

TRANSNATIONAL THREATS UPDATE

Volume 7 • Number 1 • January 2009

“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

CONTENTS	
Terrorism.....	1
Drug Trafficking.....	3
Regional Security Threats	3
Money Laundering.....	5

Terrorism

Hamas Declares Victory After Gaza Assault

Hamas declared victory over Israel, despite a three-week assault on the organization that resulted in the death of more than 1,300 Palestinians and \$2 billion in damages. By the evening of Tuesday, January 20, the Israeli army had withdrawn the majority of its forces from Gaza, prompting Hamas’s declaration of victory. Despite the numerous setbacks caused by the Israeli offensive, Ismail Haniya, former prime minister of the Palestinian National Authority, proclaimed that Hamas’s survival was victory enough, because rearming was not a challenge and because Israel had not successfully completed its mission. A spokesman from Hamas’s Al-Qassam brigades reaffirmed Haniya’s claim; “Israel’s goals, like the fall of Hamas and the halt of projectile fire, were not achieved.” According to the Israeli Defense Forces’ Web site, however, Operation Cast Lead, the operation designed to counter terror originating in the Gaza Strip, was a success. Israeli officials assert that they hit nearly every terrorist target in the area.

Despite the competing claims of victory, Hassan Nasrallah, Hezbollah’s secretary-general, and Iranian president Mahmoud Ahmadinejad called the leaders of Hamas to congratulate them on their victory over the

Israeli forces. Additionally, thousands of Palestinians throughout Gaza celebrated Tuesday in nine victory rallies in response to Hamas’s declaration of victory. Representatives from Hamas claim that the mass participation in these rallies reflects steadfast support for the organization. After the cessation of celebrations, Hamas began to reassert control over the area by rounding up suspected Israeli collaborators and announcing that all government ministries would soon begin offering services to Gazans again.

Despite claims of victory and celebrations, the true repercussions of the Israeli offensive remain to be seen. The humanitarian situation in Gaza is dire, and Hamas’s efforts to reassert power and return to normalcy appear to be exacerbating its rift with Fatah, as Hamas militants carried out a number of attacks against Fatah members accused of collaborating with the Israelis. Israel also displayed a renewed willingness to respond to attacks with destructive military might that threatens Hamas’s grip on Gaza. Although Hamas claimed victory and maintains the support of the population, violations of the cease-fire and renewed violence might create new challenges for the organization. Merely one week after withdrawing, Israeli jets pounded Palestinian smuggling tunnels near the town of Rafah in response to a roadside bombing on an Israeli unit.

Sri Lankan Army Captures LTTE Strongholds

After fighting for more than 25 years against the separatist Liberation Tigers of Tamil Eelam (LTTE), the Sri Lankan government claimed that the war is nearing an end. In their most recent offensive against the Tamil Tigers, the Sri Lankan military scored several strategic victories, capturing many rebel strongholds. The LTTE has been fighting for an independent homeland for the Tamil ethnic

group since 1983. More than 70,000 have been killed in the conflict, which the Sri Lankan government claims will soon end.

In early January, the Sri Lankan army captured two important bases from the Tamil Tigers, Killinochchi, the group's administrative capital, and Elephant Pass, a strategic causeway that links the Jaffna Peninsula—a LTTE stronghold—with Sri Lanka's mainland. The fall of these two areas represents a strategic breakthrough for the Sri Lankan military and, according to the Sri Lankan government, the end for the terrorist organization. The capture of these two strongholds left the LTTE with one remaining stronghold, Mullaitivu, which was subsequently captured after a month-long battle. The Tamil Tigers still maintain control over a 115 square mile area in the northeastern jungles.

Although the Sri Lankan military has made several advances against the LTTE, experts are warning the government not to underestimate the group. The Tamil Tigers are expected to continue fighting a guerilla war against the government despite losing their last stronghold. As previous counterinsurgency efforts have proved, it is very difficult to completely destroy an insurgent group and prevent it from regenerating. The Sri Lankan government, however, remains confident that it will soon win this war against the separatist movement.

New Group Emerges in Lebanon

A Lebanese news agency has reported the formation of a new Shiite resistance group in southern and eastern Lebanon, the Arab Islamic Resistance. Jihadi groups like al Qaeda have also made the move to Lebanon in recent years, as countries throughout the Middle East began cracking down on jihadists.

The Arab Islamic Resistance is said to be the armed wing of the Islamic Arab Council, an anti-Hezbollah organization that was founded by Sayyed Mohamed Ali al-Husseini to confront the enemies of Arabism and defend the Arab world. Al-Husseini claimed, in a statement carried by a Lebanese state-run news agency, that the organization had conducted its first field training maneuvers within Lebanon in mid-January. In the statement, al-Husseini boasted of the group's 3,000 members and advanced weapons and argued that it would not hesitate to attack Israel. Al-Husseini further claimed responsibility for Katyusha rockets fired into Israel from Lebanon, claiming that the "inaccuracies" cited by Israel were designed as a warning—the Katyushas were launched by professionals and not intended to kill.

According to Lebanese news sources, actual violence from the group is unlikely. Lebanese security experts dismiss al-Husseini's claims, believing instead that the Arab Islamic Resistance—which accepts both Sunni and Shiite fighters—is merely attempting to raise its profile prior to the summer elections. Training 3,000 men in a country as small as Lebanon, without attracting attention, is also considered a near impossibility. Experts warn, however, that the group could prove dangerous due to the foreign fighters within its ranks. Such fighters lack any ties to Lebanon and could act without any concern for native civilians, as was the case with foreign fighters in Iraq.

Suicide Bombing in Iran

Militants from Jundallah, an Iranian terrorist organization, launched a suicide mission in southeastern Iran in late December, the first attack of its kind in the country in more than 20 years. Although terrorist groups worldwide have used suicide bombings since the 1980s, such attacks are incredibly rare in Iran and have not been seen since 1981. Jundallah, which translates as "soldiers of God" and is also known as the Iranian People's Resistance Movement, is a Sunni group based in Baluchestan, a southeastern province in Iran that is fighting for the rights of Sunnis in Iran. Jundallah is one of the most active and violent opposition groups in Iran and is suspected of having links to al Qaeda. Members of the group are purportedly trained in Afghanistan and South Waziristan in northwest Pakistan.

Jundallah's December 29 attack killed four members of Iran's security forces and injured another 12 border guards. According to Iranian news sources, the bomber attempted to enter a police station in Saravan in the Sistan-Baluchestan Province of Iran, failed to enter the building, and detonated the bomb outside of the station. In an online statement, Jundallah claimed responsibility for the attack and said it was in retaliation for the Iranian government's destruction of a Sunni religious school in Zabol in southeastern Iran. The suicide bomber, Abdolghafoor Rigi, was the brother of Abdolmalek Rigi, the founder of the organization. Although this was the first time Jundallah launched a suicide attack, the organization has perpetrated and claimed responsibility for previous acts of terrorism, including the kidnapping of 16 Iranian border guards in June 2008.

Iranian officials claim that the United States, Britain, and Saudi Arabia have been using Jundallah as a proxy to destabilize the Iranian regime. Rigi, however, maintains that the organization is a national movement and denies any links with the West, particularly with Washington. Although the Iranian government continues to crack down on the organization and other extremist groups within the

country, this move could represent an escalation of Jundallah's efforts, or an act of desperation. Regardless of its meaning, the attack represents a deteriorating security situation in Iran's southeastern provinces.

Al Qaeda Affiliate Tests Biological Weapons?

Several media outlets reported that approximately 40 members of al Qaeda in the Islamic Maghreb (AQIM) have been killed in Algeria after contracting the bubonic plague in a botched biological weapons experiment. According to these sources, the outbreak occurred at an AQIM base located in the Tizi Ouzou province of eastern Algeria. Algerian sources claim that the outbreak was uncovered after the body of an AQIM member was found alongside a road. After launching searches, Algerian forces are said to have found several decomposed bodies that had been infected with the plague in a cave. Reports claim that a dead rat transmitted the disease.

Additional reports of the incident cite U.S. intelligence officials denying that the deaths of the 40 operatives were caused by a strain of the bubonic plague, speculating instead that AQIM had shut down the base to prevent the leakage of an unknown biological or chemical substance. Other sources assert that if these reports are accurate, it is possible that this was merely a natural outbreak rather than the result of terrorist experimentation. The plague occurs naturally in Algeria, which has experienced periodic outbreaks.

If reports blaming a botched experiment are accurate, however, it is possible that AQIM could use the plague as a biological weapon on a limited scale. This being said, the likely methods of transmission—infecting operatives with the plague or releasing infected fleas against a target area—are unlikely to produce a large number of casualties. According to a U.S. commission on unconventional weapons, al Qaeda has been attempting to develop a biological weapon since the late 1990s, and experts believe that the organization is more likely to gain access to biological weapons than nuclear weapons. Whether they have finally gained access to a biological weapon, however, remains to be seen.

Drug Trafficking

Smuggling in Southeastern Iran Increases in 2008

The southeastern province of Sistan-Baluchestan, which shares more than 800 miles of border with Afghanistan and Pakistan, experiences frequent clashes between security forces and heavily armed bandits and drug smugglers. Situated on the drug route between

Afghanistan, Europe, and the Persian Gulf states, Iran's problem with drug traffickers is exacerbated by increasing domestic drug use.

According to the provincial police, more than 5.5 tons of drugs were seized in Sistan-Baluchestan in December alone. During the past 10 months, Iranian police forces and border guards uncovered some 340 tons of illegal narcotics, including opium, hashish, crack, and heroine, representing a 20 percent increase from 2007. Trafficking in other contraband is on the rise, as well. During the same period, more than 2,000 illegal arms were seized, representing a 37 percent increase from the previous year. Fuel is also illegally transported across the border, as are human beings. In the first few weeks of the new year, Iranian police arrested some 1,000 illegal foreign nationals in the province, most of which were Afghans.

It is unknown if the increase in seizures along the border represents an improvement in Iranian border security, increased smuggling activity, or both. Beginning in mid-February, however, the Iranian government plans to seal off part of the border in a trial effort to counter drug smuggling, human trafficking, and illegal border crossings. The government's plan involves building concrete walls, embankments, canals, additional police stations, and watchtowers; strategically placing barbed wire across the border; and employing special radar systems and cameras along commonly used routes. Iranian officials believe this will reduce smuggling by 50 to 60 percent. Although the success of this plan remains to be seen, it is apparent that increased action must be taken in order to counter the efforts of smugglers. The current penalty, death, does not seem to serve as an adequate deterrent.

Regional Security Threats

United Wa State Army to Clash with the Government?

There is speculation that the United Wa State Army (UWSA), the armed wing of the United Wa State Party (UWSP), is preparing for a clash with the Burmese government sometime this year. The UWSA, an armed group that emerged in 1989 after the collapse of the Communist Party of Burma, negotiated a cease-fire agreement with the ruling Burmese junta in the early 1990s. According to reports, the UWSA has 20,000 soldiers along the border with Thailand and China in the Shan State of Burma. Between 60,000 and 120,000 Wa villagers inhabit this area. UWSP representatives claim that the group is pursuing a separate homeland governed by a federal democratic system for the Wa people.

In recent years, the UWSA began to manufacture firearms after border restrictions made weapons and ammunition

scarce and expensive. The group produces a rifle similar to the AK-47 as well as ammunition for the rifle. Although these weapons are of poor quality, they are cheap and widely available. The UWSA produces the rifles not only for their own use but also as a means of generating income, selling them to other armed groups in the region. According to reports, this is the first time a regional insurgent group has succeeded in creating a small-arms production line.

These weapons were most recently used in early December, when 1,000 UWSA soldiers performed military training exercises near the Thai-Burmese border. The exercises lead some to believe that the group is preparing for a clash with the government, despite increased government efforts to persuade the rebels to disarm. Prior to the exercises, a Burmese Army regional commander met with a commander of the UWSA in an attempt to persuade him to withdraw from the area and commit to peace. No agreement was made during this meeting.

The UWSA's military training and resistance to negotiations have occurred simultaneously with a UWSP proposal for a Wa autonomous region in the Shan State. The region is known by the Burmese military as "Shan State Special Region 2," but the party is now allegedly issuing documents stamped "Government of Wa State, Special Autonomous Region, Union of Myanmar." The UWSP requested permission to form a Wa State within Burma during a junta-sponsored national constitutional convention in 2003. The new constitution allows for a Wa Self-Administered Division in six townships in two districts of the Shan State. Experts believe that the military training and shifting nomenclature are UWSP's attempt to test the ruling government's commitment to the constitution. Given UWSA's statement, "[w]e would definitely do away with arms once there is peace and justice in Burma," government acceptance of the new autonomous state may convince the group to put down its arms. It remains to be seen, however, if the Burmese government will accept this change. If they do not, it is possible that a clash between the UWSA and the Burmese government will occur this year.

Trouble in the Niger Delta Region

The unilateral cease-fire declared by the Movement for the Emancipation of the Niger Delta (MEND) is in question after only four months of peace. MEND, the most prominent armed group in the Niger Delta region, claims to fight for a fairer distribution of Nigeria's oil wealth, a claim belied by the criminal tactics it employs—extortion, kidnapping, and oil theft. The group, which emerged in 2005, most commonly attacks oil installations in the delta. Nigeria's oil output has decreased by approximately one-

fifth in the last three years, a decline frequently attributed to MEND's criminal activities.

MEND declared a unilateral cease-fire with Nigeria's government in September 2008 after waging what they described as an "oil war." Many suspect that the cease-fire was in response to reversals the group suffered after a military attack on a MEND camp in the Rivers State. Regardless of its origin, the cease-fire is now threatened by the murder of Tubotamuno Angolia, an alleged member of the group also known as Boy Chike. Nigerian police claim that Angolia was shot after he tried to escape from their custody. MEND, however, asserts that Angolia was handcuffed, urinated and spat on, verbally abused, and then executed. They are threatening to resume attacks on Nigerian military installations in response to Angolia's treatment. Although MEND denies that Boy Chike belonged to the group, a spokesman said that his murder demanded retaliation to redress the brutal killings that MEND claims are a normal practice of the Nigerian government.

Although MEND did not declare a formal end to the cease-fire, a spokesman said that a spectacular attack on a military installation will mark its end and that all Nigerian soldiers in uniform are fair targets. Since MEND threatened to end the cease-fire, there has been one attack by a MEND affiliate in Nigeria, an attack on an oil tanker that resulted in the kidnapping of a Romanian worker. In a statement of responsibility, however, MEND declared that this attack did not represent the end of the cease-fire.

Nigeria's Joint Task Force (JTF), which has been deployed to keep the peace in the Niger Delta region, dismissed MEND's claims as empty threats. In interviews, a commander of the JTF invited MEND to attack, claiming that it would only result in the group's destruction. The government's confidence, however, may be misplaced. Nigerian authorities recently botched a rescue mission of two British hostages that MEND has held for more than four months.

Government action may not be necessary. Just prior to the murder of Angolia, a MEND spokesman declared that the organization was going to spend the new year cleansing the group of what he called "bad eggs"—those with criminal propensities.

U.S. Reports Warn Mexico Veering toward Collapse

A November 2008 report by the U.S. Joint Forces Command warns that Mexico risks "rapid and sudden collapse," a "worst-case" scenario made possible by endemic criminality and increased cartel violence. The report coincides with an alarming December 2008

assessment by former Office of National Drug Control Policy director General Barry R. McCaffrey, who characterizes Mexico as a potential narco-state “on the edge of the abyss,” and the release of the 2009 National Drug Threat Assessment characterizing Mexican drug-trafficking organizations (DTOs) as the greatest organized crime threat to the United States.

Although Joint Forces Command concedes that state failure “may seem less likely” in Mexico than in Pakistan, the other state highlighted by the report for potential collapse, it cautions that the cartels’ sustained assault on Mexico jeopardizes the country’s stability. McCaffrey cites the cartels’ heightened sophistication as added cause for concern, noting that Mexican authorities are routinely “outgunned” by heavily armed and tactically savvy criminal elements. According to McCaffrey, pervasive corruption amplifies the potential for collapse, as it not only undermines government efforts against the cartels but also erodes public confidence in state authorities.

Mexican officials dismissed the idea that their country is veering toward collapse. Foreign Minister Patricia Espinosa argued that the worst violence is limited to four major drug-trafficking centers, while Interior Minister Fernando Gomez Mont expressed confidence in the government’s ability to deal with Mexico’s security problems. President Felipe Calderón has devoted 45,000 military and 5,000 federal police personnel to a nationwide offensive against the cartels, the success of which may ultimately determine Mexico’s fate.

The U.S. Department of Justice and National Drug Intelligence Center added to Mexico’s worries with the release of the *National Drug Threat Assessment 2009*. According to the report, Mexican drug traffickers exhibit “unrivaled” influence over the U.S. drug market, a danger that is intensified by increased levels of cooperation between Mexican DTOs operating at the wholesale level and American street gangs operating at the retail level. The Sinaloa, Gulf, Juarez, and Tijuana cartels are believed to be affiliated with more than 20 street and prison gangs in the United States, increasing not only the availability of illegal drugs but also other gang-related criminal activity. According to the report, these gangs present a “growing problem” for law enforcement, especially in cross-border areas near Mexico and Canada.

Money Laundering

Terrorists Online Launder Money

A recent report on terrorist threats to UK assets revealed a troubling connection between online gambling sites and

terrorist financing, a development prompted in part by the global crackdown on organizations suspected of funneling money to terrorists. During the last decade, the Internet has become a primary resource for terrorist organizations—hosting terrorist Web sites and forums but also functioning as a recruitment and fundraising tool.

The report alleges that terrorists are using gambling sites to launder money and fund an “Online University of Jihad,” which is used as a virtual recruitment and training tool—potential terrorists no longer need to travel abroad to learn how to become a terrorist. In order to launder the money, terrorists groups, like al Qaeda, purportedly recruit individuals with no criminal records through online resources, such as chat rooms and social networking sites, who are not suspected of being involved in any illicit activities. These individuals then use terrorist money to make deposits into online gambling accounts, which are later cashed out into different bank accounts using a variety of payment methods, making detection difficult. The coordination of this effort is facilitated by a special encryption program, *Mujahidden Secrets 2*, which prevents intelligence services from spying on terrorist communications. MI5, in an effort to mitigate the challenges posed by the encryption program, has trained a team of spies to search Internet gambling sites for suspicious patterns that indicate possible money-laundering schemes.

In recent years, the Internet has become the primary medium for promoting radical Islam. Easy access, lack of regulation, and large potential audiences make the Internet appealing to terrorist organizations. Although several countries recognize the Internet’s appeal to terrorists and are placing restrictions on online transfers of funds, terrorist groups continue to find ways to circumvent these measures. It is imperative that global intelligence agencies monitor terrorist usage of the Internet and prevent it from being used to fund terrorist training and future attacks.

World Banks Launder Money for Iran

Ten international banks, including Lloyds TSB, have been accused of helping Iran circumvent international sanctions. According to Manhattan’s district attorney, billions of dollars were laundered through New York banks beginning in the early 1990s and continuing until the practice was uncovered in 2007. According to the U.S. Treasury’s Office of Foreign Assets Control, much of the money went to Iranian banks that are known for sending money to terrorist groups through a variety of front organizations.

Lloyds TSB and the other nine banks under investigation, which have yet to be revealed, are accused of violating the

International Emergency Economic Powers Act (IEEPA). According to the U.S. Department of Justice, “(I)t is a crime to willfully violate, or attempt to violate, any regulation issued under the act, including the Iranian Transactions Regulations, which prohibits exportation of services from the United States to Iran.” Lloyds agreed to pay \$350 million in a settlement, half of which will go to the federal government and the rest to the Manhattan district attorney’s office to be split between the state and the city. The nine other banks are still under investigation and have agreed to turn over their records.

Although the final destination of these funds is unclear, mostly because records were falsified and information deliberately removed so that the transactions would not be detected by filters from U.S. financial institutions, it is suspected that some of the money went to fund Hezbollah and Hamas. According to reports, Iran attempted to purchase 30,000 metric tons of tungsten with the laundered money, under the guise of building refrigerators. Tungsten is required to build long-range missiles. This is the only verified transaction to date.

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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