



Transnational Threats Update

Volume 2 • Number 9 • June 2004

"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
Terror Finance	2
War on Terror	3
Al Qaeda/Osama bin Laden	3
Organized Crime & Terrorism	4
Organized Crime	4
Drug Trafficking	5
People Smuggling	5
Mafia	6
Nuclear	6

Terrorism

European Citizens Involved in Terror Activities

European officials say that a growing number of terror operatives are European citizens, rather than foreign infiltrators. This alarming trend greatly complicates the ability of investigators and police departments to track planned attacks on the continent. Investigators from Italy, France, and Britain said that organizations inspired by Al Qaeda are increasingly opting to use local citizens, who can use their European passports to slip across borders of 25 European Union (EU) countries undetected for months or even years. European citizens can also transfer money without raising suspicion of bank officials and police departments.

France's top antiterrorism Magistrate, Jean-Louis Bruguiere, said investigators had noticed a growing number of European women who had married Muslim immigrants involved in extremist organizations in France, Norway, and Spain. "These women convert and very quickly embrace a very radical conception of Islam," Bruguiere said. The

networks also use marriage as a method to acquire European passports for their foreign operatives.

In Italy, Muslim communities have been financing jihad organizations by fining their members for petty offenses without reporting it to the police. This method is well known to the Italian police as it was first used by the Mafia. Investigators believe that some of this money is then spent on manufacturing forged documents, such as drivers' licenses, which are now sufficient to cross most EU borders.

The apparent success of local mosques and community leaders in drawing European citizens to extremist groups exacerbates the need to better understand problems within Muslim communities in Europe. (*Combined Dispatches*)

Fighting Maritime Terrorism

It is now clear that international terrorists are setting their sights on the maritime trading system as a means to conceal weapons or provide funding for their operations. There are also concerns that ships or cargo containers will become a target of attacks. The task of securing over 15 million containers in circulation, making 230 million journeys a year, is daunting. Most of the 20 leading mega-ports are in the United States, Asia, and Europe. The Container Security Initiative (CSI) now encompasses 16 major seaports in Europe, Canada, and Asia.

Searches of containers at U.S. ports increased to 5.2 percent of total arrivals, as of September 2003, from 2 percent two years earlier. Worldwide, less than 1 percent of shipped cargo is screened using X-ray and gamma ray devices to check for explosive and radioactive substances. About half the world's trade by value, and 90 percent of general cargo, is

transported in containers; therefore a terrorist attack on shipping would strike at the heart of global trade.

In March 2003 Al Qaeda's former director of global operations, Khalid Sheikh Mohammed, offered to invest \$200,000 in an export firm in exchange for access to the containers used by the firm to ship garments to Port Newark in the New York–New Jersey harbor.

Due to the potentially devastating results, most of the efforts have been focused on cargo shipping, yet recent U.S. intelligence reports suggest that the next major terrorist attack could be on cruise ships. Over 9.5 million people around the world took a cruise in 2003, and the cruise industry expects this number to rise to 10.5 million in 2004. The Caribbean is particularly vulnerable to such attacks because it is one of the most popular cruise destinations. The Caribbean share of the North American cruise capacity in 2000 was 45.6 percent.

The possibility that terrorists might target both maritime cargo transport and the tourism industry cannot be discounted, making implementation of tighter security measures crucial. (*Combined Dispatches*)

JI Switching from Bombings to Assassinations

According to the *Wall Street Journal*, Jemaah Islamiah (JI), an Al Qaeda-linked group based in Indonesia, is switching tactics from bombings to assassinations. JI operatives reportedly entered Indonesia in recent weeks to mount an assassination campaign against Western diplomats, foreign businessmen, and Indonesian public figures. Indonesian officials said that there has been speculation that militants could use snipers or even resort to shooting at close range. The *Wall Street Journal* said that the U.S., British, and Australian ambassadors and senior officials from those embassies were at the top of a JI hit list.

Assassination is not new to the JI terror network. In mid-2001, JI tried to kill the Philippine ambassador to Indonesia. According to testimony from militant Fais Abu Bakar Bafana in Singapore the group even had plans to assassinate Megawani Sukarnoputri who was then vice president.

Indonesian officials claim that bombing is still high on JI's agenda and point to JI's possession of some

200 kilograms of explosives.

Despite the capture of several of its members, JI continues to be a major security threat to the region. (*Combined Dispatches*)

Terror Finance

Al Qaeda Looks for New Sources of Income

With the freezing of about \$130 million of their funds worldwide, terrorists have been forced into diversifying their activities to find new sources of income.

Terrorist cells in Western Europe are turning to the lucrative trade in counterfeit goods, forgery, and credit card fraud to finance their operations. According to Interpol, counterfeiting may now be more profitable than drug trafficking in Western Europe. Fake goods are typically easier and more economical to transport. Interpol figures indicate that 1 kilogram of pirated discs is worth 3,000 euros in Western Europe, while 1 kilogram of cannabis resin is valued at 1,000 euros in real profits. Penalties for trafficking drugs also remain much higher than those for counterfeiting. Counterfeiting is a low-risk, high-profit crime area that is not a priority for most police forces, which makes it that much more attractive to terrorist groups.

There has also been increasing evidence of links between terrorist cells and international narco-traffickers. One such example is the recent capture of Al Qaeda associates smuggling drugs on their own boats in the Arabian Sea.

Proceeds of crime enable Al Qaeda to circumvent the financial measures taken against it. Al Qaeda is also financing its operations through the drug trade in the central and south Asian heartlands, partly because of the proximity of the Afghan export route. The market value of Afghan narcotics on the streets of Russia, Western Europe, and North America however is about 10 times higher than in the region of origin. Therefore, if Al Qaeda wants to access the more profitable, top end of the drug market, rather than trading it for less money in the geographical proximity of Afghanistan, it needs to expand its criminal connections. Skyrocketing poppy production in Afghanistan—leading to lower prices of opium in the region—may be providing Al Qaeda

with an additional incentive to penetrate the European drug market.

A senior intelligence officer claims Al Qaeda is wary of dealing with criminal networks because it believes these networks are more susceptible to being infiltrated by law enforcement. However, U.S. investigators have found that some of the most useful intelligence on Al Qaeda has been collected from informers or infiltrators of crime gangs. This points to the fact that Al Qaeda has already established links with criminals. Its criminal connections may prove to be the Achilles' heel of the organization. (*Combined Dispatches*)

War on Terror

Think Tank Warns of Anti-Islam "Time Bomb"

A report by the Commission on British Muslims and Islamophobia found the number of attacks on individuals and mosques in the UK increased after the 9/11 tragedy in the United States. Growing Islamophobia in Britain could lead to a dangerous backlash of riots, the report said. Exclusion from public life fosters a feeling of alienation, experienced particularly among young people. The report noted that this could aggravate extremist tendencies. Commission chairman Richard Stone said, "There is now renewed talk of a clash of civilizations and mounting concern that the already fragile foothold gained by Muslim communities in Britain is threatened by ignorance and intolerance."

Critics claim that the report gives no evidence of a rise in Islamophobia. Unfortunately, an incident supporting the report's claims occurred a day after its release when right-wing British protesters clashed with Muslim worshippers and the police during Friday prayers outside a London mosque. (*Combined Dispatches*)

Al Qaeda/Osama bin Laden

Western Airlines: Al Qaeda's Next Target?

An Al Qaeda statement on the Internet warned of attacks on Western airlines and told Muslims to stay away from Westerners. It appeared on an Islamist Web site known for posting messages from

militants, including video of the execution of Nicholas Berg and claims of responsibility for the recent Khobar, Saudi Arabia, attack.

The statement also warned all Muslims to avoid contact with the American and Western "crusaders" in the Arabian Peninsula. It states, "All that is affiliated with these crusaders—from compounds, bases, and means of transport, especially Western and American airlines—will be the direct targets of our next operation..." The authenticity of the statement, signed "Al Qaeda on the Arabian Peninsula," could not be confirmed.

Dismissing such statements as empty threats is much harder in light of the fact that the Madrid bombings were also announced on the Web site a few months before the actual attack. Brynjar Lia, a researcher at the Norwegian Defense Research Establishment dismissed an Internet document posted on the Global Islamic Media Web site that called for a series of strikes that were to coincide with the Spanish elections to topple Spain's pro-Bush administration.

Worrying about every single threat on the Internet is impossible yet dismissing them, even the far-fetched ones, may be riskier. (*Combined Dispatches*)

Al Qaeda's New Guard

The U.S. government's impressive claim that two-thirds of the Al Qaeda leadership has been eliminated now seems like poor consolation as a new generation of terrorists is emerging in Iraq and around the globe. Abu Musab al-Zarqawi has risen in the ranks of America's most-wanted list. Zarqawi is now the leading terrorist in Iraq. Governments, however, have a tendency to blame any attack on a known perpetrator, which obscures the fact that there is an entire network of individuals working in the background. Mohammed Salah, an Egyptian journalist says, "It is important to note that it could be in Al Qaeda's interest to propagate certain names while others work in the shadows." With a \$25-million bounty on his head and the title of "U.S. Enemy No. 2," Zarqawi owes some of his popularity to the Western media.

The new generation of militants with links to Al Qaeda is adopting tactics aimed at destabilizing the interim Iraqi government. A senior U.S. military intelligence official said insurgents realized that damaging the electrical and water infrastructure

could sow widespread distrust and discontent with the new Iraqi government. Patterned attacks on the country's electrical grid as well as coordinated strikes on fuel and transmission lines may have grave consequences for the economy and can undermine the Iraqis' trust in their government. There are also signs that terrorists may be using Iraq as a testing ground. On May 17, attackers rigged an artillery shell packed with the deadly nerve agent sarin for detonation.

Leaders such as Zarqawi are on the front lines and are only important when they are successful. Due to increased risk, the life expectancy of today's terrorists is likely to be shorter and the leadership turnover rate is subsequently higher. (*Combined Dispatches*)

Organized Crime & Terrorism

Italian Mobsters Linked to Islamic Terrorists

Italy's top anti-Mafia investigator said that Italian mobsters and Islamic terrorist groups have forged links in arms and drug trafficking. "We have evidence that Camorra groups are implicated in exchange of arms for drugs with terrorist groups," said anti-Mafia prosecutor Pierluigi Vigna in a briefing at the Foreign Press Association.

Furthermore, Italian investigators claim that the Calabrian 'Ndrangheta may be supplying explosives to Islamic terrorists. An investigation launched after the Madrid bombing, uncovered stocks of explosive devices in the hands of one of the fiercest Calabrian clans. A police officer working undercover infiltrated the Iamonte gang and uncovered their stocks of Semtex explosive, which was the same type used in numerous terrorist attacks. The Melito Porto Salvo gang is also said to possess huge amounts of ready-to-sell explosives, pointing to a potential relationship between terrorist groups and the Calabrian Mafia in exchanging explosives for drugs and arms.

The investigators are still struggling to better understand the potential links between these organizations and from where the seized explosives originated. (*Combined Dispatches*)

Cigarette Smuggling Linked to Terrorism

Federal law enforcement officials say that smugglers are acquiring millions of dollars from illegal cigarette sales and funneling the cash to organizations such as Al Qaeda and Hizballah. Compared to only a handful of cases five years ago, the Federal Bureau of Alcohol, Tobacco, Firearms, and Explosives has more than 300 open cases of illicit cigarette trafficking today.

The scheme is simple, very lucrative, and difficult to stop. The traffickers purchase a large volume of cigarettes in states where the tax is low, such as Virginia and North Carolina, transport them to states such as Maryland, New York, and Pennsylvania, and sell them at a discount without paying the higher cigarette tax in those states. Due to huge profits and low penalties, cigarette trafficking is becoming one of the preferred sources of funding for terrorist groups. (*Combined Dispatches*)

Organized Crime

Israel Struggles with Crime

In the last four years Israeli police, focusing on Palestinian suicide bombings, have lost control of the country's organized crime gangs who are making millions from gambling, prostitution, money laundering, and drugs. Organized crime has been booming in Israel for the last decade. Former Israeli police chief Asaf Heretz claimed that dirty money accounted for \$2.5 billion of investments in Israel in recent years. Israeli gangsters were found to be operating in the United States, Russia, South Africa, and the Netherlands.

There are indications that Israeli gangs are especially interested in Las Vegas where drugs such as ecstasy and cocaine are in high demand. In May, the U.S. Drug Enforcement Agency office in Los Angeles charged several members of the Jerusalem Network with laundering money they obtained by smuggling millions of dollars worth of ecstasy into the United States.

Organized crime activities also reach into the echelons of the Israeli government. Former Israeli energy minister Gonen Segev is awaiting trial on charges of trying to smuggle 32,000 ecstasy tablets

into Israel from the Netherlands. The spokesman for the Israeli National Police, Gil Kleiman, claims however that gangsters' "attempts to gain control of politicians in Israel" have so far been unsuccessful.

"There is no question that when the intifada began in September 2000 a lot of police manpower and resources were diverted to saving lives from terrorism," Kleiman said. He also mentioned that December's bomb attack in Tel Aviv, aimed at killing a leading figure in the Israeli underworld, was a wake-up call for law enforcement, which has now declared war on the organized criminals. *(Combined Dispatches)*

Drug Trafficking

Colombian Drug Lords Move into the Balkans

The executive director of the UN Office on Drugs and Crime (UNODC), Antonio Maria Costa, says that Colombian drug traffickers have established a foothold in the Balkans to distribute cocaine in Eastern Europe. "We found settlements of Colombians in the Balkans, in Albania, in particular, for penetration into Ukraine, Eastern Europe, and Russia," he told reporters. Spain used to be the main entry point for cocaine coming into Europe. Crackdowns by Spanish police forced drug traffickers to expand their operations to the shipping ports of the Netherlands and now into the Balkans.

There are also indications that the market for cocaine is changing. Cocaine is considered to be the drug for wealthy people and is much more widespread in the United States. Recent statistics indicate that, although subtle, consumption in Europe is on the rise. Despite the recent UNODC report that the coca cultivation in the Andean region has declined, the use of the drug in Europe does not seem to be following the same trend. *(Combined Dispatches)*

Poppies Flood Afghanistan

The record number of Afghan farmers that grew opium poppies this year resulted in a drop in price for the illegal drug by an average of 65 percent in Afghanistan. The overabundance of opium is a drawback for the country in the short run; however, if handled correctly, it may actually provide a

unique opportunity to curb long-term opium production.

Experts say lucrative profits have been the greatest incentive for Afghan farmers to grow opium. Now that poppy farming is not as profitable, Afghan farmers may finally be willing to plant alternative crops.

U.S. and Afghan officials say the production boom was fueled by a surge in prices after the Taliban's brief ban on production in 2001. Prior to the ban, opium prices remained relatively low for decades. A kilogram (2.2 pounds) was valued at \$30 according to UNODC. After 2001, prices soared to \$750 per kilogram. Eager to take advantage of this lucrative market, farmers increased the amount of opium planted, which forced prices down to \$350 per kilogram in 2002 and \$283 per kilogram in 2003. This spring's oversupply has driven prices down to roughly \$100 per kilogram.

Because so many farmers opted to plant opium—28 of Afghanistan's 32 provinces are involved—there is a shortage of vegetables on the market. In the southern province of Helmand, tomatoes are selling for more than opium. Unfortunately falling prices of opium are also affecting other parts of Helmand's economy. "All people are depending on opium," said Ubaidullah, a satellite phone salesman. "If there was no opium, I don't think I'd have one person coming to make a call."

The Afghan government and international community should speed up efforts to demonstrate the value of planting alternative crops. The situation presents a unique opportunity for the Afghan government to eliminate one of the gravest threats to the country's stability. *(Combined Dispatches)*

People Smuggling

"Business Class" People Smugglers

The British police have been following the operations of Shakeen Singh Chahal and his UK-based gang, which is said to have smuggled as many as 400 people across the English Channel. The secret of Chahal's success is that he offered "business class" service to potential immigrants and increased his prices accordingly. He charged £8,000 per person, which is twice the rate other gangs were

charging. For those being smuggled, paying a higher sum meant avoiding risking their lives by being locked in the back of trucks or crammed into hidden voids. Business class immigrants received food and water. They were allowed to roam the cross-channel ferry freely, were safely transferred to people carriers in the UK, and then driven to the door of the family where they would be staying.

Most of the people traveled from the Punjab region in India and entered France legitimately. They gathered at a Sikh temple near Paris before being placed in safe houses around France and then taken to the UK. They were issued the passport of a British Asian that was either stolen or sold. If caught when crossing into the UK, they were told not to claim asylum and were deported back to France where they could make another attempt to cross at a later time.

The gang was very well organized, and breaking it up required an operation involving six different French and British agencies. (*Combined Dispatches*)

Mafia

Mafia Tightens Grip on Turkish Economy

Turkish Mafia-controlled activities are equivalent in value to almost a quarter of the national economy, the Ankara Chamber of Commerce announced in a recent report. Organized crime activities generate over \$60 billion in the black-market economy in about 100 different sectors. In addition to the Mafia's traditional activities such as drug trafficking, loan sharking, trafficking in women and children, the Turkish Mafia is also involved in unconventional areas such as organ and baby trafficking. Children are either abducted or purchased from poor families and sold to wealthy, childless couples. The Mafia is also involved in selling body parts of the poor, in most cases kidnapping a person for the purpose of removing a particular organ.

Between 1998 and 2002 over 3,000 crimes by organized gangs were reported, police detained some 17,000 people, and they seized a large number of weapons. "The Mafia has in the past few years become one of Turkey's main internal threats," the head of the Chamber of Commerce, Sinan Aygun,

said in the report. "Mafia economy is weighing on the national economy." (*Combined Dispatches*)

Nuclear

Nuke "Middleman" Helped Train Libyans

Malaysia arrested a Sri Lankan businessman, Buhary Syed Abu Tahir, accused of being the main financier in the global nuclear weapons smuggling network once headed by Pakistan's leading nuclear scientist, Abdul Qadeer Khan. Malaysian investigators believe that Tahir arranged for the Libyans involved in their country's nuclear weapons program to be secretly trained in Malaysia. Technicians from Libya were given instructions on handling quality control machines that were part of Libya's nuclear program.

Tahir was arrested under the International Security Act, which allows suspects to be held for two years without a trial. Tahir's arrest is politically sensitive in Malaysia because he had close ties with Kamaluddin Abdullah, the son of Malaysian prime minister Abdullah Badawi. Kamaluddin's company, the Scomi Group, allegedly supplied centrifuge parts to Libya in a deal brokered by Tahir.

The U.S. State Department issued a statement welcoming Malaysia's move: "We think his arrest is a major step and it will serve as a catalyst to international efforts to shut down the Khan network." (*Combined Dispatches*)

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. The TNT update draws on several U.S. and international media sources, including Associated Press, Agence France Presse, Reuters, Xinhua News Agency, World Tribune, Afghan News, and others.

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).

© 2004 by the Center for Strategic and International Studies.