexes.

Saudi security sources agreed that Al Qaeda has been planning a major suicide attack on Western interests in the kingdom. They said authorities foiled what could have been the destruction of a Western compound in Riyadh in late November when security agents killed an Al Qaeda operative and captured more than one ton of explosives. U.S. officials said the new threats of an Al Qaeda attack have enhanced the security dialogue between Riyadh and Washington. The White House sees improvements in the Saudi fight against Al Qaeda, but some senators in Washington expressed skepticism as the next U.S. ambassador to Riyadh, James Oberwetter, testified before the Senate Foreign Relations Committee. The kingdom itself acknowledged that it has failed to stop the financing of Al Qaeda. (Combined Dispatches)

Homeland Security

Creation of the Terrorist Screening Center

On December 1, 2003, the creation of the Terrorist Screening Center (TSC) was announced, which will consolidate terrorist watch lists and provide 24/7 operational support for thousands of federal screeners across the country and around the world—from the Department of Homeland Security, Department of Justice, State Department, FBI, CIA, and other intelligence community representatives. The TSC will ensure that U.S. government screeners are working from the same unified set of antiterrorist information when a suspected terrorist is screened or stopped anywhere in the federal system. The FBI will administer the TSC. The Departments of Homeland Security, State, and others, will provide operational and staff support to the TSC. Each of the agencies involved in the new center will be responsible for specific aspects of the TSC’s work. (Combined Dispatches)

Pilot Project for Intelligence Scholars Program

A University of Kansas professor’s idea for training federal intelligence agents was approved by both houses of Congress on November 27. The ROTC-style program...
received $4 million in funds in the Intelligence Authorization Act approved by Congress. Drawing from the 9/11 intelligence failures, Felix Moos, an anthropology professor, proposed the idea to Senator Pat Roberts, chairman of the Senate Intelligence Committee. It will be called the Pat Roberts Intelligence Scholars Program. The act authorized the Community Management Staff, a division of the CIA, to create a pilot project to test the idea next year. Students would receive scholarships to learn about particular areas of the world, cultures and languages, and then serve in the CIA for a set amount of time. The pilot project will involve no more than 150 students during its first year. (Combined Dispatches)

Terror Finance

“Hawala” Remains Popular in Saudi Arabia

Saudi Arabia this year announced several new banking rules in its fight against money laundering. The Saudi Arabian Monetary Agency (SAMA) warned against any money transfer through unauthorized financial institutions or individuals. Only Saudi banks and authorized money exchanges could transfer money abroad. The kingdom’s 7 million expatriates remit an estimated SR21 billion ($5.6 billion) every year. But despite attractive offers from licensed operators, the “hawala” money transfer has been thriving throughout the entire Gulf, not because customers have anything to hide, but mostly because it is convenient. Until a few years ago, the hawala method was attractive because operators offered a more favorable exchange rate—significant for large transfers—than banks for several Asian currencies. In the past three years, hawala operations in the kingdom have declined considerably—partly because economic reforms made a number of Asia currencies easily convertible—but they have not disappeared.

The main reason the hawala system survives in the Gulf is the inaccessibility of banks and money exchanges in remote parts of India, Pakistan, and Bangladesh. Most of the 3 million expatriates from those countries work in blue-collar jobs and hail from remote villages. If they transfer money to their home through banks and money exchanges, it takes at least a month to reach their families, and banks deduct hefty service charges. In the hawala system, the money is delivered to a family’s doorstep within 48 hours of the transfer. Due to easing of the foreign exchange regulations in these countries, the demand for dollars and pounds has declined, and as a result the black market for these currencies has vanished. The banks and money exchanges are now offering a much better rate for these currencies than hawala operators. But agencies like Western Union and Saudi American Bank’s Speed Cash only offer urban locations to their customers. Until they reach into the remotest villages, hawala operators are likely to flourish. (Combined Dispatches)

Organized Crime

EU Pressures Western Balkans over Crime

Narcotics trafficking, cigarette smuggling, human trafficking, money laundering, and corruption are rampant in Albania and the countries of the former Yugoslavia, despite the fact that the EU has been generously funding these countries to help them crack down on the high crime rate that poses a threat across Europe. EU ministers of public order and justice asked their counterparts from the western Balkan countries (Albania, Serbia-Montenegro, Macedonia, Bosnia-Herzegovina, Croatia) during a meeting in Brussels in early December to assume their responsibilities. Corruption in these countries extends to certain levels of the administration, to the police, and to the judiciary, threatening democratic stability and economic progress.

These countries are expected to fulfill the commitments they undertook during the London conference on organized crime in November 2002. The EU will keep financing programs that provide guidance for judges and prosecutors in matters such as organized crime, corporate law, bankruptcies and cyber crime. It will also offer pro bono legal services while courts are being equipped with computerized systems and new prison facilities are being built. Over the past three years, via its Reconstruction and Development Program, the EU has provided Albania with 129 million euros and Macedonia with 132 million euros, aimed at combating illegal immigration and organized crime. “Fraternization” programs have been developed with, for example, the Spanish Guardia Civil to provide assistance to local police in Albania. Despite this aid, crime is high, which has consequences on the entire European continent. The EU is the major provider of economic aid to the western Balkans, allocating around 6 billion euros between 1991 and 2000. The pressure the EU is putting on these countries is also related to the intention to enter advanced accession agreements with the bloc, with Croatia already requesting immediate accession negotiations. (Combined Dispatches)
**Cyber Terrorism**

**Cyber Terrorism and Organized Crime: A Nexus?**

Internet security experts are divided on the source and purpose of computer viruses and worms like Blaster and SoBig. But some government agencies are investigating a possible connection between the increasing spread of infected computers and organized crime. Recent trends are leading many experts to worry that malicious code buried in infected computers or released in new generations of worms will spawn targeted criminal attacks against business and industry. Individuals trading and dealing with stolen credit card information over the Internet have already been monitored. The FBI has also investigated many incidents of identity theft and related criminal activities, but there is little domestic authorities can do when it comes to the large, uncontrolled computer networks springing up throughout Asia and the Pacific Rim, the source of many virus intrusions. Investigations have not yet yielded definitive proof of links between viruses and organized crime, but federal authorities have stepped up the search for a mafia connection. The Department of Homeland Security has issued advisories in recent months about possible connections of virus attacks to organized crime or terrorists. *(Combined Dispatches)*

**Bioterrorism**

**U.S. Officials Securing Uzbekistan’s Lethal Labs**

U.S. officials are beginning work to secure old germ warfare labs in Uzbekistan, once home to the largest biological testing ground in the Soviet Union. They are acting to lessen the chances of anthrax, Bubonic plague, and other pathogens being stolen and weaponized by countries or groups hostile to U.S. interests. Initially, an anti-plague system was designed to experiment with endemic diseases—the seventeenth century European plague began in the mountains of Central Asia. In the 1960s, the system became a component of the Soviet biological weapons program. The United States is concerned about the 4,000 specialized scientists in Uzbekistan, earning as little as $100 a month, who could be tempted to sell expertise or pathogens to the highest bidder. Since the mid-1990s, Washington has spent half a billion dollars keeping former Soviet scientists employed. *(Combined Dispatches)*

**Nuclear**

**Two Pakistani Nuclear Scientists Detained**

Two senior scientists from a Pakistani nuclear laboratory have been detained amid reports they had been involved in transferring nuclear know-how to Iran. Both key players in 1998’s successful Pakistani bomb tests, Farooq Muhammad, director of Pakistan’s key uranium enrichment facility, Kahuta Research Laboratories (KRL), and Yasin Chohan, a KRL laboratory director, were interrogated in early December 2003. The architect of Pakistan’s nuclear program, Abdul Qadeer Khan, was also questioned. Khan, who founded KRL after mysteriously leaving a scientific position in Holland in the early 1980s, has been named by foreign intelligence officials, who claim that Pakistan aided both Iran’s and North Korea’s nuclear programs. Iran recently agreed to snap inspections of its nuclear power facilities. The United States sanctioned KRL in March 2003 for allegedly helping an unnamed foreign country or entity to develop weapons of mass destruction or the missiles that carry them. Islamabad, which went public as a nuclear power in May 1998 when it conducted underground nuclear tests, consistently denies reports of exporting nuclear know-how. Early in 2004, *New York Times* investigators concluded that Pakistan has emerged as the intellectual and trading hub of a loose network of hidden nuclear proliferators, many leading back to the KRL. *(Combined Dispatches)*

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