



TRANSNATIONAL THREATS UPDATE

Center for Strategic and International Studies ■ Washington, D.C.

Volume 4 • Number 11 • November/December 2006

“We live in a world that is full of conflict, contradictions, and accelerating change.... Globalization...the elusive technologies and personnel that can produce WMD in unlikely places...political instability...the nuclear programs of Iran and North Korea...insurgency and terror in Iraq and Afghanistan...the rise of emerging powers...and, of course, the anti-Western radical jihadist movement require a strong, effective, and, above all, thoroughly integrated national intelligence community.”

The Honorable John D. Negroponte, Director of National Intelligence,
Speech to the National Press Club, April 20, 2006

CONTENTS	
Trafficking	1
Al Qaeda	2
Terrorist Financing	2
Organized Crime	3
Border Security	4
Counterterrorism and Drugs.....	5

Trafficking

Hungary: Crucial Transit Point for Europe-bound Heroin

Hungary is increasingly becoming a crucial transit point for the entry of Afghan-produced heroin into Europe. As the war-torn country’s production of heroin has continued to rise over the last year, the implications for the European continent are becoming an increasing concern to security officials and policy-makers. As production continues to grow, experts and nongovernmental groups are witnessing important shifts in the transit routes. There are three main routes for heroin transit from Afghanistan to Western Europe, and all three cut through Hungary. For the most part, drug shipments are organized by Albanian, Turkish, Kurdish, and Hungarian gangs; many of the same groups are involved in human smuggling.

So far, the largest single haul of drugs involved a 92-kilogram consignment of 50 percent pure heroin, de-

livered from Turkey to the Czech Republic in June 2005. The monetary value of this shipment was roughly €6 million and was concealed inside a shipment of carpets. Early in December customs officers seized another large shipment of heroin. The quantities being intercepted far exceed the figures for previous years.

Experts say that the rising figures are not a surprise and that they follow the increasing rates of production in Afghanistan, although it takes about a year for the drugs to reach European markets. Poppy cultivation was banned toward the end of Taliban rule in Afghanistan, and heroin production in the country has skyrocketed since the U.S.-led invasion toppled the regime.

The transit process of the drug is as follows: the Afghan heroin travels along the northern Balkan route, via the Middle East, Turkey, and the Balkans, before entering the EU in Hungary. The heroin continues on to the Netherlands, where it is cut and parceled prior to being distributed throughout Western Europe. The United Nations Office of Drugs and Crime (UNODC) estimates the total value of the drug trade in Western and Central Europe at €20.9 billion annually, whereas the global figure is €3.6 billion.

Despite the growing problem, the latest raids represent progress on the side of interdiction. Hungary has taken many measures in an attempt to stem the flow of heroin into Europe. These efforts include increased

international cooperation and partnerships with the World Customs Organization (WCO) and UNODC and higher levels of multilateral information sharing. (*Combined dispatches*)

Colombia vs. Ecuador over Drug War

Colombia's U.S.-backed war on drugs has long included an aerial fumigation program to destroy coca plants before they can be harvested to produce cocaine. As recently as January 2006, flights were halted over a 10-kilometer buffer zone along the border with Ecuador in an effort to prevent pesticides from killing legal crops on the Ecuadorian frontier.

In December, Colombian pilots returned to spraying all affected areas, including the buffer zone. Their primary targets were the coca plantations owned and operated by the Fuerzas Armadas Revolucionarias de Colombia (FARC), a Marxist-led guerilla organization that has been engaged in a 40-year civil war with Bogotá and is funded by cocaine production and trafficking. Many of these plantations are located along the Ecuadorian border in order to take advantage of the buffer zone and minimal border security.

Ecuador claims that the renewed spraying is killing legitimate crops on its side of the border, including valuable coffee beans. Colombia disputes these allegations, saying that the pesticides used are nontoxic and should only affect the coca plant.

The Foreign Ministry in Quito has threatened to withdraw its ambassador to Colombia temporarily or perhaps permanently if the pesticide spraying is not halted. Ecuador's incoming president, Rafael Correa, has asked for the support of other South American nations in the ongoing row. He is a staunch supporter of Venezuelan president Hugo Chávez, while Colombian president Álvaro Uribe is a strong regional ally of the United States. This has led to speculation that the fumigation dispute is more political than agricultural. (*Combined dispatches*)

Al Qaeda

GSPC Claims Bus Attack

The Salafist Group for Preaching and Combat (GSPC), a militant Islamist group recently linked to al Qaeda, claimed responsibility for an attack on a bus

carrying foreign oil workers near Algiers in December. It was the first attack on Westerners in Algeria in many years. The passengers were employees of Brown Root Condor, a joint venture of Halliburton's subsidiary Kellogg, Brown and Root (KBR) and Condor Engineering, an affiliate of Algerian state energy group Sonatrach. One Algerian was killed and several Westerners were wounded in the bombing.

Some believe the targeting of Halliburton represents international terrorism motivated by the contractor's role in Iraq. But the motivations could also be domestically oriented: an attempt by the GSPC to undercut and discredit the Algerian government by preventing the modernization of the country's energy industry and economy.

The Algerian insurgency began in 1992 after an election, in which an Islamist party was expected to win, was cancelled by authorities. The movement has been fighting to overthrow the government and to install an Islamic regime in the country for the last 14 years. But recent developments underline a shift in both its agenda and tactics. In October, the GSPC announced a formal alliance with al Qaeda, and many believe that this latest attack reflects a new, more aggressive phase of the group's operations.

The precision of this attack, and another set of coordinated attacks against Algerian police in October, indicate a resurgence by the GSPC and new appetite for lethality by the group whose power has been waning in recent years. (*Combined dispatches*)

Terrorist Financing

U.S. Government Cracks Down on Terrorist Financing in Tri-Border Area

Ciudad del Este, Paraguay, has always had a reputation as a lawless region, with porous borders and a booming and diverse smuggling trade. In a report released on December 6, however, the U.S. Treasury Department named the Tri-Border Area (TBA), where the South American countries of Brazil, Argentina, and Paraguay meet, as a new source of suspected terrorist financing.

According to the report, nine people and two businesses in the TBA have "provided financial and logistical support" for Hezbollah. The report also alleges

that those implicated are all part of a local network run by Assad Ahmad Barakat, a “specially designated global terrorist (SDGT),” who is already in a Paraguayan prison for tax evasion. Adam Szubin, director of the Treasury Department’s Office of Foreign Assets Control, said that “Assad Ahmad Barakat’s network...is a major financial artery to Hezbollah.”

Muhammad Yusif Abdallah is also implicated in the report, both as a financial supporter of Hezbollah and as a senior Hezbollah leader. The Treasury Department claims that Abdallah, as well as many other local businessmen, gives a percentage of the earnings from his Galeria Page shopping center to Hezbollah. This local shopping center is also allegedly used as a front for smuggling and other related illegal activities.

In addition to the report, the Bush administration also imposed sanctions on the region on December 6. The sanctions involve nine people, Abdallah’s shopping center in Paraguay, and an electronics company in the TBA that the Treasury Department’s report implicated. As a result of the sanctions, “Americans are forbidden from doing business with them, and any bank accounts or other financial assets belonging to the designated people and entities found in the United States must be frozen.”

The governments of Brazil, Argentina, and Paraguay were outraged by the report and the Bush administration’s decision to impose sanctions on the region. Officials in Brazil are especially upset. Although they acknowledged that U.S. authorities had presented TBA governments with evidence of suspected terrorist fundraising in the area, Brazil and Argentina rejected the evidence as insufficient. Following a meeting between U.S. officials and representatives from the three countries on December 4 and 5, a joint statement was released that stated that “no terrorism activities were detected in the Tri-Border area.”

But the U.S. Treasury Department is not the only one investigating terrorist-related activities in the TBA. Recent reports by the BBC support the allegations of the Treasury Department’s report. Kammen Hijazi, a local Lebanese business man, was a particular focus of the BBC reporting. He is the owner of Telefax, a local business that transfers hundreds of millions of dollars for its clients, whose identities it protects. Authorities claim some of the money goes to Hezbollah

and Hamas, and the BBC obtained transfer documents that show several transfers to seemingly fake companies in Beirut, Lebanon.

Local Muslim leader Sheik Taleb Jomha acknowledges that money is being sent from the TBA to the Middle East, but he claims that the money does not go to political or military groups—rather to “brothers and sisters who need help.”

After 9/11, officials in Paraguay, with the encouragement of the United States, began to crack down on the area’s illegal activities. Fourteen Arab immigrants were recently arrested, and the Paraguayan government is also currently looking into 46 bank accounts. Unfortunately, funding terrorism is not a crime in Paraguay, and even the country’s money-laundering law is outdated, making prosecution for Telefax’s and Abdallah’s activities difficult. (*Combined dispatches*)

Organized Crime

Rio Police Arrested for Links to Organized Crime

Brazilian federal police arrested 75 officers from the state police in Rio de Janeiro state on December 15. Several hundred federal officers from Brasilia and other cities were brought in to conduct the raid in the early morning hours.

The officers arrested were allegedly involved in organized crime, which is rampant in the almost 600 slums in Rio de Janeiro. Many of those arrested came from these slums or other tough neighborhoods. Rio’s powerful drug gangs are thought to have links with, and in some cases direct control over, some city police, and an estimated 20 percent of guns seized by criminals have been found to belong to police and the military.

The state police are not known for their integrity, as many have been caught in recent years profiting from crime instead of pursuing criminals. In some cases police have extorted money from those involved in the drug trade.

Rio de Janeiro also has one of the highest murder rates in the world. Human Rights Watch accuses Rio police of violent tactics and “taking part in death

squads.” Approximately 1,000 people a year are killed by police under the pretense of resisting arrest.

The large scale arrest of Rio police is just the latest in the state’s attempt to end police involvement in drug and arms trafficking and other forms of organized crime. This is the largest operation of its kind in the fight against widespread police corruption in Rio de Janeiro state. Col. Ubiratan Angelo, who is expected to take over in January as Rio’s police commander “is committed to the issue of human rights and the fight against illegal activities within the police force.” (*Combined dispatches*)

Border Security

More Tension along Afghan-Pakistan Border

In late December, tensions along the Afghan-Pakistan border increased again when Afghan troops crossed into southwest Pakistan and seized 10 people for straying across the border while cutting firewood. According to security officials, approximately two dozen Afghan soldiers crossed into Pakistan and seized the people at gunpoint. The incident came amidst an ongoing dispute between the two countries’ leaders over a surge in militant violence along Afghanistan’s extensive and porous border with Pakistan. The men were subsequently released, but the incident underlines the strained relationship between the two nations, as the security situation in Afghanistan remains poor. Pakistan’s recent announcement to build a security fence along 1,500 miles of common border with Afghanistan was greeted with widespread ridicule.

The deteriorating relations have largely grown out of Afghan leaders’ accusations that Taliban insurgents and other extremists have received support and refuge along the border region and that Pakistan’s objective is to facilitate the Taliban’s comeback in Afghanistan. The role of these actors has been to destabilize the situation in Afghanistan and undermine the various peace-building and reconstruction efforts there.

Pakistan’s open support of the Taliban ended after September 11, 2001, but many assert that the country has continued to sympathize with and provide covert support to the Taliban and al Qaeda-affiliated actors in the years since. While Islamabad denies such accu-

sations, it admits that insurgents are often able to make their way across the border and find refuge and sometimes logistical support. Afghan officials claim that the border issue has been a significant contributor to the nation’s ongoing violence and instability, but the Pakistani leadership maintains it has only been one, small factor. Pakistani officials have assured international audiences that they are increasing the number of border security troops and seeking to improve the quality of their equipment but that the situation remains difficult. (*Combined dispatches*)

African Leaders Sign Security Pact

Leaders of 11 African nations signed the Great Lakes Security Pact on December 15 in Nairobi. The UN-backed agreement was designed to put aside political differences and to disarm rebel groups, mostly located in eastern Democratic Republic of the Congo (DR Congo), while going ahead with major regional efforts in economic development.

A major focus of the treaty is governance, which has been difficult for large nations such as DR Congo. The capital of Kinshasa is more than 1,500 kilometers from the relatively lawless eastern regions, which have long been home to rebels and refugees from other Great Lakes states. Rebels from Burundi, Rwanda, and Uganda have used the eastern DR Congo as sanctuary in their recent civil wars. The largest international peacekeeping force is in eastern DR Congo, which is heavily involved in disarming rebel groups from around the Great Lakes region.

It is still unclear whether the final draft of the treaty, yet to be publicly released, includes a clause allowing military forces to cross international borders to pursue rebels. This provision was strongly encouraged by Ugandan president Yoweri Museveni. It would allow his troops to attack members of the dissident Joseph Kony’s Lord’s Resistance Army, which is based in DR Congo. Tens of thousands of people have died and over one and a half million have been displaced because of attacks by the Lord’s Resistance Army in northern Uganda and southern Sudan

The treaty also includes a massive economic and infrastructure upgrade and integration for the signatories worth over \$1.2 billion. The funds will be provided by the national governments and by some voluntary donations and managed by the African Devel-

opment Bank in Tunis. The plan also contains funds for helping the millions of displaced refugees. (*Combined dispatches*)

Counterterrorism and Drugs

Southeast Asian Leaders Form Counterterrorism Pact

Senior officials from the Association of Southeast Asian Nations (ASEAN) have agreed to break new ground in regional counterterrorism cooperation with the drafting of the ASEAN Convention on Counterterrorism. The convention will strive to confront regional issues associated with the fight against terrorism, unify national priorities, and develop a regional strategy.

The pact is being heralded as an important step by the region's leaders and will represent the first regional arrangement in full conformity with international conventions and protocols on counterterrorism, according to M.C. Abad, spokesman for the ASEAN secretary-general. ASEAN, established in 1967, includes the nations of Brunei, Burma, Cambodia, Indonesia, Laos, Malaysia, the Philippines, Singapore, Thailand, and Vietnam.

According to the draft document, which will be submitted to ASEAN leaders for ratification at the upcoming summit, member countries have agreed to track movements of suspicious money or people throughout the region and to allow for the extradition of terror suspects. It will also provide for cooperation in conducting inquiries and joint investigations to identify the whereabouts of known terrorists and their funds, as well as the location of training camps and installations. It will seek to develop cross-border measures, more extensive intelligence sharing, and a regional database.

Southeast Asia has long been recognized as a crucial front in the U.S.-led global war on terror due to the presence of local groups allied with the global al Qaeda network. The Philippine government is fighting against the Abu Sayyaf terrorist group that operates in the islands of Mindanao, while Indonesia has struggled for years with the presence of Jemaah Islamiya, a regional affiliate of al Qaeda. (*Combined dispatches*)

European Drug Sweep Nets 90 Arrests

A month-long joint police operation, including units from the United States, Italy, France, Germany, Spain, Ecuador, and Colombia, arrested 90 people in Europe for their involvement in an international drug trafficking ring. The scale of international police cooperation in such an operation is unprecedented.

The operation, known as "Tiro Grosso," seized over one metric ton of cocaine and five metric tons of hashish and froze close to €17 million worth of assets in Europe and South America. In the preliminary stages of the investigation, police monitored 230 people and 3,500 of their financial transactions, which led to the arrests and seizures.

The network supplied Colombian cocaine, mainly from rebel groups in rural areas of the country, to Europe through Spain. Many of the traffickers in Europe were members of organized crime groups including the Camorra, or Naples mafia. Other groups stretched into France, Germany, and Bulgaria.

Police say that cocaine prices have decreased substantially in Europe in recent years because the Colombian rebels have a greater need to finance their civil war from international drug trafficking profits. Supply to Europe has also rapidly increased causing both the price drop and a rise in popularity among European drug users. (*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.

CSIS does not take specific public policy positions; accordingly, all views, positions, and conclusions in this publication should be understood to be solely those of the author(s).

© 2006 by the Center for Strategic and International Studies.