Terrorism, Inc.

Terrorism can be viewed as a warped mirror image of the new economy.

*Don van Natta, Jr.*

**KEY CONCEPTS**

<table>
<thead>
<tr>
<th>networking</th>
<th>bonuses</th>
<th>chain networks</th>
</tr>
</thead>
<tbody>
<tr>
<td>international terrorism</td>
<td>Libyan connection</td>
<td>hub or star networks</td>
</tr>
<tr>
<td>congress</td>
<td>fedayeen</td>
<td>all-channel network</td>
</tr>
<tr>
<td>strategic planning</td>
<td>fighting fund</td>
<td>narco-terrorism</td>
</tr>
<tr>
<td>revolutionary taxes</td>
<td>Shura</td>
<td>unholy triangle</td>
</tr>
<tr>
<td>hawala</td>
<td>netwar</td>
<td></td>
</tr>
</tbody>
</table>

Terrorism today is a transnational problem, no longer contained within the borders—or the jurisdiction—of a single state. As states today become increasingly unable to openly support or to control terrorism, and more troubled states become safe havens for terrorist groups, modern terrorism has become an “international business,” networked across state borders as they carry out, and finance, the business of terror. Let us consider terrorism today as a network with business activities and funding that cross the globe, and with an increasingly loose affiliation among groups with shared interests or goals.

**NETWORKING**

The three Japanese who disembarked from Air France Flight 132 at Lod International Airport in Tel Aviv, Israel, in May 1972 appeared no different from the other tourists bound for the Holy Land. Chatting pleasantly with
the other passengers, they made their way swiftly to the luggage conveyor belt, where they retrieved their bags.

Opening one suitcase, they extracted a lightweight Czech-made submachine gun and a few hand grenades. They then opened fire on the crowd of disembarking passengers and visitors, using their weapons to strafe the airport lounge from side to side. From time to time they lobbed the grenades into the groups of terrified people.

Twenty-six people died in this attack. At least six of them were decapitated. One child of about seven was cut in half twice by the barrage of bullets. More than half of the dead were Puerto Ricans on a tour of the Holy Land. An additional 78 people were wounded, many of them dismembered. The entire episode was over in seconds.

As an example of the networking of international terrorists, in the creation of an interconnected system linking groups with common goals, this incident excels. Thirty years ago, Japanese members of the Japanese Red Army (JRA) killed Puerto Ricans on behalf of Palestinian Arabs who sought to punish Israelis.

Cooperation between terrorist groups with, if not a common cause, at least a shared hatred, has occurred with alarming frequency for three decades. Anti-NATO sentiment, for example, drew several European groups into cooperative action. A communiqué on January 15, 1986, declared that the Red Army Faction (RAF) of West Germany and Action Direct (AD) of France would together attack the multinational structures of NATO. Shortly thereafter, assassins killed the general in charge of French arms sales and a West German defense industrialist. On August 8, 1985, two Americans were killed in a bomb blast at a U.S. air base in Frankfurt, West Germany. The RAF and AD claimed joint responsibility for this attack.

Linkage between terrorist groups exists. It appears in the form of shared members, training camps, weaponry, and tactics. It is obvious in the propaganda being disseminated by the groups. Perhaps the most obvious linkage—funding—became evident after the September 11, 2001, attacks.

Study of contemporary terrorist groups suggests that terrorists share intelligence information, weapons, supplies, training facilities and instructors, sponsors, and even membership. Such frequent ad hoc sharing does not necessarily constitute an organized “network of terror,” as some have suggested. But the dimensions of cooperation between groups with unrelated or even opposing ideological bases offer useful insights to police, military, intelligence, and academic personnel who understand the web that does from time to time link terrorists.

That web is tenuous for the most part, constructed in a pragmatic fashion to meet common needs for relatively scarce resources. This does not, of course, diminish the potential for serious damage posed by such linkages. It simply makes the danger more difficult to assess, as the linkages are not only usually covert but also appear to be in an almost constant state of flux.

Let us examine, then, some of those linkages as they have been shown to exist (usually after the fact in a terrorist event or confrontation). It is not necessary to study all of the available data on such linkages to establish that such
connections exist. A brief survey of some of the evidences of cooperation or collusion will suffice to illustrate both the reality and the hazards of this insidious merging of terrorist interests and assets.

SHARED STRATEGIC PLANNING

Attempts at coordinating activities are made by many terrorist groups, and proof of shared strategies demonstrating a “terrorist conspiracy” perhaps driven by a common bond of faith or a common target is growing. One expert, James Adams, suggests that terrorist groups act more like a “multi-national corporation with different divisions dotted around the world, all of which act in an essentially independent manner.”

In his book, *The Financing of International Terrorism*, Adams illustrates his analogy by suggesting that these “independent divisions” offer to the head of another operation, when he or she comes to town, the use of the company apartment, advances against expenses, and perhaps access to local equipment. In a similar manner, terrorist groups carrying out an operation in a foreign country may be granted such assistance by the “host” country’s terrorist groups.

This analogy between different divisions in a multinational corporation and terrorist groups is more credible than that of a conspiracy, which is supported by only fragmentary and often subjective evidence. The cooperation in terms of strategic planning that has been authenticated to date between terrorist groups has been (1) ad hoc, focused on the planning of just one particular operation between groups whose other contacts remain fragmentary; and/or (2) bombastic, consisting primarily in the issuing of declarations by “congresses” or transient alliances between groups briefly united against a perceived common target.

In 1975, French police learned that the international terrorist known as “Carlos the Jackal” was running a clearinghouse for terrorist movements. His clients included the Tupamaros, the Quebec Liberation Front (FLQ), the Irish Republican Army (IRA), the Baader-Meinhof gang from West Germany, Yugoslavia’s Croatian separatists, the Turkish People’s Liberation Army, and the Palestinians.

An international terrorism congress, a meeting of terrorists from all over the world to work out agendas and to organize cooperative efforts, took place in Frankfurt, Germany, in 1986, reportedly attended by no less than 500 people. Meeting under the slogan “The armed struggle as a strategic and tactical necessity in the fight for revolution,” it proclaimed the U.S. armed forces in Europe to be the main enemy.

At this congress, it was decided that the correct strategy was to kill individual soldiers in order to demoralize their colleagues and lower their collective capacity to kill. Among those represented at this congress, or present as guests, were German, French, Belgian, Spanish, and Portuguese terrorists, as well as members of the Palestine Liberation Organization (PLO), the Popular Front for the Liberation of Palestine (PFLP), the African National Congress (ANC), the IRA, the Tupamaros, the Italian Red Brigades, and the ETA.
(Basque separatists). Most of the manifestos issued by this congress were basically Marxist-Leninist in style. The congress was financed largely by Libya.³

This “congress” of terrorist actors was not an anomaly. Actually, Western intelligence believes that between 1970 and 1984, twenty-eight meetings involving different terrorist groups were held around the world. While these meetings were generally called to discuss cooperation rather than coordination or revolutionary activities, it is difficult to establish precisely what plans and agreements have emerged from these contacts.

In 2004, for example, two such “congresses” were held in two different countries. Northern Lebanon, in early February of that year, was the meeting site for a range of Muslim groups, including but not limited to HAMAS, Hezbollah, al-Qaeda, Islamic Jihad, and Ansar al-Islam. At this conference, the focus was reportedly on renewed offensive attacks on Israelis and Israeli interests abroad, according to an interview with an Arab diplomat in Amman, Jordan.

That same year, Iran reportedly sponsored a 10-day conference of major terrorist organizations, purportedly to discuss anti-U.S. strategy. The conference date was chosen to mark the twenty-fifth anniversary of the return to Iran of the late Ayatollah Ruhollah Khomeini, leader of the revolution against the shah of Iran in 1979. Titled “The Days of Dawn,” the conference was ordered by Iran’s supreme leader, Ali Khamenei, and demonstrated Iran’s involvement in sponsoring insurgency groups in the Middle East, Asia, and South America.⁴

Contact between various terrorist groups does exist and has been documented. Adam Cohen, writing for Time in the aftermath of September 11, suggested that Osama bin Laden led a “global terrorist network,” where bin Laden “creates the service and brand, but the cells largely fund their activities.”⁵

**Terrorism is Big Business**

If the PLO were an American corporation, it would have been on the list of Fortune 500 companies. What was the PLO worth in the mid-1980s? James Adams calculated the organization’s financial empire at $5 billion. Return on investments was the group’s largest source of income at that time, bringing in about $1 billion per year.

Let us take a look at the financial headquarters of this group, as Adams describes it:

Just off Shah Bander Square in downtown Damascus is a five-story building of light brown cement. It looks more like the office of a low-level government department, unpainted since the colonials departed, than the headquarters of one of the wealthiest multinational corporations in the world.⁶

On the top floor of this building were banks of Honeywell computers, which were tended by young Palestinians. Most of these computer experts were trained in the United States, some at MIT and some at Harvard. From this world of high technology and superefficiency, the Palestinian National
Fund managed investments that generated a total annual income greater than the total budget of some Third World countries, an income that made the PLO the richest and most powerful terrorist group in the world during the 1980s.

Almost all of the PLO's assets were held indirectly through private individuals and in numbered bank accounts in Switzerland, West Germany, Mexico, and the Cayman Islands. Its primary banking institution was the Palestinian-owned Arab Bank, Ltd., headquartered in Amman, Jordan. The chairman of the Palestine National Fund at that time, Jawaeed al-Ghussein, administered the PLO finances.

PLO financiers invested money in the European market, as well as in a few blue-chip stocks on Wall Street. The PLO also held large amounts of lucrative money certificates in the United States. These and other investments were said to provide as much as 20 percent of all of the group's revenues.

The PLO, like many multinational corporations, was also involved in a wide variety of business ventures, not all of which generated a monetary profit. Some were primarily political, made to win friends for the PLO. PLO money flowed covertly, through dummy corporations established in such places as Liechtenstein and Luxembourg, into investments in Third World countries. Much of this investment money passed through the Arab Bank for Economic Development in Africa and the Arab African Bank.

The PLO owned dairy and poultry farms and cattle ranches in the Sudan, Somalia, Uganda, and Guinea. It reportedly purchased a duty-free shop in Tanzania's Dar es Salaam International Airport and then negotiated for similar shops in Mozambique and Zimbabwe.

The point is that the PLO not only had cash assets of staggering proportions, but that it also succeeded in investing them for capital, political, and strategic gains. Its stock and bond investments were exemplary and brought in considerable revenue; its investment in Third World ventures brought it considerable support and goodwill from many nations; and its ventures into such operations as duty-free airport concessions provided it with security-proof access through which to transfer materials from country to country. The PLO not only had money—it learned how to use much of it wisely.

Not all groups carrying out terrorist acts are so well endowed. Most have to depend on the largess of patrons or on their own success in carrying out robberies, marketing drugs, and kidnapping for ransom. The ETA, which had close ties with the IRA and the PLO, adopted one of the PLO's less-publicized methods of raising money. Funds for this group, which received training and support from Libya and the PLO, were generated through revolutionary taxes, which were levied on Basque businessmen. The PLO levied such a tax against the wages of Palestinians working abroad throughout the Arab world.

Of the financial patrons of contemporary terrorist groups, two nations and one individual created networks that deserve special attention. These networks alone have been responsible for the training and arming of countless terrorist teams during the latter part of the twentieth century. Under their aegis, international terrorism took on a truly international flavor.
Under Qadhafi, Libyan agents dispersed huge amounts of aid during the 1970s and 1980s to various terrorist groups. That this dispersal appeared to depend greatly on whim, and consequently caused a great deal of frustration among terrorists dependent upon Qadhafi's support, does not detract from the substantial contributions he made to the financing of terrorism worldwide.

Qadhafi supported Palestinian groups, including the PFLP, the Democratic Front for the Liberation of Palestine, and the PFLP-GC, with donations of as much as $100 million a year. He also assisted the IRA, the ETA, the Baader-Meinhof gang, the JRA, the Red Brigade, the Tupamaros, and the Moros (in the Philippines).

His assistance was not confined to the financing of the terrorist operation itself. Israeli intelligence suggested that Qadhafi paid a $5 billion bonus to the Black September terrorists who were responsible for the Munich massacre in 1972. Western intelligence also believed that Qadhafi paid Carlos the Jackal a large bonus, around $2 billion, for his role in the seizure of the Organization of Petroleum Exporting Countries (OPEC) oil ministers in Vienna in December 1975. Bonuses were payments given for success, such as that paid to Carlos, and for "injury or death on the job."

Other leaders throughout history have supported dissident groups and provided for the families of those who carry out their military or quasi-military activities. But Qadhafi took his support of terrorists to greater lengths. When the United States carried out air raids on Libya on April 15, 1986, Qadhafi was, of course, furious. He offered to buy an American hostage in Lebanon so that he could have him killed. On April 17, 1986, Peter Kilburn, a 62-year-old librarian at American University who had been kidnapped on December 3, 1984, was executed after Qadhafi paid $1 million to the group holding him.

Declining oil revenues, particularly due to U.N. sanctions, diminished Libya's role in financing terrorism. In six years, this income fell from $22 billion to about $5.5 billion, seriously reducing Qadhafi's ability to bankroll terrorism. Although after this loss he remained involved in the training of terrorists, his role as the "godfather" of terrorism decreased dramatically during the last decade of the twentieth century, making it difficult to predict his role for the twenty-first century.

Libya's role decreased at this point, but did not end. This became obvious when, after having been expelled from both Iraq and Syria, Abu Nidal, the Palestinian master terrorist who planned the Achille Lauro hijacking, was given refuge in Tripoli. Western sources feared that, under Libya's protection, Nidal could repay Qadhafi by striking at more American targets.

Moreover, Libya developed a strong "connection" in Central and South America through its ties to Nicaragua. The Sandinista government of Nicaragua was, until the early 1990s, the Libyan connection in this region, supplying arms, training, and logistical support to revolutionary groups in that region.

In 1986, Daniel Ortega wrote to Libya's leader,

My brother, given the brutal terrorist action launched by the U.S. government against the people of the Libyan Arab Jamahiriyah, I wish to send sentiments and solidarity from the FLSN National Directorate and the Nicaraguan people and government.8
This was not the first time these leaders had pledged friendship and support. Long before they came to power in 1979, Sandinista leaders had been training in PLO camps in Libya and Lebanon. When the Sandinistas finally seized power, Qadhafi promised political and financial aid, promises that he indeed kept over the years.

In the early years, the Sandinistas received a $100 million “loan” from Libya. In 1983, Brazilian authorities inspecting four Libyan planes bound for Nicaragua discovered that crates marked “medical supplies” actually contained some 84 tons of military equipment, including missiles, bombs, cannons, and two unassembled fighter planes.

In Managua, leaders from Germany’s Baader-Meinhof gang, Spain’s ETA, Colombia’s M19, Peru’s Sendero Luminoso, and El Salvador’s Farabundo Martí National Liberation Front (FMLN) met with Libya and the PLO. Through Nicaragua, Libya was able to funnel arms to many of these groups.

Nicaragua’s Libyan connection highlights the continuing spiral of terror funded by Qadhafi. Libya supported a revolutionary group with money and arms, and when it had managed to seize control of Nicaragua, Libya used that government as a conduit to funnel arms and support to other groups engaged in terrorism in similar struggles throughout Central and South America.

The peaceful end of the Sandinista regime, through democratic elections, brought this “Libyan connection” to a halt. Since Libya’s profile in supporting terrorist groups similarly declined in the latter part of the 1990s, this transition has left several groups without a sponsor or support system. Some have begun to link with the illicit drug cartels in Colombia, providing “security” for drug lords and the shipment of their goods. This has diminished, to some degree, the revolutionary focus of such groups but has helped to fill the gap left by the loss of Libyan patronage.

Case Study 6.2 IRAN’S SUPPORT NETWORK

Libya was certainly not the only Middle Eastern nation to support terrorism—openly during the 1970s and 1980s, more discretely in the 1990s. As James Adams noted, when one prime supporter falls away, another tends to rise to take its place. Iran was able, to a large degree, to take Libya’s place as the leading patron of terrorism in the Middle East, Europe, and the Americas.

In order to understand Iran’s commitment to terrorism, one can look back 900 years to the time of al-Hassan ibn-Sabbah. Sabbah, a leader of the dissident Muslim Ismaili group (which in turn is one of the two divisions of the Shi’a sect), was the founder of the previously mentioned “Assassins,” the hashish-smoking terrorists of the Persian Gulf region in the twelfth century. Sabbah called his followers fedayeen—meaning either adventurers or men of sacrifice, a label adopted by many terrorists today. Palestinian suicide bombers in Israel and those engaged in bin Laden’s holy war against the West have both been called fedayeen.

Iran is the home of the Shi’a branch of Islam, which has been in conflict with the majority Sunni branch for centuries. When Ayatollah Khomeini came to power after the fall of the shah, he began to rally Shi’a globally to this ancient conflict. In March 1982, clergy and leaders of Shiite revolutionary movements from all over the world came to Tehran. At this meeting, in addition to agreeing to establish a number of
training camps for terrorists in Iran, it was agreed that $100 million would be immediately allocated as a fighting fund, established by Iran to support worldwide terrorism. Moreover, an additional $50 million was designated to be spent each year for an indefinite period of time to bankroll specific acts of terrorism.3

From this capital outlay have come a variety of terrorist activities. Several powerful groups operating in Lebanon were financed by Iran during the last two decades of the twentieth century. Bomb attacks on moderate Arab states, including Kuwait, Saudi Arabia, and Egypt, caused serious human casualties and monetary expense. Islamic fundamentalism rose rapidly in southern Asia, supported by substantial cash infusions. Hit squads were dispatched throughout Europe to eliminate “enemies” of Shi’a Islam. A global network of clergy-dominated religious groups was also formed, whose purpose was to mastermind further terrorism and recruit new assassins to serve in Iran’s holy war. (The concept of a holy war against the West did not originate—nor will it end—with bin Laden.)

Faced with the threat of continuing Iranian-sponsored terrorist bombings and hijackings, some wealthy Kuwaiti citizens began taking extended vacations during the late 1980s in other Arab states and Western Europe. The Kuwaiti government naturally was concerned that too large an exodus of such persons could set off panic among foreign guest workers, who made up 70 percent of the Kuwaiti workforce. Accordingly, Kuwait moderated its antagonism toward Iran, fearing that Iran’s terrorist retaliation might cripple beyond repair the Kuwaiti economy.

Saudi Arabia, which was also a victim of Iranian-directed terrorism, was also very cautious in taking public stands in the Iran–Iraq conflict. Although many Saudi officials urged a tough stance toward Tehran, King Fahd maintained an extremely cautious approach. Remembering the violence of the Iranian-provoked riot in Mecca in July 1987, which left more than 400 dead, the Saudis were careful not to deliberately antagonize the state of Iran. The bombing in late 1995 of the building used as U.S. military training headquarters for years in the city of Riyadh indicated that such caution might not have been sufficient.

Despite Saudi political wariness, however, terrorism continued to pour from Iran in an unpredictable flow, encompassing friend and foe alike in the Arab world. Originating from Bangkok, Kuwait Airways Flight 422 was hijacked on April 5, 1988, in a plot hatched four months earlier in Tehran by Shi’a radicals from Bahrain, Lebanon, and Iran. The world, with the possible exception of Iran, watched in horror as the bodies of innocent persons on Flight 422 were thrown from the plane by the terrorists, whose demands for the release of other terrorists held in Kuwaiti prisons were steadfastly refused by the Kuwaiti government. Those imprisoned terrorists were responsible for Iranian-directed bombings of the U.S. and French embassies in Kuwait.

Iran provides substantial financial assistance to Hezbollah—millions of dollars each year, by some estimates. This support is not always covert. The general secretary of Hezbollah publicly noted in an interview in March 1996 that this group receives financial assistance to continue what he termed “the legitimate struggle against Israel.”

As a State Department official, in his testimony before a congressional subcommittee, noted in 2006, “Iran is the ‘central banker’ of terrorism.” Since funding is the essential “oxygen” of terrorist groups, Iran’s role in the support of the “business” of international terrorism cannot be overstated.
Case Study 6.3 AL-QAEDA'S FUNDING

Osama bin Laden, son of a billionaire Saudi construction magnate with an estimated worth of hundreds of millions of dollars, runs a portfolio of businesses across North Africa and the Middle East. Companies in sectors ranging from shipping to agriculture to investment banking throw off profits while also providing al-Qaeda's movement of soldiers and procurement of weapons and chemicals. Saudis, Pakistanis, Yemenis, Egyptians, Algerians, Lebanese, Mauritanians, Palestinians, and more have carried out terror operations linked to al-Qaeda. Many of these men were originally affiliated with a specific national organization like Egypt's Islamic Jihad or Algeria's Armed Islamic Group, but their allegiance shifted to bin Laden, and they fight for his causes.

Some of bin Laden's money is in mainstream institutions, as investigations after the September 11 attacks indicated when the United States requested banks world-wide to cooperate in freezing al-Qaeda's assets. But al-Qaeda also clearly makes use of hawala, an informal Islamic banking network that links brokers around the world who advance funds to depositors on a handshake and, sometimes, a password. Hawala, Hindi for “in trust,” has operated for generations in Asia and the Middle East. In remote areas, a broker may have little more than a rug and a phone, and the transfers leave little or no trail for investigators to follow, because they involve no wire transfers, balance sheets, or financial statements.

Hawala is used to transfer small amounts of money—usually less than $1,000—around the world. The transaction is almost immediate, based entirely on trust, and requires no certification that might leave a paper trail. This system is an excellent example of the Islamic world’s unique approach to finance. Services and training are provided interest-free for rich and poor, personal relationships and trust replace collateral, and accounting is a luxury often not included. Donating money for the advancement of Islam—building a mosque or funding an Islamic exhibit—is a religious obligation.

Financial services such as hawala are a quick and inexpensive way for Muslims in the West to send funds to poorer relatives back home. For example, Al-Barakaat, a Somali-based organization, has outlets in cities across Europe and North America through which Somalis abroad send vital cash to families at home.

Extremists have begun exploiting the religious rather than the financial motives of hawala, and its lack of detailed bookkeeping makes it difficult to track the source of money used by groups engaged in terrorist acts. Islamic charities also take in billions each year, most of which is used for good causes, but not all. Some of these millions make it into the hands of Islamic fighters and terrorists. Al-Qaeda's financial structure was built, as a recent report noted,

from the foundation of charities, nongovernmental organizations, mosques, web sites, fundraisers, intermediaries, facilitators, banks and other financial institutions that helped finance the mujahideen throughout the 1980s. This network extended to all corners of the Muslim world.12

Bin Laden established himself in Sudan in 1991 and launched several companies. One of these, the Al Shamal Islamic Bank, had a complete website with a list
of correspondent banking relationships, including institutions in New York, Geneva, Paris, and London. Bin Laden also set up agricultural and construction companies.

One former al-Qaeda member, a Sudanese man named Jamal Ahmed al-Fadl, suggested in testimony at the trials of those accused of bombing the U.S. embassies in Kenya and Tanzania that bin Laden’s organization has been beset by the usual office politics, ruthless cost cutting, and even corruption by some of its members. Al-Fadl complained bitterly about his $500 monthly salary, which was lower than other members’ salaries, particularly certain Egyptians who seemed to enjoy preferential treatment. Bin Laden’s response, according to al-Fadl, was that the Egyptians were paid more because they had more skills than the Sudanese, such as the ability to obtain forged documents.

In this sense, terrorism in the al-Qaeda network resembles a warped mirror image of an international corporation in its financial structure with corporate chiefs who manage lean, trimmed-down firms and bring in consultants and freelancers to perform specific jobs. As one author notes, “The specialists work as a team to complete an assignment, then move on to other jobs, often for other companies.” In this image too, bin Laden is much like a terror “mogul,” a man with the power to approve projects suggested to him, who has final veto over the content or timing but often little to do with the project’s actual creation. His most important contribution is the money.

The formal merging of al-Qaeda with the Egyptian Islamic Jihad in 1998 greatly enhanced bin Laden’s global reach and organizational ability. In early 1998, when the two groups announced they had formed the World Islamic Front for Jihad Against Jews and Crusaders, the focus of Islamic Jihad shifted from overthrowing the current Egyptian government to attacking U.S. interests—bin Laden’s focus.

The leaders of this expanded network used the Muslim pilgrimages to Islamic holy sites in Saudi Arabia as a cover for recruiting new members or passing cash from one member to another. They shifted money around the world to bail members out of jail in Algeria or Canada and to finance applications for political asylum to enable the planting of terrorist cells in Western Europe.

Evidence of al-Qaeda cells emerged in more than forty countries after the September 11 attacks, as the United States urged other states to “follow the money” to determine the extent of the network of terrorism and its financial support structure. Bin Laden’s degree in economics and his experience as part of a multibillion dollar, multinational construction company has made this task quite challenging.

Al-Qaeda resources have been invested in industries as diverse as trade in honey and in diamonds. American officials noted evidence that bin Laden used a network of shops that sell honey—a staple of Middle Eastern life since biblical times—to generate income as well as to secretly move weapons, drugs, and agents throughout his terrorist network. Honey is deeply rooted in Middle Eastern culture, religion, and trade. In Saudi Arabia, which produces relatively little honey, families consume on average more than two pounds a month, according to a 1998 report by the U.S. Department of Agriculture.

The honey business is less significant for the income it generates, however, than for the operational assistance it provides. The shops allow al-Qaeda to ship such
contraband as money, weapons, and drugs. The *Times* reported that “The smell and consistency of honey makes it easy to hide weapons and drugs in shipments. Inspectors don’t want to inspect that product. It’s too messy.”

Al-Qaeda, like other groups, have exploited the corruption and chaos endemic to the Democratic Republic of the Congo (DRC) to tap into the diamond trade and funnel millions of dollars into their organizations. U.S. officials investigating the financing of al-Qaeda indicated that they had greatly underestimated the amount of money this group and other organizations controlled, not only in the diamond trade, but also in the trade of gold, uranium, and tanzanite in this troubled region. The diamonds and other precious and semiprecious materials are bought at a small fraction of their market value, then smuggled out of the country and sold, frequently in Europe, for sizable profits.

Viewed in this context, al-Qaeda is clearly a financial structure willing to break moral laws to further its cause. Preying on failed or collapsed states such as the DRC, Liberia, and Sierra Leone, this organization profits from the chaos, violence, and intimidation of this region to secure funds for its operatives to carry out terror in other states. There is one further important point to remember in the analysis of al-Qaeda as a terrorist “organization.” Expert opinion remains divided about the strength of the structure of al-Qaeda, as it has operated increasingly more like a loose network of affiliates joined by a common general vision and less like a structured organization with clear leadership roles and functional plans. It appears to be increasingly more of a network of terrorist groups than a tightly structured organization; indeed, the Congressional Research Services report in 2005 on al-Qaeda suggested that this was a “group” with major affiliates and leadership, which remains in contact but not necessarily in control.

THE INTERNATIONALIZATION OF TERRORISM

Like many businesses in today’s global market, terrorism is increasingly transnational. What had once been the “problem” in only one national or regional “market” is now more likely to be planned, supported, and carried out across many national borders, “internationalizing” the crime. Although terrorism “internationalized” in the Middle East long ago, frequently around a religious war against a commonly hated heretic state, Europe has also had to cope with the networking of terrorist groups into a web whose strength is difficult to measure. Study of one of Europe’s earliest “networked” group, the RAF, offers insight into this phenomenon.

The RAF was the oldest and the most ruthlessly violent left-wing terrorist movement in Germany in the late twentieth century. Emerging from a small residue of left-wing extremists from the Baader-Meinhof group and others involved in the student protests of the late 1960s, it was responsible for half a dozen bombing attacks in 1972. Although it suffered large defeats in 1977 and again in 1982 (due to the arrest of many of the original leaders), it continued to successfully regroup and reemerge as a violent political force until Germany was reunited in the early 1990s.
Early generations of the RAF were to some degree international in the struggle that they waged against imperialism. In 1977, the RAF carried out a PFLP plan to hijack a Lufthansa aircraft to Mogadishu. The PFLP plan was designed to capitalize on the Schleyer kidnapping. Two members of the RAF, Hans-Joachim Klein and Gabriele Krocher-Tiedemann, were recruited by Carlos the Jackal to assist in the raid on the Vienna OPEC conference in 1975. Another two members of the RAF, Wilfried Böse and Brigitte Kuhlmann, participated in the 1976 hijack to Entebbe Airport in Uganda.

But in July 1984, West German police found documents indicating that the RAF planned to further internationalize their struggle by uniting with other terrorist groups in attacks on the representatives of repression, specifically NATO allies. This anti-imperialism brotherhood of bombers and assassins began to wage war throughout Europe in the 1980s.

German, French, and Belgian radicals assassinated prominent members of Europe’s defense establishment and set off explosives at such targets as a U.S. air base, military pipelines, and a variety of other NATO installations. Nor did the targets remain specifically military. A Berlin nightclub filled with off-duty soldiers and German civilians was bombed in 1984, allegedly by this terrorist alliance.

One source close to the German underground noted,

> From the Red Army Faction point of view, the only opportunity to fight NATO suppression around the world is to organize a kind of illegal guerrilla war and get in contact with more and more people.\(^{16}\)

This transformation apparently took concrete form first in 1981. Italian counterterrorist forces revealed that in that year, exiles from the RAF, the Italian Red Brigades, and other groups met in Paris. From this meeting, the order went out to kidnap James L. Dozier, a U.S. Army brigadier general stationed in Rome. From being indigenous terrorist groups, operating primarily on their own soil for essentially nationalistic purposes, these groups began to focus their attention and activities against an international enemy: NATO.

Working together, these European terrorists created an informal network helping them to strike at a variety of NATO targets throughout that region. With relatively open borders between nations in the European Union (EU), these terrorists managed to operate in a manner that made it difficult for law enforcement officials to predict and prevent their attacks or to capture them after the events. Evidence suggests that they shared personnel, resources (explosives and weapons), and safe houses, as well as the low-level support system involved in such activities as the production of travel documents.

This networking of groups with common ideas, common enemies, and overlapping memberships has become even more common today, particularly among groups united behind religious zealots. As the world discovered in the wake of the attacks of September 11 in the United States, this networking encompasses individuals of vastly different cultures, socioeconomic groups, even languages. The uniting force for the network appears to be the radicalized faith and, in part, the charisma of the leadership. Take a quick look at the actors involved to understand the extent of the network of al-Qaeda.
Case Study 6.4 AL-QAEDA’S NETWORK

In the year of intense effort on the part of the United States and its allies in the international community to “search out and destroy” al-Qaeda, it became obvious that the organization had developed new bases and a looser structure; it was still quite capable of attacking Western targets. An examination of some of the individuals, the cells scattered worldwide, and the pattern of activities still taking place offers insights into the new “netwar” being waged by this particular brand of “terrorism, inc.” today.

THE “LIEUTENANTS”

Osama bin Laden could not have carried out the attacks of September 11, 2001, without widespread help from a network of talented and committed “lieutenants.” These men were sought intensely by the United States following the attacks in 2001, because their participation was believed to be crucial to the attack’s success:

Ayman al-Zawahiri: Widely believed to be bin Laden’s deputy, al-Zawahiri was the leader of the Egyptian Islamic Jihad, the group blamed for the assassination of President Anwar el-Sadat in 1981, and a member of the Shura—a body of al-Qaeda that contains members of other terrorist groups. Al-Zawahiri, a surgeon, was sought by the U.S. military in Iraq in 2004, where it was believed that he continued to coordinate attacks against U.S. military in that country. “Al-Zawahiri’s experience is much broader than even bin Laden’s,” according to Dia’a Rashwan, one of Egypt’s top experts on militants. “His name has come up in nearly every case involving Muslim extremists since the 1970s.”

Muhammad Atef: Thought responsible for carrying out the detailed mechanics of the plan to hijack four aircraft simultaneously on September 11, 2001, Atef is also believed to be responsible for planning the 1998 bombings of U.S. embassies in Kenya and Tanzania. Responsibility for these attacks was claimed by the Islamic Army for the Liberation of Holy Sites, led by Sobhi al-Sitta, also a bin Laden lieutenant. Atef operated his own military training camps in Afghanistan, where he apparently trained members of the Islamic Army group. He was killed in Kabul, Afghanistan, by a U.S. Predator.

Mustafa Ahmad: Ahmad, as Osama’s “money man,” financed the hijackers while they were in the United States. In fact, he was in the United Arab Emirates before the September 11 attacks, waiting for the hijackers to return their unused U.S. dollars to him there.

Abu Zouaydah: This Palestinian was responsible for overseeing al-Qaeda’s training camps. He is thought to have masterminded the “millennium bombings,” including a plot to blow up the Los Angeles airport on New Year’s Eve in 1999. Zoubaydah was arrested by Pakistani agents in Faisalabad.

Saif al-Adel: This man, described by the FBI as one of the most dangerous al-Qaeda leaders, was responsible for training elite terrorist recruits in handling explosives. Several of the September 11 hijackers were reportedly schooled by al-Adel in Afghanistan. He is believed to be in Iran.
THE NETWORK AND NETWAR

Terrorism is clearly taking on a new dimension, described as netwar, an asymmetric mode of conflict and crime at societal levels, involving measures short of conventional war carried out by protagonists using network forms of organization and related strategies and information-age technologies to carry out attacks. The individuals involved in a netwar usually connect in small groups, which communicate and coordinate their activities, but which generally lack an organized central command authority. When fighters returned to their home countries after passing through training camps in countries like Afghanistan, the groups to which they returned became, in a sense, the “international franchises” of al-Qaeda, local outposts in the Muslim world, capable of networking and interacting but also of acting independently.

Networks of terror groups, similar to the structures emerging in the world of business, generally organize in one of three types: chains, hubs, or all-channel. As Figure 6.1 shows, Chain networks are organized much like an organization of smugglers, where goods, information, and even people are passed along a line of separate contacts, from one end of the chain to the other. In contrast, hub or star networks are similar to the structure of a drug cartel, with actors and cells tied to a central cell or actor that controls communication and coordinates action. In the all-channel network, however, each small group or cell is connected to every other group in a collaborative effort, but without a central command cell.

After the destruction of the Afghan training camps in 2001, many al-Qaeda operatives returned to their homelands or to third countries, where they made common cause with other Islamic groups to wage a jihad against the United States and its allies. These separate cells or factions, inspired by the events of September 11, do not appear to have needed contact with one another or a central authority to carry out successful terrorist attacks on al-Qaeda’s behalf. As one news agency reported, “Al-Qaeda supporters in 60 countries range from small cells to allied terrorist groups to guerrilla gangs.”

First, a quick look at the “al-Qaeda affiliates” in this netwar helps to make the dimensions of the conflict visible:

In Europe, small cells plot new attacks, recruiting second-generation European Muslims. Members of some cells report directly to al-Qaeda, while others belong to allied North African groups. London and Madrid have suffered attacks on their transit systems by al-Qaeda “affiliate” cells since the September 11 attacks.

In North Africa, al-Qaeda allies operate from Morocco to Egypt. The Islamic Group and al-Jihad (in Egypt) remain active. Al-Zawahiri was the operational and political leader of al-Jihad before he “merged” it with al-Qaeda in 1998. Other allies, the Armed Islamic Group and the Salafist Group for Call and Combat (in Algeria), continue to carry out attacks. In Tunisia in 2002, an al-Qaeda cell attacked North Africa’s oldest synagogue with a natural gas truck rigged with explosives, killing nineteen people, most of whom were tourists.
In Sub-Saharan Africa, al-Qaeda maintains support for a variety of Muslim rebel groups from Eritrea to South Africa, including the Eritrean Islamic Jihad Movement and al-Ittihad al-Islamiya.

In Pakistan, al-Qaeda members network with local groups, such as Jaish-e-Muhammad, Lashkar-e-Tayyiba, and Harakat ul-Mujahedin, to launch attacks on foreigners, and are suspected of involvement in the assassination of Benazir Bhutto in 2007. Wall Street Journal reporter Daniel Pearl was kidnapped and murdered in 2002 in Karachi by members of a Pakistani organization with ties to al-Qaeda. In 2002, a group linked with al-Qaeda bombed a church in Islamabad frequented by Westerners, killing five people.

In Southeast Asia, an al-Qaeda affiliate, the Jemaah Islamiyah (operating in Indonesia), was allegedly responsible for the attack on a Bali nightclub in October 2002 that killed 180 people. In 2007, an explosion in a karaoke bar in Zamboanga, on Mindanao Island in the Philippines, killed three people, and two bombs exploded in a department store in the same city, killing seven. The local Abu Sayyaf group, an al-Qaeda affiliate, claimed responsibility.

In Yemen, bin Laden’s ancestral home, al-Qaeda maintains a very active base, because the government here remains able to exert very little control over much of the country. In the fall of 2002, the French oil tanker Limburg was rammed by an explosives-laden boat off the coast of Al-Mukalla, Yemen.

In Central Asia, trouble continues to foment from the Islamic Movement of Uzbekistan (IMU) and the Eastern Turkestan Islamic Party, whose members trained in Afghanistan under al-Qaeda. As one expert working with the Washington Institute noted, while the United States had assumed initially that al-Qaeda could be destroyed effectively by eliminating bin Laden and his headquarters in Afghanistan,

The Bali bombing and the attack on the French Tanker Limburg in Yemen that fall demonstrated . . . that al-Qaeda’s power and reach stemmed from a network of small and local groups that work as “subcontractors” for terrorist attacks all over the world, even as bin Laden and his top lieutenants hid in distant caves. In other words, the al-Qaeda network was able to be resilient because it relied not only upon its top leaders and clandestine cells, but also “affiliate groups,” which are larger, homegrown, organic Islamist terror groups that became volunteer fighters for the al-Qaeda matrix.\(^{20}\)

Clearly, al-Qaeda is decentralized, but its capacity to commit acts of terror has in some respects actually increased as its territory and targets have expanded. Terrorism, in this netwar form, offers a challenge to international security unlike that faced by most modern law enforcement or military.
NARCO-TELEORISM

Transnational terrorism is less dependent on the sponsorship of patron states or individuals to create a network to support their violent activities. A new source of revenue has come into the hands of terrorist groups in the last decades of the twentieth century, prompting some experts to decry the existence of what they call narco-terrorism, a networking of the trade in drugs and terrorism. U.S. News & World Report called this “the unholiest of alliances, a malevolent marriage between two of the most feared and destructive forces plaguing modern society—terror and drugs.”

The use of drugs to underwrite the costs of terrorism adds a new dimension to law enforcement efforts to combat both drugs and terrorism. The drug trade offers vast profits, too, for nations that, while wanting to continue to sponsor terrorist groups, find their coffers seriously depleted in recent years. Syria, for example, and more recently Afghanistan, engaged in international drug smuggling to help finance their support for terrorist groups.

The nether world of narco-terrorism has three main players: the terrorist groups such as al-Qaeda, the Revolutionary Armed Forces of Colombia (FARC), or Sendero Luminoso; the government officials and intelligence services of nations such as Iran and Cuba, whose foreign policy includes the exporting of revolution; and the narcotic-dealing gangsters, such as Juan Mata Ballesteros, who also deal in political violence and terror. Through a complex network of contacts, these narco-terrorists deal in weapons, launder money, share intelligence information, trade false passports, share safe havens, and offer other forms of assistance.

It is a loose global alliance of two elements of the criminal world. In spite of the apparent callousness in such groups as the PLO toward the taking of human life, these groups are very sensitive to charges that they deal in drugs. Indeed, PLO treasurer Jaweed al-Ghussein vehemently repudiated such charges. “We are fighting for our homeland. We are not drug smugglers. That is against our values.”

Regardless of such denials, it is true that in war-torn Lebanon, the annual 1,500-ton hashish trade (recently supplemented by opium and heroin) has supported terrorists of many ideologies for years. “Lebanese hashish helps to pay for everything from hijacking and bombing spectaculars in Europe and the Middle East to a simmering revolt by Moslem insurgents in the Philippines.”

It is certain that Syria would be unable to conduct its assistance to insurgent groups without the infusion of millions of dollars in drug profits. Without such profits, the Syrian economy would be even more threadbare than it became in the years since the collapse of the Soviet Union. Intelligence agencies suggest that Syrian government involvement in the drugs-for-terrorism trade involves persons at high levels of the Syrian government.

Nor is the Middle East alone in experiencing the impact of narco-terrorism. In Peru, as one researcher noted, the coca growers and drug traffickers are in a working alliance with the Sendero Luminoso, or Shining
CHAPTER SIX

Path. Although the ultimate ends sought by each group are different, their alliance does benefit each significantly, and the stability and legitimacy of the Peruvian government is constantly sabotaged. Because this destabilization is a shared goal (as well as the shared desire to make a profit) and because all members of this network want “liberation” from interference by the police and the military, there is a strong network of cooperation in Peru in narco-terrorism.

The Sendero Luminoso is one of the best armed militia in the region. Peru’s police and military were, until recently, viewed as underequipped in comparison. The successful resolution of the takeover of the Japanese Embassy in Lima in 1997 changed international perception of the capabilities of Peruvian counterterror forces. But the situation with the drug traffickers and Shining Path remains unresolved. Few economic enterprises can command the market power and earning potential that the contemporary narcotics trade commands today.

What are the implications of this new source of financial independence for terrorist groups and states? Is this alliance of drugs and terror a result of temporary coincidence of needs, or does it have long-term, broader, more strategic aims? It has been said that drugs could destroy the Western world; is the unholy triangle of drug traffickers, terrorists, and state officials committed to the destruction of that world just a mischance, or is it of deliberate design? How will this affect the way nations deal with drug traffic? Will there be any attempts to effect cooperation between agencies charged with combating drugs and those pledged to combating terrorism, similar to that attempted between Mexico and the United States in the mid-1990s?

CONCLUSIONS

Terrorism today is big business. No one state is wholly responsible for terrorism’s scope, nor is any single individual so essential to the existence of terrorism that his or her loss would seriously diminish terrorism’s spread. The continuation of terrorist attacks, in Europe, the Middle East, and now in the United States, after the collapse of the Soviet Union, has made it clear that no one state’s support is essential to the survival of international terrorism. States such as the former Soviet Union made it easier for terrorists to network, but such support, while no longer available, is clearly not critical to the survival or the networking of many groups.

Similarly, even in the wake of U.S. attacks on Afghanistan that destroyed the physical terrain of bin Laden’s camps and headquarters, terrorism by his supporters has not ended. In spite of intense U.S. efforts to capture or kill bin Laden, his death or capture would not end al-Qaeda’s capability as a terrorist network. Cells within that network have continued to carry out successful attacks in many countries.

Three final points need to be made with regard to this concept of a terror network. The first has to do with the transition of terrorist organizations into “corporations.” As such groups become institutionalized, in terms of formalized government contacts and offices, entrenched in the local economies of many na-
Terrorism, Inc.

In recent years, terrorism networks have become increasingly difficult to destroy. Affiliates to terror finance networks begin to include government bureaucrats whose offices regularly deal with them, businesses that share joint economic interests, and communities whose livelihood depend upon their employment.

The second point is that, with the increasing contact and sharing of support between terrorists, there is a potential for greater sophistication in the carrying out of terrorist acts. Terrorists operating in a foreign country, if they are able to avail themselves of the local expertise of indigenous groups, can carry out more efficient operations.

The final point is that, after the September 11 attacks on the United States, a concerted effort has begun worldwide to infiltrate the network of terrorism, particularly but not exclusively that of al-Qaeda. The United States began to use a Foreign Terrorist Asset Tracking Center (FTAT), designed to dismantle terrorists' financial bases. The FTAT examines terrorist organizations worldwide, not just pinpointing financial data relating to a single crime. The information gathered will be used to identify and disrupt terrorists' funding, according to U.S. officials.

In this effort to cut off sources for terrorist funding, some Islamic charities have been impacted. Nada Management, founded in 1987 under the name Al Taqwa, is one of the world's largest financial institutions dedicated to Muslim clients and Islamic business activities. Organizations such as Nada Management have offices in scores of countries, some of which may see no justification for the legal crackdown on these funds.

But Italy has deployed a new 600-strong multidisciplinary force to investigate the finances of al-Qaeda and other terrorist groups. In September 2001, the United States released a list of 88 groups and individuals it suspects of aiding al-Qaeda. In at least nine countries, law enforcement officials made concerted efforts to freeze millions of dollars in assets and shut off affiliates of two groups that the United States accused of bankrolling al-Qaeda's terrorist activities.

Police in Italy raided the homes of Youssef M. Nada and Ali Ghaleb Himmat, top executives of Nada Management, whose offices in nearby Lugarno, Switzerland, were searched. Both men were detained for questioning and released; both are members of the Muslim Brotherhood, a fundamentalist group whose long struggle to establish an Islamic state in Egypt could make it a natural ally for the Egyptian Islamic Jihad, with which al-Qaeda has networked.

Since the September 11 attacks, governments across the globe have frozen some $140 million in terrorists' assets, but terrorist groups have thus far adapted fairly well to remain financially intact. In an effort to broaden attempts to financially disrupt the "industry" of terrorism, governments have engaged in an increasingly wider range of options, including overt as well as covert actions. These efforts to disrupt terror financing have revealed an important counterterror point: tracking terrorists' financial footprints can thwart attacks, as well as disrupt the logistical and financial support networks, and identify operatives not known to authorities.

While these efforts to "break up" terrorist support networks is certainly an encouraging development, the ability to do so effectively remains unproven. On the other hand, terrorists have clearly demonstrated in recent years that they can survive the loss of support states and can even internationalize and establish diverse funding structures quite effectively. In spite of the Convention for the Suppression of the Financing of Terrorism, drafted before September 11 but now fully operational, terrorism remains, essentially, a thriving international business.
DISCUSSION

Consider these examples of contemporary terrorism’s network and funding:

1. On December 22, 2001, Robert Reid, a British citizen, was restrained by passengers on a Paris-to-Miami American Airlines flight after flight attendants noticed a burning smell and found him using matches in an attempt to ignite his sneakers. Preliminary FBI tests on the shoes detected the presence of two compounds—pentaerythritol tetranitrate (PETN), one of the most powerful bases of plastic explosives, and triacetone triperoxide (TATP), another explosive compound. According to reports, Reid was the son of Jamaican and British parents, and had converted to Islam recently. He was networking with individuals in Europe to aid in his efforts to follow the dictates of holy war as a suicide bomber.

2. According to authorities in Britain, a suspected al-Qaeda associate in the United Kingdom was using multiple identities to finance the purchase and supply of explosive components for use in another country. Forensic financial investigation revealed that this person used multiple accounts to purchase high-resolution maps of a third country over the Internet. Following the money enabled investigators to track the international travel of the conspirators as well as the delivery by international courier of components for improvised explosives to the same foreign country over several months. Multiple transactions involving accounts controlled by an associate of the original suspect revealed a wider conspiracy. In a joint operation with a foreign law enforcement agency, the original suspect was tracked to a third country where he was arrested in a makeshift bomb factory.

3. Abdullah Ahmed Abdullah, a.k.a. Abu Mohamed al-Masri, an Egyptian member of al-Qaeda, is on the U.S. “most wanted” terrorist list for his alleged involvement in the August 7, 1998, bombings of the U.S. Embassies in Dar es Salaam, Tanzania, and Nairobi, Kenya. According to U.S. State Department reports, he fled Kenya the day before the bombings, traveling to Karachi, Pakistan.

The networking of terrorism, including the funding, the training, and the willingness of people from very diverse backgrounds to cooperate to carry out terrorist attacks, raises many concerns for the nations seeking to secure themselves from terrorist attacks. As the events of September 11 graphically demonstrated, terrorist activities are global in reach—in nationality of perpetrators and in sophistication. The ability to cope depends on the degree to which one is able to understand and predict. As the scope of individuals and nations involved in carrying out attacks broadens, can states adequately predict and thereby protect themselves against future attacks by terrorists trained, armed, and carrying how-to manuals?

ANALYSIS CHALLENGE

Terrorism is truly international today, with groups existing all over the world and cells of many groups found in different countries. Go to the Washington Post website (http://www.washingtonpost.com/wp-dyn/world/issues/terrordata/) and choose a group, or a nation, and “map” the group’s activities. You might also consider using the Community Walk website (http://www.communitywalk.com/africa/terrorist_groups/map/181855) to consider making a map of a particular region, indicating the groups that operate within it.
SUGGESTED READINGS


NOTES

2. When French police moved in to capture Carlos at his headquarters, he escaped in a spectacular shoot-out, during which he killed two French police officers. For further information and commentary, see Thomas P. Raynor, *Terrorism* (New York: Franklin Watts, 1982).
3. Walter Laqueur, *The Age of Terrorism* (Boston: Little, Brown, 1987), 290. Laqueur describes both the participants and the agenda of this congress in some detail.


