

TRANSNATIONAL THREATS UPDATE

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“Globalization has broadened the number of threats and challenges facing the United States...The nation requires more from our Intelligence Community than ever before and consequently we need to do our business better, both internally, through greater collaboration across disciplines, and externally, by engaging more of the expertise available outside the Intelligence Community.”

—The Honorable J. Michael McConnell, Director of National Intelligence, Statement for the Record to the Senate Select Committee on Intelligence, February 27, 2008

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Terrorism

Al Qaeda Turns to Female Bombers

Though violence has recently subsided in Iraq, the number of suicide attacks carried out by females has increased significantly. U.S. military records indicate that, although there were just eight female suicide bombings in 2007, there have already been 30 such attacks in 2008. These attacks have been both coordinated and deadly: in mid-July, four female suicide bombers carried out attacks in Baghdad and the northern city of Kirkuk, killing 44 people.

The rise in female suicide attacks has not been coincidental, but rather it is a strategic tactic employed by al Qaeda in Iraq. Explosives can be easily concealed by the clothing worn by Muslim women, and it is cultural taboo for the men who make up the bulk of Iraq’s security forces to frisk women at checkpoints. For example, in May, a woman breached hospital security in Baladruz by feigning pregnancy and set off a bomb, killing 32 and wounding 52. This is not the first time extremists have exploited cultural tendencies to enhance their tactical efficacy. Al Qaeda operatives have frequently used mosques as meeting places and storage sites for arms, knowing that U.S. forces are wary of the public outrage that would accompany a raid on holy territory.

Iraqi commanders believe that al Qaeda in Iraq has established networks specifically designed to recruit female operatives. The military has uncovered a host of sinister recruitment methods employed by al Qaeda. Some women are told that their families will be murdered if they do not join the insurgency, while others are raped and coerced to execute attacks. Al Qaeda also targets women who have lost a family member in the war, exploiting their grief as a tool to lionize their message. These tactics have been especially successful in Diyala Province, which has been victim to 15 female suicide bombings this year.

The United States has been proactive in repressing this alarming trend. In late July, it initiated an offensive in Diyala targeting al Qaeda and pockets of Shi’ite militias. The military has also started hiring women to screen Iraqi females at security checkpoints. Though this would conceivably close the cultural loophole that al Qaeda has sought to exploit, the military has had difficulty recruiting women to do the job. This outcome may also be cultural: traditionally, females have not worked in security posts in Iraq. Nevertheless, those that have offered their services have made a difference. More than 500 women have volunteered with the Daughters of Iraq, a program designed to train women to inspect fellow women at checkpoints. “Since women started working in this neighborhood,” said Shenan Mohammad, a member of the Daughters of Iraq in Baghdad, “it is a lot safer.” (*Combined Dispatches*)

Appellate Court Overturns al Qaeda Convictions

An appellate court in New York overturned convictions on two suspected al Qaeda financiers in early October. Yemeni cleric Sheik Mohammed Ali Hassan al-Moayad and his top aide, Mohammed Mohsen Yahya Zayed, were convicted in 2005 of conspiring to support al Qaeda and Hamas and sentenced to 75 and 45 years, respectively. The appellate court ruled that Judge Sterling Johnson, Jr. allowed inflammatory evidence and testimony that nullify

the guilty verdicts. A source in the Brooklyn U.S. attorney's office said the case would be retried.

From the outset, the case was highly politicized. The Bush administration hailed the prosecution of al-Moayad and Zayed as a major step in the war on terror, with acting Attorney General John Ashcroft publicly proclaiming that al-Moayad had admitted to having given Osama bin Laden \$20 million before the September 11 attacks. The five-week trial featured a host of oddities, highlighted by a Yemeni informant setting himself on fire in front of the White House in an effort to extort more money from the FBI for his testimony.

In particular, the appellate court took issue with the prejudicial nature of witness testimony employed by the prosecution. For example, the prosecution called a student who survived a bus bombing in Tel Aviv in 2002, an attack that neither of the defendants was implicated in. The prosecution claimed that the testimony was necessary to show that the defendants were aware that Hamas engaged in terrorist activities, a point the defense did not dispute. The appeals court ruled that this testimony was irrelevant and unnecessary.

The prosecution also called Yahya Goba, who described his time at an al Qaeda training camp in Afghanistan. The government claimed that Goba's testimony was important to explain a training camp registration form found in Afghanistan, in which a trainee had listed al-Moayad as his sponsor. However, Goba's testimony ranged far beyond that, describing the weapons and explosives training that operatives received and the frequent visits by bin Laden. The appellate court ruled that the prejudice engendered by this testimony outweighed its substantive value.

Even if admissible, the prosecution's evidence did not contradict the tenets of the defense's case. Al-Moayad conceded that he provided financial support to bin Laden during the Afghan resistance in the 1980s—the same period in which the United States backed the al Qaeda leader. The defense argued that al-Moayad's ties to bin Laden were severed after the Soviets were defeated in Afghanistan. Al-Moayad made public statements thereafter criticizing bin Laden, and bin Laden even issued a *fatwa* calling for al-Moayad to be killed. These points went unattested during trial.

Ultimately, the case demonstrates that counterterrorism is as much a legal challenge as it is a tactical one. The threat of terrorism and the public pressure it generates put the onus on judges to keep terrorists behind bars. This burden can blur ordinarily clear legal codes of conduct, tilting the law against suspected enemy combatants. Striking the proper balance between national security and justice will therefore be a difficult endeavor. (*Combined Dispatches*)

Uyghur Separatists Threaten Chinese Security

While the United States and the West battle radical Islamic terrorism, China faces a Jihadi threat of its own. For decades, China has suppressed an extremist group calling itself the East Turkestan Islamic Movement (ETIM), representing ethnic Muslim Uyghurs living in China's western Xinjiang Province. Since the 1990s, Uyghurs involved in ETIM have received training from terrorists groups, including al Qaeda, in Afghanistan and Pakistan. Al Qaeda videos and documents link ETIM with its global Jihadi movement, and the group continues to receive training and funding from radical Islamic networks in South Asia.

Uyghur separatist activity peaked in 1997. Massive riots erupted in Xinjiang and a bombing occurred in Beijing near the offices of high-ranking officials. China's strategy to combat the ETIM involved a brutal campaign to capture or kill ETIM members and broadly suppress the Uyghur separatist movement. The Chinese government also provided Uyghurs greater opportunities for political participation, improved economic conditions, and expanded education. The two-sided approach was largely successful in preventing Uyghur unrest from leading to terrorism. However, the recent increase in terrorist activity has signaled a possible resurgence of ETIM and al Qaeda influence in the Xinjiang area.

Last January, Chinese government forces killed 17 suspected Uyghur terrorists and found a stockpile of improvised explosive devices (IED) and Jihadist videos. In a separate raid in the same month, police uncovered more weapons along with plans to attack the summer Olympic Games. The discovery of the material prompted the Olympic security committee to name the ETIM the primary security threat to the games.

EITM has become increasingly deadly since it resurfaced last year. Last March, a Uyghur woman who had received training in Pakistan was stopped before she could ignite a crude bomb on a Chinese plane. In ETIM's most recent attacks in August, 22 security personnel were killed when they were allegedly attacked by men using a vehicle and melee weapons, and 12 others were killed in a separate bombing later that week.

Some experts claim that the ETIM attacks are exaggerated by the Chinese government in order to link the broader Uyghur separatist movement to terrorism and create a pretext for Chinese brutality in the region. If so, it is unlikely that the ETIM poses a significant security threat to China. Wild Phares, the director of the Future of Terrorism Project at the Foundation for the Defense of Democracies, believes that the reports, if accurate, indicate that al Qaeda may be trying to exploit the separatist movement in Xinjiang and transform it, similar to what occurred in Chechnya. If ETIM or other Uyghur terrorist groups continue to scale up their attacks and target western Chinese cities, the

United States and China may find each other in the same corner battling terrorism. (*Combined dispatches*)

Islamic Leaders Battle for Hearts and Minds

A top Shi'ite cleric in Iraq condemned religious justifications for the sectarian violence that has erupted in Iraq since 2003. Sheik Ali al-Najafi reminded his followers that the Qur'an forbids the killing of Muslims. According to al-Najafi, "[t]hose who arouse sectarianism in Iraq violate the directions of the prophet and his orders with regard to cooperation and refraining from killing the Muslim." The cleric attributed the outbreak of violence to foreign intrusion and porous borders, noting that Sunni and Shi'ite Iraqis had lived in peace for centuries.

Sheik al-Najafi's comments were part of a broader struggle among Islamic leaders to steer the hearts and minds of the Islamic community. Peaceful appeals like al-Najafi's have rarely come without equally radical counterparts. In late September, a group of hard-line clerics warned of further attacks against the author of *The Jewel of Medina* (Beaufort Books, 2008), which focuses on the relationship between Mohammed and his child bride Aisha. Earlier in the same month, a Sunni extremist group identified only as "Group XP" defaced and then blocked the official Web site of Grand Ayatollah Ali al-Sistani, Iraq's most influential religious figure. One radical cleric in Saudi Arabia even proclaimed that the cartoon character Mickey Mouse ought to be killed, because under Islamic law mice and rats are "repulsive" and "soldiers of Satan."

The voice of Islamic leaders plays a critical role in global efforts against terrorism. For example, Ayatollah Sistani's *fatwas* have been instrumental in limiting Shi'ite retaliation against Sunni attacks and increasing voter turnout in elections, particularly among women. But empowering moderate religious authorities has been a tough task for the United States. U.S. backing of moderate clerics may discredit them, given America's badly damaged image in the Islamic community. Nevertheless, the United States has an interest in providing a podium for moderate religious leaders and deflecting attention from the radical ones. Finding an effective method to achieve this outcome will be critical in the effort to suppress radical terrorism. (*Combined Dispatches*)

Terrorist Cell Uncovered in Italy

In early August, Italian authorities arrested five North Africans suspected of planning terrorist attacks within Iraq and Afghanistan. The group, four Tunisians and a Moroccan, are thought to have constituted a terror cell with ideological ties to al Qaeda. The leader of the group, Khalil Jarraya, a veteran of the Bosnian conflict, had raised thousands of dollars, sending the money to collaborators in Bosnia who then provided logistical support and training to attackers bound for Iraq and Afghanistan. The four men

that Jarraya had recruited in Italy were allegedly training to become suicide bombers.

According to Lorenzo Vidino at the Hudson Institute, Italy has historically been used as a base for terrorist operatives and sympathizers who provide logistical support for Jihadi attacks elsewhere. During the 1980s, there was a large influx North African and Middle Eastern immigrants. Some of these immigrants sympathized with Jihadist movements in their home countries and organized support from Italy. Networks working to support Algerian, Moroccan, and Tunisian movements have been uncovered and dismantled by Italian authorities. These groups, however, are rarely found targeting Italy itself.

As recent arrests demonstrate, Italy persists as a base for radical Islamic groups. In the future, Italy will likely continue to be exploited by supporters of terrorism, but given its history and recent successes in counterterrorism efforts, it is unlikely to be attacked. Furthermore, Italy has removed military forces from Iraq, thereby eliminating perhaps the primary justification terrorists would employ to target Italy. (*Combined dispatches*)

Regional Security Threats

Fragile Cease-fire Emerges in Niger Delta

The Movement for the Emancipation of the Niger Delta (MEND) declared an "oil war" against the government on September 14 in response to Nigerian military attacks on MEND positions. The militants executed six attacks against oil targets, only two of which were confirmed, highlighted by the destruction of a pipeline run by Royal Dutch Shell. After one week of attacks, the group unilaterally announced a cease-fire but issued a warning to the government: "We hope the military has learnt a bitter lesson. The next unprovoked attack will start another oil war."

About one week after the cease-fire was announced, Nigerian authorities arrested approximately 300 alleged MEND suspects. However, army spokesman Lieutenant-Colonel Musa Sagir noted that only about half of those arrested would remain in police custody, with the rest being released due to a lack of incriminating evidence. Nevertheless, the arrests could disrupt attempts by MEND to generate momentum for a larger campaign against the Nigerian oil industry. Sagir noted that MEND was in a scramble to recruit new members after losing many in the oil war the week before; losing more to arrests certainly will not help its cause.

Though the arrests are likely to slow MEND's attacks against the oil industry, they are unlikely to stop them. Since taking up arms in 2006, the group has lowered Nigerian oil production from approximately 2.6 million barrels per day to between 1.8 and 2 million barrels per day, a drop of more than 25 percent. MEND argues that the Nige-

rian people do not get a fair share of the country's oil revenues. Its stated mission is to reduce Nigerian oil exports to zero. To that end, its self-proclaimed "freedom fighters" have kidnapped foreign oil workers and sabotaged equipment.

The rising tensions in Nigeria serve as a reminder of how natural resource wealth can be as much a curse as it is a gift for developing nations. The drop in oil production has hurt the Nigerian economy, which, along with gas, accounts for 90 percent of foreign exchange earnings. It is therefore little wonder that the International Monetary Fund has stated that Nigeria's biggest challenge moving forward will be effectively managing its oil wealth.

(Combined Dispatches)

Piracy

Somali Pirates Expose Lapses in Maritime Security

The surge in pirate attacks off the Somali coast has drawn significant attention to an often underappreciated security threat. Pirates in the Gulf of Aden attacked a record 17 ships in the first two weeks of September, more such attacks than in all of 2007. In the most audacious attack yet, pirates seized a Ukrainian cargo ship carrying Russian tanks, grenade launchers, anti-aircraft guns, and ammunition on its way to Sudan.

The pirates lowered their ransom demand for the arms vessel from \$20 million to \$5 million after six U.S. Navy vessels converged on the cargo ship. A Russian frigate was also heading toward the Somali coast to monitor the situation. It was unclear at the time of publishing how the United States and Russia would coordinate their efforts on the matter. The hostages are Ukrainian and Russian, and Russia has historically favored raids in hostage situations. However, America's primary concern is keeping arms out of the hands of Somali Islamists, and it has thus far been willing to negotiate with the pirates.

The rise in attacks reflects piracy's spread throughout Somalia's coastal region. The International Maritime Bureau estimates that more than 1,200 Somalis and six well-organized and armed gangs have been orchestrating the attacks. The results have been alarming: Somali pirates held a record 374 seafarers hostage as of September and have collected more than \$30 million in ransom payments this year.

Somalia's institutional instability makes it especially vulnerable to piracy. Lacking a cohesive, functional government since 1991, the current transitional authority lacks the resources and clout to effectively combat and deter pirate attacks. Recognizing this, the UN Security Council passed Resolution 1816 last June, authorizing states to enter Somalia's territorial waters with the government's consent to combat piracy. Nevertheless, Somalia's coastline has been poorly patrolled.

Recent events suggest that states may now be more willing to take advantage of Resolution 1816. In September, France deployed special forces to the Gulf of Aden to rescue two French hostages who had been taken captive by Somali pirates earlier in the month. French president Nicolas Sarkozy suggested that the successful operation would be a sign of things to come, stating, "[t]his operation constitutes a warning for all those who commit these criminal acts and also an appeal for mobilization by the international community."

Several states have committed to supporting France's efforts. Yemen, India, and the U.S.-led Combined Task Force have committed to patrolling the dangerous waters off the Somali coast. The push to secure Somali waters is far from a humanitarian affair; more than 20,000 vessels pass through Somali waters each year, and approximately 4 percent of the world's oil is shipped near the coast. Whatever the reason, the international resolve to secure the troubled waters came as a welcome sign to the Somali transitional government, which had called on states to assist it in its fight against piracy.

Lacking the resources to repress the surge of hijackings, Somalia has understandably had difficulty addressing pirate attacks after the fact. Foreign governments and private actors have frequently acquiesced to the high ransom demands of Somali pirates, worsening Somalia's piracy problem in two ways. First, ransom payments have provided funding for arms and other resources that have made pirate attacks more effective and frequent. Second, ransom payments have rewarded pirates for successful attacks, making piracy an appealing endeavor for the less well-off. Foreign naval assistance is therefore critical to combating piracy off the Somali coast. If the international community makes good on its promise to patrol the Somali coast, it may finally provide the troubled waters with the deterrent necessary to discourage pirates. *(Combined Dispatches)*

Cyber Threats

Russian Cyber Attackers Strike Georgia

Russian cyber attacks against Georgia have highlighted the importance of cyber security in an increasingly Internet-driven world. Weeks before Russia's invasion of Georgia, Georgian computers were hit with distributed denial-of-service requests (DDOS—a cyber attack in which the target's servers are flooded with phony requests) that shut down several government Web sites. In some cases, the sites were defaced with propaganda. For example, the Georgian National Bank's Web site was replaced with an image of Georgian president Mikhail Saakashvili standing alongside a host of twentieth-century dictators.

Georgian government officials claim that the attacks were coordinated and executed with the aid of the Russian government. Russia has flatly denied that charge. The Shad-

owserver Foundation, a nonprofit group that tracks criminal activity on the Internet, has argued that the attacks were carried out by ordinary Russian citizens independent of the government. Indeed, much of the malicious traffic that hit Georgia's network came from servers controlled by the Russian Business Network, a group that has been linked to child pornography and identity-theft scams.

Nevertheless, there is strong evidence to suggest that the Russian government may have orchestrated the attacks from behind the scenes. Researcher Don Jackson of SecureWorks points out that the computers issuing the initial attack commands had Internet addresses traced to government-owned telecommunications companies; only the computers that carried out the attacks were linked to the Russian Business Network. Equally suspicious was the cyber attackers' choice of Gori as their first target. Official Web sites and local news sites in Gori were hit with DDOS attacks just before Russian planes arrived to bomb the city. Jackson raises the obvious question, "How did they know that they were going to drop bombs on Gori and not the capital?"

If Russia was, in fact, behind the attacks, this would not be the first time it had employed cyber warfare against a neighboring state. Last year, after Estonia removed a Soviet war monument from its capital, Russia launched a host of DDOS and botnet attacks against Estonian Web sites. The Estonian Defense Ministry compared the attacks to those launched against America on September 11, 2001. That characterization was extreme, but reflective of the chaos that cyber attacks are capable of causing. The effects of the cyber attacks against Georgia have been less severe, due in large part to Georgia's relative lack of exposure to the Internet. Georgia ranks 74th in the world in number of Internet addresses, behind underdeveloped nations like Bolivia, El Salvador, and Nigeria.

Nevertheless, the cyber attacks against Georgia exposed a serious gap in the international security apparatus. Cyber attacks are cheap to carry out and increasingly potent. For example, in the cyber attacks against Estonia, the emergency number used to call ambulances and firefighters was out of service for over an hour. Worse still, the vast openness of the Internet makes it easier for cyber criminals to attack anonymously, as evidenced by the controversy over Russia's official involvement in the attacks against Georgia. Even if cyber criminals are caught, prosecuting them presents its own set of challenges. International law is imprecise in its definition of cyber crime, and no higher authority has been appointed to regulate the Internet internationally.

The complexity of cyber warfare puts the onus on states to bolster their individual cyber-crime defenses. That is especially true of the United States, where last year a congressional committee on computer security expressed concern over the cyber security of a number of federal agencies.

Moreover, the reliance of American businesses and private citizens on the Internet means that it has more to lose from a cyber attack than most other countries. The typical protection against DDOS attacks is buying extra computers and bandwidth to prepare for unexpected spikes in Internet traffic. Creating sound network architecture is another important line of defense. These sorts of preventive measures must become more widespread if Russia's cyber attack on Georgia is to be the exception and not the rule.

(Combined Dispatches)

Nemo: The Elusive Internet Jihadist

Terrorists extensively use the Internet to disseminate information and disinformation, but recent reports identify one jihadist known as "Nemo" as the primary contributor to the virtual world of terrorism. By creating thousands of sites with hidden links advertised in jihadist chat rooms, Nemo has provided terrorists unprecedented access to training materials. His sites provide instructions on operating sophisticated weaponry, tactical recommendations, and information on making and detonating explosives. Physical training camps are no longer the only place for terrorist training; terrorists can now access rudimentary training using sites created by Nemo and others.

According to Jane's security news, Nemo probably does not participate in jihadist attacks himself, although he does seem to have experimented with explosives. All of his sites are in Arabic, and analysis of his Internet videos suggests that he may be a 20-year-old Palestinian. The information Nemo provides does not reflect personal expertise but rather is drawn from a variety of other Internet sources. His sites commonly draw from the "Encyclopedia of Jihad," a book of paramilitary tactics compiled during the 1980s in Afghanistan by militants combating the Soviets. Nemo also draws from postings by contemporary al Qaeda militants with specialization in topics such as bomb making and kidnapping. His sites represent a coherent collection of the disorganized terrorist literature that exists on the Internet.

Perhaps the most significant feature of Nemo's sites is the computer tutelage. He provides information on computer encryption that enables safe communication among operatives. Communication plays a critical role in terrorist group organization and makes detection difficult. More generally, Nemo's Web pages offer a site for indoctrination in the militant jihadist movement. His sites may be the catalyst in radicalizing viewers and steering them toward violent action. *(Combined dispatches)*

Intelligence

Israeli Intelligence Advocates New Security Strategy

Shin Bet, Israel's top intelligence agency, warned that Israel's traditional counterterrorism measures may be counterproductive in combating new security threats. Though the agency has favored hard-line deterrent and preventive tactics to discourage extremist violence in the past, it now worries that these measures may fuel more attacks. Specifically, it questioned whether these methods could effectively stem the rising tide of attacks carried out by right-wing Jewish groups and Palestinian residents in Israel.

In recent months, Israel has been victim to a host of independently motivated attacks carried out by Palestinians living on the Israeli side of the 1967 border. In the latest incident, an East Jerusalemite drove a BMW into a group of Israeli soldiers at a traffic stop, injuring 17. These attacks are tough to gather intelligence on and prevent because the attackers have no affiliation with larger terrorist groups.

The rise in Israeli-on-Israeli violence has been equally alarming. In late September, Israeli professor Ze'ev Sternhell, an activist of Peace Now, an organization that opposes Israeli occupation of Palestinian territories, was lightly injured by an explosive left outside of his home by right-wing Israeli settlers. The attack connoted a larger trend of aggression against critics of illegal Israeli settlements. Police found posters offering 1 million shekels (about \$300,000) to anyone who kills a member of Peace Now.

The nature of the new threats prompted Shin Bet to temper its usually right-wing philosophy on security policy. In the past, the agency has favored punitive deterrent measures against terrorists, including demolishing family homes belonging to attackers. It now believes that the resentment and anger such policies engender may outweigh their deterrent value. The agency has not gone unopposed on this point. Israeli defense minister Ehud Barak has called for Israel to resume home demolitions, which were stopped in 2005.

Shin Bet concluded that a political agreement is needed now more than ever. Embattled Israeli prime minister Ehud Olmert appears to agree, arguing that almost all of the West Bank settlements will have to be conceded to Palestine for the two states to reach a resolution. However, the outlook on such an agreement remains bleak. Territorial concessions are unpopular throughout Israel, and putting forward a conciliatory agenda would be politically risky given the host of settler friendly parties in the Knesset. Therefore, Israel may need to look beyond the political arena to adapt to its new security threats.

(Combined Dispatches)

Pakistan Appoints a New Spy Chief

In an effort to strengthen its hand in the fight against Islamic extremists, Pakistan reshuffled the leadership of its much maligned intelligence agency. Army chief General Ashfaq Kayani appointed General Ahmed Shujaa Pasha as the new head of the Inter-Services Intelligence (ISI). Pasha will replace General Nadeem Taj, a close confidante of recently deposed president Pervez Musharraf.

The ISI has been criticized internationally for its ties to extremist groups. A leaked British Defense Ministry report charged the ISI with supporting terrorism and extremism in London, Iraq, and Afghanistan. Afghan president Hamid Karzai has lent credence to that report by accusing the ISI of training militants and sending them across the border. Dubbed a "state within a state" by the late Prime Minister Benazir Bhutto, the ISI helped train mujahideen to fight the Soviets in Afghanistan in the 1980s and aided the rise of the Taliban there in the 1990s. Though constitutionally it is controlled by the prime minister, its loyalty appears to lie with the army. Indeed, in July, the government succumbed to military pressure and backed off its attempt to bring the ISI under the command of the Interior Ministry.

The changing of the ISI guard has been met with guarded optimism by outside observers. Skeptics note that Musharraf also claimed to have reigned in the ISI and left with little to show for it. Nevertheless, Pasha has spent the past two years directing military operations against insurgents in the Federally Administered Tribal Areas of northern Pakistan. That experience will be valuable as he combats extremism from a higher post. Moreover, Pasha's rise may bring cohesion to Pakistan's counterterrorism efforts. Pasha, Kiyani, and newly elected president Asif Zardari all claim to be proponents of restoring Pakistan's frayed ties with America, which would entail redoubling counterterrorism efforts in the tribal areas. If they succeed, the ISI may finally rid itself of its dreadful reputation.

(Combined Dispatches)

Drug Trafficking

Afghan Illicit Drug Trade: Growing in Sophistication

Statistics recently released by the UN Office of Drugs and Crime (UNODC) indicate that the production of Afghan poppies has decreased by 6 percent after last year's record-breaking harvest. However, the UNODC estimates that nearly 60 percent of Afghanistan's enormous poppy harvest is being processed into high-quality heroin in small labs within the country. This trend of increased domestic processing suggests that the Afghan heroin trade is becoming more sophisticated.

The small dip in poppy cultivation could be interpreted as a sign that drug eradication efforts are taking effect, but it is likely that other factors are the main cause. Drought and poor weather conditions have taken a toll on the poppy harvest and account for some of the decrease in yield. Furthermore, rising global food costs have made wheat a more lucrative crop, drawing Afghan farmers away from the opium trade. Though government programs have had some isolated successes, weather and economic conditions account for the vast majority of the drop in Afghan poppy production.

While the poppy crop may be shrinking, Afghan drug lords are utilizing the absence of government regulation to build more heroin processing labs in the lawless southeast. As a result, industrial chemicals needed for heroin processing are being diverted from legitimate uses in Iran and Pakistan to Afghanistan. Additionally, outside chemists are being hired to manufacture high-grade heroin. Afghanistan's heroin production has steadily grown since the U.S. invasion and currently accounts for more than 90 percent of the world's supply. Even larger amounts of heroin may be coming from Afghanistan in the future as Afghan processing becomes more sophisticated. Widespread government corruption and the lack of a strong Afghan police force ensure that poppy cultivation and heroin processing will continue to be a mainstay of the Afghan economy for years to come. (*Combined dispatches*)

War on Drugs and War on Terror Converge

As drug markets in Afghanistan and elsewhere flourish, Michael Braun, assistant administrator and chief of operations at the U.S. Drug Enforcement Administration (DEA), warns of terrorists groups earning easy cash. The United Nations estimates that the illicit drug trade generates \$322 billion in total revenues, and given that terrorist operations are relatively inexpensive, even minimal access to those profits can be significant. The DEA calculates that nearly 60 percent of terrorist groups are involved in the drug trade and that this method of financing will be the most difficult for the United States to disrupt.

The CIA, FBI, Treasury Department, and other agencies have worked hard to prevent the financing of terrorist groups. Wholly relying on private donations or money from sponsoring governments is increasingly becoming impractical for terrorist groups. They view the drug trade as a new way to garner funds for their organizations. Other illicit markets such as arms or human trafficking generate meager profits compared to those of the drug business.

Braun claimed that 40 percent of al Qaeda's financing stems from involvement in the drug market, and many other well-known groups rely on the drug trade as well. Hamas and Hezbollah are active in the cocaine trade in Brazil, Argentina, and Paraguay despite being based in the Middle East. The terrorist group perhaps the most involved

in the drug trade is the Revolutionary Armed Forces of Colombia (FARC). The FARC was named by Braun as the "single-largest cocaine trafficker in the world." Other groups are mimicking the FARC's methods to maximize their profits in the drug market.

The DEA routinely seizes large amounts of illegal drugs; it confiscated \$3.4 billions worth last year. However, preventing terrorists from profiting from the drug market is extraordinarily difficult. The 2004 Madrid train bombings killed 191 people but only cost \$70,000. A suitcase of cocaine can be sold for as much as \$1 million, but tracking such small quantities is nearly impossible for the DEA.

Consequently, the division between the war on terror and the war on drugs has become blurred. Forces fighting in both will need to wage a highly coordinated effort to make substantive strides in either. (*Combined dispatches*)

This update is produced by the Transnational Threats Project 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 primarily on international media sources, including the Associated Press, ITAR-TASS, Agence France Presse, Reuters, Xinhua News Agency, World Tribune, Afghan News, and others.

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