

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

RAND Study Faults U.S. Counterterrorism Strategy

A recently released study by the RAND Corporation sheds new light on the debate brewing in Washington over how best to approach the terrorist threat and criticizes several policies instituted by the Bush administration, particularly its use of military force. The report, *How Terrorist Groups End: Lessons for Countering al Qaeda*, looks at how terrorist groups have ended in the past to assess how the United States can defeat al Qaeda.

Examining 648 terrorist organizations that existed between 1968 and 2006, the study’s authors, Seth Jones and Martin Libicki, conclude that more than 80 percent of terrorist groups cease to exist for one of two reasons: a political solution comes about or police and intelligence services kill or apprehend all of its key leaders. Given al Qaeda’s stated goal to establish a worldwide caliphate, Jones and Libicki doubt the former is a possibility.

Thus, the report contends that the United States should shift its strategy in several critical areas. First, the United States should rely primarily on policing, intelligence, and law enforcement instead of U.S. soldiers to root out al Qaeda’s leadership. Second, military force, effective in

only 7 percent of cases, should be reserved only to combat large, structured insurgencies.

Jones and Libicki also draw attention to U.S. government lexicon, recommending the term “counterterrorism” instead of “war on terror.” The solution to terrorism lies in the criminal justice system, not on the battlefield, so the current nomenclature mischaracterizes the danger and results in misleading perceptions of the enemy. This suggestion mirrors recent signs that the U.S. government has shifted its rhetoric in public diplomacy. A March 2008 memorandum distributed to federal agencies by the National Counterterrorism Center emphasized the importance of avoiding terms such as “jihadists” and “mujahedeen,” which glorify terrorists because of their positive connotation among Muslims.

Overall, the study finds it improbable that al Qaeda will successfully overthrow a government, but it also vigorously rejects the assertion that al Qaeda has grown weaker in recent years. In contrast, the researchers believe that the United States has been unsuccessful in its efforts since 2001, citing al Qaeda’s involvement in an increasing number of attacks in a far broader range of locations.

(Combined dispatches)

LAX Plot Mastermind Released on Bail in United Kingdom

After seven years in British jails, Abu Doha (aka Amar Makhulif), a 45-year-old Algerian with close ties to Osama bin Laden, has been allowed to return home. American prosecutors consider Doha the mastermind of a plot to bomb Los Angeles International Airport (LAX) during millennium celebrations in 1999 and the founding member of an al Qaeda training camp in Afghanistan. Doha is also wanted in France for his involvement in the

Strasbourg Cathedral bombing plot and in Italy for conspiring to bomb the U.S. embassy.

The discharge of Doha represents the second time since June that a known member of al Qaeda has been freed from custody in the United Kingdom. Abu Qatada, a 47-year-old Palestinian released weeks before also served seven years in jail prior to his release. The bail conditions for Doha are expected to be similar to those of Qatada: house arrest with two hours of leave permitted daily, mainly for mosque visits. Qatada is also forbidden from using the Internet or a mobile phone.

The release of these individuals highlights the legal challenges involved in prosecuting suspected terrorists, even in countries that have shown a strong commitment to combating terrorism. Although information gathered from European and U.S. intelligence agencies suggested guilt in both cases, the prosecutions were stymied by their failure to produce evidence admissible in court. The releases were ordered on the basis that indefinite detentions violated basic human rights. The issue has become particularly salient amidst the UK government's plans to extend the pre-charge time allowed for terror suspects from 28 to 42 days.

Some had called for the deportation of Doha to his homeland of Algeria, but prosecutors faced legal challenges here as well. Article 3 of the European Convention on Human Rights, to which the United Kingdom is a signatory, prohibits member states from conducting torture and "inhuman or degrading treatment or punishment." British judges have thus blocked extradition on the basis that this statute prohibits extradition to foreign states that permit such activities.

The cases of Doha and Qatada illustrate the difficulties confronted by EU states such as the United Kingdom in balancing human rights with public safety and national security. Three years after Islamist extremists killed 52 London commuters, prosecuting suspects in Britain remains an arduous task. A sweeping counterterrorism bill that would provide Downing Street with additional latitude faces an uphill battle in gaining passage. Furthermore, British lawmakers recently called for new limits on state use of closed-circuit TV (CCTV). (*Combined dispatches*)

Nine Suspected JI Terrorists Arrested in Indonesia

On July 3, an elite Indonesian counterterrorism squad arrested nine individuals reportedly associated with Jemaah Islamiyah (JI), a Southeast Asian militant organization with historic ties to al Qaeda. The men were detained in Palembang, a port city in the province of Sumatra, where officials also found a dozen homemade bombs and an

ammunition cache. Authorities believe that the suspects planned to carry out an attack on Westerners in Jakarta.

Indonesia, the world's most populous Muslim country, has been the victim of several major attacks in recent years that experts believe are linked to JI. JI, a United Nations-designated terrorist organization since 2002, seeks to establish an Islamist state incorporating Indonesia, Malaysia, and the southern Philippines. The organization has been targeted and weakened since the 2002 night club bombings in Bali that killed 200 people, but these arrests have aroused fears by revealing a link between JI and an ostensibly nonviolent extremist group. A 2007 poll conducted by the Indonesia Survey Institute found that 19 percent of Indonesian Muslims believed that the September 11 attacks were justified to defend Islam, showing the broad appeal of violent jihad.

Detachment 88, a police unit financed and trained by the United States and Australia, has arrested hundreds of militant suspects. Founded in the wake of the 2002 Bali bombings as an offshoot of the Indonesian National Police, it plays an integral role in Indonesia's efforts to combat terrorism. The government has also conducted a deradicalization campaign with the intent to convert extremists into moderate Muslims. While no major terrorist attack has occurred in Indonesia since 2005, authorities remain vigilant about active cells in the country; Indonesia recently announced a \$1 million bounty for information leading to the capture of JI's most wanted fugitive, Mas Selamat Kastari. (*Combined dispatches*)

Intelligence

The Privatization of the U.S. Intelligence Community

Clandestine operations and intelligence gathering play an integral role in pursuing terrorists worldwide, but increasingly it is private corporations, not the U.S. government, that carry out these responsibilities. Determined to thwart another attack on U.S. soil, the Bush administration and Congress ordered major increases in intelligence spending. Federal agencies are reaching out to former officers and analysts who moved to the private sector as a result of the Cold War "peace dividend;" private corporations currently receive approximately 70 percent of the \$44 billion U.S. intelligence budget.

Defense Intelligence Agency (DIA) figures show a sharp rise in the value of private contracts awarded by intelligence agencies; contract spending more than doubled from an average of \$20 billion in the late 1990s to \$42 billion in 2006. In addition, private contractors allegedly analyze sensitive intelligence information and produce reports for high-ranking government officials.

Critics of this so-called intelligence-industrial complex worry about compromising U.S. national security in favor of private sector profits. A recent book by Tim Shorrock, *Spies for Hire* (Simon & Schuster, 2008), provides an in-depth look at how corporate vendors handle a growing proportion of U.S. intelligence operations. Shorrock maligns the increasing number of covert operations that he says were previously “inherently governmental” functions but are now handled by companies such as Lockheed Martin and Northrop Grumman. He believes the intelligence community must restructure and reform.

However, nongovernment entities have contributed to intelligence operations in the past. When the National Security Agency was founded in the early 1950s to monitor foreign communications, it hired IBM and other companies to provide the technology necessary to interpret data and form meaningful intelligence. During the Cold War, dozens of companies helped develop cameras and satellites that collected data on Soviet military installations.

Still, this shift to privatization has important repercussions. First, the cost to taxpayers is severe: a Senate Intelligence Committee report released in May puts the average annual cost for an intelligence contractor at \$250,000 as opposed to \$126,500 for a government intelligence officer. Second, while U.S. intelligence budgets are normally classified and discussions in Congress are held in secret, private contractors are not subject to such oversight. While proponents of privatization will point to the private sector’s ability to work more efficiently and unhindered by government bureaucracy, others will continue to worry about accountability and motives. (*Combined dispatches*)

Regional Security Threats

Pakistan’s Tribal Areas Devastated by Violence

As a result of the substantially improved security situation in Iraq, attention has shifted east to Pakistan, where the new coalition government is battling escalating instability in the tribal areas of the country. Militancy-related fatalities in Pakistan have almost doubled in the first half of 2008 compared to the same period in 2007, with an increase in casualties from about 870 to more than 1,500. Concurrently, U.S. officials now believe that Pakistan has surpassed Iraq as the preferred destination for Sunni extremists who seek to inflict damage on the West.

Since Prime Minister Yousuf Raza Gilani entered office in March, the government’s approach to fighting militancy has suffered from gross inconsistencies. On June 13, the governor of the Northwest Frontier Province (NWFP) pledged to continue its dialogue with extremists in the Federally Administered Tribal Areas (FATA). Only 12

days later, Prime Minister Gilani reportedly approved the use of force in a high-level meeting. The vacillation between pursuing negotiations and a purely military approach has produced a precarious situation. On July 29, a day after three intelligence agents were killed in an ambush, suspected Islamic extremists captured 30 Pakistani police and paramilitary troops in the Swat Valley, a NWFP district. Fierce clashes have raged in nearby Baluchistan as well.

While many militants carry out attacks in this remote, mountainous region, others train there only to travel to neighboring Afghanistan to join the Taliban war against NATO troops. A few miles outside of Peshawar, the NWFP capital, teens learn jihadist tactics at training camps under the control of top Taliban commanders. Hundreds of carefully selected volunteers endure rigorous training before they cross the border to Afghanistan. Foreign fighters who hail from neighboring states also come to Pakistan to undergo jihadist education.

Due to widespread sympathy for militants among the local population, the Pakistani army and the dysfunctional police force cannot locate and eliminate camps. As a result, the government has resorted to a more conciliatory approach, striking deals with tribal leaders in the terrorist breeding grounds. The United States has granted \$9.6 billion in aid to Pakistan since the September 11 attacks, and now many in Washington have become impatient with the new Pakistani government’s unwillingness to forcefully engage the Taliban and al Qaeda safe havens throughout the tribal areas. New revelations from the Central Intelligence Agency (CIA) that Pakistani intelligence services are actively abetting militants have only deepened suspicions.

Hours after a CIA missile strike successfully targeted one of the State Department’s most wanted terrorists, President Bush expressed his appreciation for Gilani’s commitment to fighting extremists and respect for Pakistani sovereignty in a joint press conference. Conversely, Secretary of State Condoleezza Rice publicly rebuked Islamabad’s unwillingness to take a tough stance. It remains to be seen whether Washington’s display of tacit mistrust will compel Pakistan’s fractured government to enact much-needed change. (*Combined dispatches*)

Maoist Insurgency and Sectarian Violence in India

Events over the past month in India have demonstrated the broad range of security matters facing the country. In addition to the long-standing dispute with Pakistan over Kashmir, India recently experienced an upsurge in violent attacks. On June 29, Maoist rebels attacked an Indian anti-insurgency unit boat, leaving 36 of the 64 people aboard

dead when it capsized. Rebels began firing on the vessel while it was patrolling a reservoir near Malkangiri, a Maoist stronghold in the coastal state of Orissa. Weeks later, 17 Special Operations Group (SOG) members were killed by a landmine deployed by rebels.

Maoist revolutionaries have menaced India since a peasant uprising in 1967. Known locally as the “Naxalities,” the rebels have carried out operations in half of India’s 29 states. After Maoist-related violence killed 834 individuals in 2007, Prime Minister Manmohan Singh described the Naxalities as the most severe threat to India’s security.

Authorities have struggled to devise an effective counter-insurgency strategy, uncertain whether a heavy-handed security operation or a focus on the root causes of the revolt would best eradicate the situation. Proponents of the latter emphasize the importance of improving the destitute living conditions in parts of India, pointing to the \$.40 a day wages earned in some areas hit by Maoist violence.

Following the highest death tolls since March of 2007, the government finally seems to be acting on this problem. New Delhi recently deployed special commando units to Orissa and other states that have suffered from the insurgency while refusing to negotiate with militant groups unless they first renounce the use of violence. These “Greyhound” units are intended to neutralize Maoists in areas where they have established control.

India has also been ravaged by sectarian violence. Toward the end of July, terrorists struck on consecutive days in the commercial hubs of Bangalore and Ahmedabad. Days later, personnel defused 18 live bombs set by terrorists in Surat, the country’s diamond-trading hub. The location of these attacks suggests that terrorists seek to undermine India’s economic vitality and deter foreign investors. The deadly, coordinated nature of these attacks has put Indian intelligence agencies under increased pressure to solve this crisis. *(Combined dispatches)*

Cyber Threats

The Online Resurgence of al Qaeda

Every three to four days, al Qaeda releases a message that is then disseminated to supporters worldwide via the Internet. In a war that is increasingly becoming a struggle of ideas and a battle for hearts and minds, this propaganda plays a crucial role in engendering support for Islamist ideology. The organization’s technological capabilities facilitate secure communication to operatives as well as potential recruits. U.S. and European officials attribute the success of al Qaeda’s online campaign to the organiza-

tion’s success in establishing a base in Pakistan’s FATA region.

Al Qaeda’s technological capabilities have increased considerably since 1993, when Ramzi Yousef stored encrypted data files on his laptop. Nowadays, speeches by Osama bin Laden and other al Qaeda leaders may be transmitted to the Internet only a week after they are recorded. As-Sahab, al Qaeda’s media production wing, produces documentary-quality films as well as podcasts and cell phone clips. U.S. counterterrorism analysts believe that a given transmission passes through the hands of several individuals in order to disguise its origin and route. Files are then uploaded from Internet cafes to a password-protected Web site.

While in the past Osama bin Laden often exploited al Jazeera to air al Qaeda videos, officials believe that the organization has come to recognize the risks posed by each new recording. In response, al Qaeda began revamping its procedures in 2005. Al-Fajr (“dawn” in Arabic) links dozens of radical Islamists throughout the world via a decentralized network, so secretive that even its Webmasters often do not know true identities. The site disseminates propaganda on closely monitored, password-protected forums; U.S. lawmakers have attempted to disrupt such networks, but their sheer abundance makes this nearly impossible.

U.S. officials and experts attribute al Qaeda’s distinct edge in the critical propaganda war in large part due to the organization’s online machine. In the latest indication of Islamists’ technological aptitude, the Muslim Brotherhood began operating on Facebook, the popular social networking Web site. With the blessing of Muhammad Habib, the Brotherhood’s second in command, a youth wing launched a Facebook discussion forum dedicated to the goal of a return to an Islamic Caliphate. The Taliban has proven particularly adept at organizing electronically, with text-messaging and ring tone propaganda services as well as a Web site to broadcast leadership statements.

(Combined dispatches)

Drug Trafficking

Cocaine Seizures Reveal New Front in Drug Trade

International drug traffickers have turned to a new location for transmitting illicit drugs: west Africa. The International Criminal Police Organization (Interpol) believes that small states such as Guinea-Bissau and Cape Verde have begun to replace the Caribbean as the major hubs for transporting drugs from Latin America to Europe. Conservative forecasts estimate that about 50 tons of cocaine is now shipped from the Andean countries to Europe via west Africa every year. The volume seized by authorities has risen sharply

from only 266 kg in 2003 to 6,458 kg in 2007. In such fragile states, the value of trafficked drugs often exceeds a country's national income.

Law enforcement has made a number of large seizures in the region, but traffickers seldom go to trial because of the arcane legal systems in these states. In regions afflicted by widespread poverty and corruption, soldiers are often complicit with criminals. They even facilitate the illicit trade by closing airports while unloading cargo.

The international community intervened five years ago in Cape Verde, but cartels have adapted. Authorities believe the worst problems now lie in Guinea-Bissau, which some fear could soon become Africa's first "narco-state." The creeks, swamps, and uninhabited islands along Guinea-Bissau's coastline provide ideal cover for smugglers.

Regional cooperation and intelligence sharing will be vital in order to prevent the situation from deteriorating further. Such collaboration could facilitate the confiscation of illicit trade earnings and more effective extradition in order to limit the supply of drugs passing through the region. (*Combined dispatches*)

Taliban Drug Traffickers Active in South Korea

South Korean police have arrested nine South Asian men connected to smuggling massive amounts of precursor chemicals to be used for heroin production. Authorities believe that these individuals are responsible for shipping about 50 tons of the precursors to Afghanistan since April of 2007. In total, one Afghan, two Pakistanis, two Indians, and four Koreans have been detained.

The investigation began in March, when Interpol discovered 14 tons of acetic anhydride in Karachi that had been shipped from South Korea. In the most recent raid, police confiscated 12 tons of the substance destined for southern Afghanistan. The 62 tons of the chemical cost th260 million won (US\$344,800) and could be used to produce almost 30 tons of heroin.

In order to disguise the contraband, suspects tried to pass it off as motor oil and disinfectant. While the key Afghan suspect admitted to involvement with the Taliban, he claimed not to be a member of the organization. Authorities believe that the chemicals were imported from Japan through several Korean dealers in an operation orchestrated by the Taliban. Funds were provided via the hawala money transfer network, a remittance system used widely in the Middle East for both legitimate functions as well as money laundering.

Acetic anhydride is heated along with morphine to make heroin, the primary commodity of the thriving narcotics industry in Afghanistan. Despite millions of dollars spent on trying to eradicate crops, opium production has increased in the country every year since Taliban rule ended in 2001. Last year, Afghan opium helped to produce 92 percent of the global supply.

The opium trade perpetuates instability in Afghanistan by funding the Taliban insurgency and fueling government corruption. Afghan president Hamid Karzai has pledged to eliminate corruption and battle the drug trade, but a U.S. State Department official recently acknowledged that "narco-corruption went to the top of the Afghan government." (*Combined dispatches*)

Submarine Drug Bust off Mexican Coast

Mexico's battle against narcotics trafficking has become an issue of maritime security, as Mexican troops seized a small, makeshift submarine off the coast of Oaxaca state. The raid, carried out independently by Mexico following an alert from U.S. intelligence, yielded almost six tons of cocaine. A three-hour chase ensued after a navy aircraft first spotted the vessel; when the submarine finally came to the surface, special forces descended on it from a helicopter and assumed control. Similar submarines had been discovered off the coast of Colombia and Central America, but the seizure represents the first of its kind for Mexico. Previously, drugs in Mexico were smuggled through tunnels under the U.S. border as well as in canned foods and dolls.

The raid occurred as U.S. homeland secretary Michael Chertoff embarked on a three-day trip to Mexico to discuss security concerns. Secretary Chertoff remarked that more drug cartels were relying on these kinds of submarines to transport cocaine to the United States. The vessels have the capability to carry more than 10 tons of cocaine and account for a third of all maritime narcotics trafficking from South America to the United States. At a cost of \$1 million, the submersibles are equipped with camouflage paint, which inhibits discovery by authorities.

Mexican president Felipe Calderon deployed 25,000 soldiers across the country to disrupt the drug trade. As a result, cartels are increasingly seeking innovative methods for transporting narcotics. (*Combined dispatches*)

Energy Security

Saudi Crackdown on Suspected Oil Industry Saboteurs

Saudi authorities recently announced a crackdown on suspected militants in response to growing concerns that ter-

rorists could target one of the country's major oil facilities. During the last six months, security forces have arrested more than 700 individuals suspected of plotting attacks aimed at Saudi oil installations. Officials also seized weapons, ammunition, money, and blueprints for possible attacks. The Saudi Interior Ministry attributed the increase in activity to new information that indicated fighters were plotting attacks against oil installations in cooperation with Ayman al-Zawahiri, al Qaeda's second in command.

Al Qaeda has consistently called for striking Saudi oil installation because the country supplies the West with oil at what it perceives to be discounted prices. In February 2006, al Qaeda claimed responsibility when two would-be suicide bombers were killed in a foiled attack on the Ab-qaiq oil processing complex, the largest of its kind in the world. Although the attack failed, it demonstrated the threat posed by al Qaeda in the homeland of its leader, Osama bin Laden.

In 2005, Ayman al-Zawahiri called for attacks on "the stolen oil of Muslims." Two years later, *Voice of Jihad*, an online publication of al Qaeda, reconfirmed the focus in an article entitled "Bin Laden and the Oil Weapon." The piece directed jihadists to strike oil-producing facilities not only in Saudi Arabia but throughout the Middle East and the Americas. While the Saudi branch of al Qaeda, known as al Qaeda Organization in the Arabian Peninsula, is generally regarded as one of the region's smaller al Qaeda factions, it has successfully carried out several attacks on U.S. interests.

Saudi Arabia possesses approximately one quarter of the world's known oil reserves and serves as the largest exporter of petroleum. Oil accounts for 90 percent of the state's economy. A successful attack on Saudi oil facilities could rattle not only the region but further exasperate the already volatile crude oil market. (*Combined dispatches*)

Human Trafficking

Female Trafficking Widespread in Nigeria

Despite state efforts to the contrary, trafficking of girls aged 12 to 17 in villages across Nigeria has become increasingly widespread. The recruitment of teenage girls for domestic work in middle- and upper-class homes has become a booming business. In many cases, groups of girls are brought from villages into cities, where they work as maids for an average monthly wage of 1,500 naira (US\$13).

On July 28, the Nigeria Security and Civil Defense Corps (NSCDC) arrested a bus driver and a second suspected trafficker who were transporting 26 children between the ages of 2 and 15 years old. For the most part, however,

traffickers have eluded Nigerian law enforcement. While Nigeria's National Agency for the Prohibition of Traffic in Persons and Other Related Matters (NAPTIP) has sought to clamp down on traffickers, it has faced multiple obstacles.

Law enforcement agencies arrest many suspected traffickers, but a lack of necessary legislation prevents NAPTIP from being able to prosecute the perpetrators. The Civil Rights Act, which would impose five-year jail sentences and hefty fines for the worst perpetrators, has not been passed due to opposition from certain religious and cultural leaders in the northern states. (*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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