

**LECTURE FOR CCM**  
**UNIVERSITÉ PANTHÉON-ASSAS (PARIS II)**

**27 November 2002**

**International Organised Crime, Piracy, and International Terrorism -  
an Asia-Pacific convergence?**

**Introduction**

It is a real privilege to speak with you this evening, and I thank Professor HAUT for insisting that I do this during my all too brief stay in Paris – revenge perhaps for his hard work at our symposium in Wellington in May this year, and his all too brief stay with us!! It is with no little shame that I must ask your indulgence and speak in English rather than French – you have a beautiful language, I have no wish to make it ugly!

I have been asked to speak about my region, the New Zealand region, the southernmost part of the Asia-Pacific. An area of the world that, until the Bali bombings in October this year, commanded probably very little attention on either your television news programmes, or on the pages of your newspapers. Rightly so perhaps, after all, the very name “PACIFIC” means peace or peaceful, and nothing much happens there in the view of travel agents except holidays in exotic places. We who live there, or most of us, believe this myth as well, or did until shaken out of complacency a few weeks ago. Bali is only 4 hours from Australia, and 6 hours from New Zealand by very frequent aircraft.

This peace was never so of course, and is less so now. We too continue to suffer from the contemporary criminal menaces of international terrorism, international organised crime, and international piracy. Here I must stress that terrorism in all the ghastly forms is a crime; in most nations of the world terrorism is a criminal offence, along with people smuggling, drug trafficking, money laundering, piracy on land, sea and air; the jurisdiction in New Zealand is no different in this regard.

Tonight I am going to start with a brief regional security overview. I believe that this is essential to understanding the comments I will make later about organised crime; piracy; terrorism; and possible connections between them. I will conclude with some comments about the possible future of the region in relation to these topics, and be delighted to answer any of your questions.

## **Overview**

### **Southwest Pacific Basin**

The Pacific Islands Forum is made up of 16 independent and self-governing island nation-states<sup>1</sup>. In addition to these states, are the overseas French territories, and American Samoa. The Forum (formerly the South Pacific Forum) provides a collective voice for these small, newly emerging independent states, and promotes regional integration through economic and security linkages. The area is vast: the combined EEZ being 20 million sq. km. and the land area only .5 million sq. km. the total regional population being about 6 millions. The main ethnic groups are: Melanesian (the largest), Polynesian (also large), and Micronesian (the smallest).

Due to their small populations, ill-developed infrastructures and economies, and susceptibility to devastating natural disasters such as typhoons, hurricanes, and tsunamis, these states depend to a large extent on outside economic assistance. Thus, they are economically vulnerable, vulnerable for example to exploitation by a wide variety of criminals and/or terrorists, both domestic and international. Regrettably, there is good evidence to support the concerns expressed by larger regional states that such exploitation has, and continues to occur in spite of the work of international groups such as the Asia Pacific Group on Money Laundering (APG), set up in 1997, and the OECD Harmful Tax Practices Forum, and the Financial Action Task Force on Money Laundering (FATF) established by the G7 in 1989.

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<sup>1</sup> Cook Islands, Federated States of Micronesia, Fiji, Kiribati, Marshall Islands, Nauru, Niue, Palau, Papua New Guinea, Samoa, Solomon Islands, Tonga Tuvalu, and Vanuatu.

**Fiji** remains a nation in turmoil. The various coups since 1985, the endemic Fijian/Fijian Indian racial divide, grave political and economic problems all conspire to form a climate of uncertainty and instability. Corruption within and without the public service is rife, to the extent that it may pose a problem for state security and the rule of law. This has been highlighted within recent weeks when senior police commented publicly on the affairs of the immigration department<sup>2</sup>. The concern centres on the corrupt migration of people to Fiji – most of Asian origin – corrupt in that Immigration officials have been paid to ignore the usual checking procedures. Fiji now has, according to the police chiefs, a serious problem with Asian organised crime, illegal migration, a growing drugs problem<sup>3</sup>, and an increasing international terrorist threat.

**Nuie, Nauru, Tonga, Vanuatu, Cook Islands** and the **Marshall Islands** have all been implicated in one way or another, and some still are, in dubious economic schemes. The connections between these schemes and others, and Asian and Russian organised crime appear to be reasonably clear. Examples include the use of a flag of convenience by smugglers. Croatian police in October seized a Tongan-registered vessel carrying explosives to Iraq; the previous month Italians intercepted another Tongan-registered vessel claiming it had landed 15 Pakistani Al Qaeda members said to be planning strikes in Europe; and earlier in the year, Israeli authorities captured 50 tonnes of Iranian source weapons destined for the Palestinian Authority from a Tongan-registered ship in the Red Sea<sup>4</sup>.

There continue to be allegations that these states (and others) are hosts to money laundering organisations, safe havens for narcotics dealers and smugglers, people smugglers, and so on – there are concerns that these activities may have paved the way for international terrorists looking for safe havens for their funds and themselves to

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<sup>2</sup> The Daily Post, Wednesday, October 30, 2002 *Illegal immigrants to pose threats*

<sup>3</sup> It is claimed in the report that a billion dollar stockpile of heroin recovered in 2000 was a result of Asian organised crime. There has been a staggering increase in gang murder, prostitution, drug trafficking, and smuggling of goods and people.

<sup>4</sup> AFP, *Tonga's democracy movement fears terrorist label*, 29 October 2002

establish a base or bases. If there is evidence to support these concerns, it has not yet been made publicly available.

**Papua New Guinea** and the **Solomon Islands** have very significant domestic problems, problems that manifest themselves in gang and communal violence. In the **Solomons** the destabilising three-year long civil war between the Guadalcanal Liberation Front and the Malaita Eagle Force, in which more than 100 people have been killed and 20,000 made homeless (out of a population of 300,000)<sup>5</sup>, appears no closer to resolution. Such events as this, and the on-going internal instability in **Papua New Guinea** with the running sore of the separatist dispute with Bougainville contribute to a feeling of instability and insecurity both in the nations concerned, and within the wider region, fertile ground for exploitation by international criminals and terrorists. While Australia, New Zealand and others have invested heavily in conflict reduction and brokering initiatives for resolution, the dispute has a demonstrated capability of flaring. The long-term solution for this dispute seems to me to be elusive, the result being potential for exploitation.

No examination of our environment would be complete without comment on the newest nation-state of the region, **East Timor**. "The World Community" appears to have accepted some responsibility for earlier decisions, or lack of them, and given birth to an "international state" that looks set to be entirely dependent for survival for the near future on aid from this world community. The international community has also raised East Timorese expectations, perhaps too ambitiously and unwisely<sup>6</sup>. From personal observation while working in the UN General Prosecutors Office in Dili this year, I believe that Asian based crime seems to be *in situ* – night clubs, restaurants, protection schemes appear to be functioning. Based on information that Indonesian terrorists were *en route* to Dili, the Australian Government last week issued an increased security

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<sup>5</sup> AFP, *Solomon's Warlord takes hostages as Police surround him*, 30 October 2002

<sup>6</sup> Andrew Renton-Green, *The proposal to establish a West Pacific Forum*, in "Identifying Challenges and Opportunities in the (South) West Pacific Region" Australian Studies Centre, University of Indonesia, 2002

warning for nationals in East Timor. National fragility makes East Timor as vulnerable as the small Pacific states – perhaps more so given it’s common border with Indonesia.

## **Southeast Asia**

Relations between China, the United States, and Japan remain the key factor determining the broad security, and prosperity of the Asia Pacific region. Many regional countries still wish to maintain a bilateral relationship with the United States as their ultimate security guarantee.

Concern about the integrity and stability of **Indonesia** is the most important security issue in Southeast Asia. Notwithstanding the recent events in Bali, East Timor will continue to need massive external aid and security support for many years to come as I have already mentioned, placing a heavy burden on regional states.

The regional security and law-enforcement architecture while less developed compared with other regions of the world, is developing. The **ASEAN Regional Forum**, of which the Pacific Forum is now a member, acts as a sponsor for this, but is making slow progress in extending its role beyond dialogue and the development of confidence building measures, and towards preventive diplomacy. Having said this, the ARF has developed some useful basic tools for the management of regional disputes; but remains quite some way from effectively dealing with regional conflicts. The organisation is underpinned by Conference for Security Cooperation in the Asia Pacific (CSCAP), a so-called “Track II”, or unofficial grouping made up in the main by regional academics.

The organisation is constrained by the principle of non-interference, and absence of strong leadership. There are signs of strains within **ASEAN** which not only pose challenges to cohesiveness, but also in it to continuing to play a leading role in regional political, economic and security developments. Some members have commented publicly that ASEAN risks becoming a ‘sunset’ organisation<sup>7</sup>, possibly presaging a new found willingness to discuss “hard” topics. Despite these shortcomings, **ASEAN** remains

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<sup>7</sup> Singapore Foreign Minister Jayakumar, for example

central to the South East Asian economic and security environment. There is tension too about how **ASEAN** should deal with problems in one country that have implications for regional neighbours. Events in **East Timor** have forced countries to take an uncomfortably close interest in the internal security situation of other members. In my view, such interest was set to increase even before the Bali bombings, Malacca Strait piracy, trans-national criminal activity, and illegal migration pushed trans-national interests into sharp focus.

An example of this evolution is perhaps the **ASEAN** ministerial communiqué on Terrorism issued on 5<sup>th</sup> November 2001, and at the end of May this year, in which acts of terrorism were unequivocally condemned and a “cohesive and united approach to effectively combat terrorism” was underscored<sup>8</sup>. This declaration followed immediately the issuing on 17th May of a very detailed **ASEAN** Plan of Action to Combat Trans-national Crime<sup>9</sup>.

### *Singapore*

**Singapore**, described once by Lee Kwan Yew as “a Chinese island in a Muslim sea”, continues to play a significant political and economic role in the region. It enjoys relative prosperity while neighbours do not, which causes some friction, with particularly Malaysia and Indonesia. Cyclic tensions between Singapore and Malaysia remain, although less tense than in the past few years. There are benefits in bi-lateral cooperation, and both realise this fact – the co-operation resulting in the arrest of Jamaah Islamiah members is an example.

### *Malaysia*

Malaysia is key to **ASEAN**. Malaysia has been in a state of flux for the past 3 years or so with Dr. Mahathir approaching the end of his tenure, but still in firm control. There is doubt about the ability of his successor, Badawi, to lead the nation with as much

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<sup>8</sup> Joint Communique, Special ASEAN Ministerial Meeting on Terrorism, 20-21 May 2002, Kuala Lumpur. [www.aseansec.org](http://www.aseansec.org)

<sup>9</sup> Ibid. includes drug trafficking, trafficking in people, arms smuggling, money laundering, terrorism, cyber crime, but, oddly, neither piracy nor sea robbery

guile as Matahir. **Malaysia's** introversion and pre-occupation with internal events may serve to lessen its important international role. Traditional support for (United Malays National Organisation) **UMNO** has fallen, replaced by increased support for the main Islamic party, PAS. If PAS support grows further, this may limit the contact that Malaysia has with the more "westernised" regional states. There are deepening tensions too between Islamic groups of Shia, Sunni, and the more fundamentalist sub sects.

### ***Thailand***

Political reform and the removal of the military from politics have created a climate for **Thailand** to develop and define its role within the region. Elections, described as the dirtiest and most expensive ever, have tarnished this image. The relationship between Thailand and Myanmar is uneasy. Drug trafficking and illegal immigration over **Myanmar's** border are targeted as key security threats by the Thai Security authorities. The Thai government has committed itself to improving relations with **Myanmar**, but is under international pressure to take a harder line. The Islamic Pattani National Liberation Front is still active along the Malaysia Thailand border.

### **South China Sea**

Sovereignty over various island groups in the South China Sea is disputed among China, Taiwan and Vietnam (the Paracels and parts of the Spratlys); and China, the Philippines, Malaysia, Brunei and Taiwan (Spratlys). The groups are valued because of their strategic location along major sea lines of communication; potential oil reserves, mineral deposits and fish resources; and their use for operational bases for pirates, for resupply, and for intelligence gathering.

### **Piracy**

Reported attacks against commercial ships have tripled over the past decade, increasing last year alone by 40 percent.<sup>1</sup> Nearly two-thirds of the attacks in 1999 occurred in Asia, with 113 of the 285 reported cases taking place in Indonesia's waters and ports. The risk of attack is increasing with 90 percent of the world's trade moving via

ship and 45 percent of all shipping moving through the pirate-infested waters of Asia. Clearly, piracy is becoming an increasing threat to global trade.

### **Piracy in the Asia-Pacific Region**

It is very difficult to calculate the amount of financial damage worldwide caused by piracy and sea robbery; estimates range as high as \$16 billion annually.<sup>10</sup> Many pirate attacks go unreported so calculating the precise cost is difficult but the International Maritime Organisation has estimated regional cost at about \$US600 million annually. Costs to shippers and exporters/importers by piracy include a rising rate for insurance, and for those carriers that cross the more dangerous waters, the employment of armed guards.

Piracy has been a nagging problem in the Southeast Asian archipelago for centuries. Possibly, as a result of the Asian financial crisis of 1997 and the political instability in Indonesia, which led to the underemployment and unemployment of thousands of people, piracy in the region continues to grow in economic terms, if not in the total of reported incidents.

Regional acts of piracy range from the boarding and hijacking of a merchant vessel on the high seas, to stealing from the ship while anchored. An IMO estimate that 72% of attacks are committed while the vessel is berthed or anchored in port, and most of the attacks on vessels at sea occur in territorial waters, rather than the high seas. Stealing a ship or its primary cargo on the high seas represents only a small portion of the reported crimes. A growing trend appears to be stealing to order by the “targeting” of marked containers on container vessels.

Piracy usually involves armed groups, which threaten, injure, kidnap, or kill the crew. These groups include opportunists, criminals, Asian mafia, and members of regional maritime security forces. Significantly, incidents of piracy are far fewer in ports

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<sup>10</sup> Gary Stubblefield and Bill Parlatore, "Condition Yellow", *Passagemaker*, Winter 1999, p. 85 quoted in Heritage Foundation paper



and waters of regional countries that have fully trained and reasonably well-paid maritime security forces. Many reports describe heavily armed men with military-style weapons. Many of the regional armed forces are corrupt, and armed forces, customs, and police officials often resort to informal payments to supplement their income. Clearly, the temptation for officials to ignore such attacks, or indeed participate in them in exchange for bribes or similar inducements, appears to be very strong. In Southeast Asian countries with high tariff barriers, smuggling (and protecting the smugglers) is a lucrative business, and there is a ready market for pirated goods.

For pirates the temptation is high to use the “skills” they have developed, and engage in other more lucrative criminal activities such as people smuggling/illegal migration, narcotics transfer, gun-running, and so on. Some or all of these activities may serve to assist or finance terrorist organisations, both regional and international. The Abu Sayaaf group in Mindanao for example is thought by some analysts to have engaged in piracy to finance its activities.

The most recent IMO Regional advisory (October)<sup>11</sup> to seafarers advised that anti-piracy watches be mounted, and all suspicious movements of craft reported. Areas and ports include: **India** - Chennai, Haldia, Hoogly, Kakinada anchorages - **Indonesia** - Belawan, Balikpapan, Bontang, Panjang, Samarinda, Santan and Tanjung Priok/Jakarta. Ships have reported numerous attacks whilst at berth and anchor. Other areas include Bangka, Berhala and Gelasa Straits -**Malacca straits** - avoid anchoring along the Indonesian coast of the straits. The coast near Aceh is particularly risky for hijackings - **Malaysia** – Sandakan - **Solomon Islands** – Honiara - **Thailand** - Koh Si Chang - **Vietnam** - Vung Tau

### **Money Laundering**

I mentioned earlier the economic pressure on South Pacific microstates and the need of revenue, preferably foreign direct investment (FDI). The International Financial

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<sup>11</sup> IMO Kuala Lumpur Alert 24 October 2002

Action Network, based here in Paris, named recently four South Pacific nations<sup>12</sup> as being centres of concern, and urged them to cooperate with attempts to eliminate money laundering by criminal syndicates.

An October meeting of the Asia-Pacific Group on Money Laundering was told by an Australian cabinet member that evidence existed of Russian mafia syndicates laundering billions of dollars through offshore banking systems in the Pacific. The stability of these small Pacific nations and their financial systems may well be under threat from these crime syndicates, unless they are willing to take action. The minister continued: "Money launders look to jurisdictions where regulation is the weakest, so they can exploit loopholes in identification and reporting requirements. The international community cannot tolerate governments doing business with organised criminals who are attempting to launder their proceeds of crime"<sup>13</sup>. **Nauru, Palau and Vanuatu** have been accused of laundering money for the Russian mafia, and the South American drug cartels.

Such financial centre income is the major source of foreign exchange revenue for many tiny Pacific Island nations, which otherwise have very little or no resources to export. Those Pacific Island countries operating these financial centres have come under intense pressure in the last year. **Nauru, Palau, Vanuatu, Cook Islands, Nuie and Marshall Islands** have all come under pressure to scale down offshore banking operations, which are usually done through International Business Companies (IBC). IBCs are companies formed under offshore financial centre laws that require almost no public disclosure of ownership or shareholders.

**Nauru**, a country of 10,000 people, has licensed electronic banking operations that allow the international transfer of funds on an enormous scale. A Russian banker last year claimed that 70 billion dollars was transferred from Russian banks to accounts in Nauru, with most of these transactions conducted through Internet via the government-owned Nauru Agency Corporation. The US State Department's International Narcotics

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<sup>12</sup> Cook Islands, Nauru, Nuie, and the Marshall Islands

<sup>13</sup> Amanda Vanstone, October 2002

Control Strategy Report (INCSR) said Nauru had 400 offshore finance centres registered to a single box. Nauru's new President is quoted as saying that his government will take immediate action to combat money laundering.

**Cook Islands** too has been accused by the international banking community as aiding international criminal activities of the Russian Mafia and others, an accusation it has strongly denied. On balance it could be that the Cooks has “cleaned up it’s act” by stronger regulation and oversight of offshore banking activities.

**Vanuatu's** currently has 63 licensed offshore banks. The Russian mafia is believed to be operating in the region through American or Australian middlemen, which some observers in the region have pointed out indicates that the criminal activity originates from banks in the west and it should be plugged from there.

**Nuie**, which has only 2,000 residents, has 6,000 registered IBCs earning about 500,000 U.S. dollar a year, a major foreign exchange earner. In **Nuie** a Panamanian law firm controls IBC operations, with a “token” Nausea employee based in the island. **Nuie's** Panamanian legal advisor argued that the international concern was not money laundering, but a wish to get the tax revenue from monies flowing into offshore banking accounts. "It has been a cover for a long time. It is a cover to get offshore money onshore,"<sup>14</sup> he said, adding that US states like Florida, Nevada, and California also are offering similar offshore banking facilities.

Whatever might be said in defence of these activities, it is clear that with the closure of money-laundering centres in Europe and the Caribbean, Russian mafia, South American drug cartels and other international criminal, and perhaps international terrorist organisations are now looking to the tiny island states of the Southwest Pacific as a place from which to operate. We know that organisations such as Al Qaeda use “legitimate” companies and businesses to finance international terrorist activities. Our strong concerns

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<sup>14</sup> Speaking at a press conference in New Zealand in March 2002

in the Asia Pacific are that such financing activities are now taking place, and will attract more organisations that are undesirable and individuals to the region.

### **Illegal Migration**

The UN has estimated that there are 120 million people living and working outside their country of nationality, up from 50 million in 1989. Irregular migration has emerged as a major international challenge, as has the refugee situation. The United Nations High Commissioner for Refugees (UNHCR) 1998 estimate of world refugee numbers was 11.5 million, within a 'population of concern' of 21.5 million<sup>15</sup>.

Individual desire and need to move from a poor and strife-torn country has intensified, as opportunities for legal entry, even to traditional immigration countries, have diminished. The international people smuggling industry is currently worth over \$11 billion; one in 3 people who have moved to Western Europe, and one in 4 to the USA in recent years are estimated to have done so illegally, or as asylum seekers. Illegal migration within the Asia Pacific is a large problem, a problem that is increasing. As more areas of the world become less stable and more violent, the attractions of our region become greater for families seeking peace and stability. New Zealand and Australia, in common with most so-called "western nations" have an immigration policy based on individual skills, family ties, and so on – refugees and asylum seekers come into different categories.

In New Zealand and Australia, most recent arrivals have come from southern provinces of China, South Asia (Pakistan, Sri Lanka, Bangladesh) and the Middle East (Iraq, Iran, Turkey, Afghanistan), often via Indonesia. Some come by bypassing immigration, staying and working illegally. Australia has experienced illegal immigrants arriving by boat – commonly called "boat people", many claiming refugee status under the 1951 UN Refugee Convention.

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<sup>15</sup> Quoted in: Parliamentary Library of Australia, Current Briefing 13, *Boat People, Illegal Migration and Asylum Seekers: in Perspective*, Adrienne Millbank, Social Policy Group, 14 December 1999

Given the level of sophistication of organised illegal people movements, involving high quality forged documents, and the high volume of traffic through regional airports; it is probable that illegal migrants are entering New Zealand and Australia by air. These “illegals” are particularly vulnerable to exploitation by employers, or those who have organised their entry. Ethnic communities are tending to become marginalised and involved in criminal activities such as the sex and narcotics industries. The potential for entry into regional states by international criminals or terrorists using the existing illegal migrant networks is high. To assist in avoiding detection forged or stolen travel documents is often used, and there is a flourishing traffic in these.

**and**

### **People Smuggling**

Many regional nations countries possess thousands of miles of unguarded coastline that constitute their 'border'. Many people smuggling syndicates take advantage of these features, either to smuggle people, narcotics, or other valuable commodities. For example the Philippines is emerging as a major source country for young women who are smuggled into Japan where they are often forced to work in the sex industry. Human smuggling has grown in the region and is affecting states in various ways, such as by promoting crime or altering ethnic balances. Pacific island states are sometimes used as transit areas for on-going human smuggling to Western countries.

During the past decade more “developed” nations in the Asia Pacific region have experienced very significant increases in human smuggling. Countries from which those being smuggled come include: Pakistan, India, Indonesia, Vietnam, and China, among many others. Smuggling organisations include unsophisticated networks and complex international criminal syndicates. Human smuggling organisations, such as the Chinese 'snakeheads', have created a regional network of transit stations and safe houses. These organisations often have access to sophisticated forged passport “factories” within their own organisation, or a related group. Terrorist groups may rely on such criminal organisations to provide fake identity documents. There is an inherent risk for such

organisations of detection by increased law enforcement activity surrounding terrorists and their groups.

There are often sophisticated contracts drawn up between people smuggling organisations and the migrants' families. Larger organisations may be reluctant to smuggle members of terrorist organisations for various reasons: cultural mistrust, fear of heightened law enforcement scrutiny, or lack of any guarantee that transportation fees will be paid. Nevertheless, as terrorist or criminal organisations offer to pay substantial sums of money - the 'clandestine travel premium' - they will probably find syndicates willing to oblige.

Many smuggled aliens and members of international crime syndicates manage to pass through border checks with little difficulty. The convergence between human smuggling and international terrorism or crime involves the purchase of human smuggling services, usually from well-organised criminal groups. As terrorist or criminal groups seek to minimise their chances of being detected through border crossings, they may turn to organisations that specialise in illegal migration.

### **Fake Passports**

As organised crime and terrorism is global, there is a need for rapid and clandestine mobility. Criminals must travel extensively not only to build overseas relationships, but also to transport commodities, such as narcotics. Terrorists too must also travel to coordinate activities with allies, to train, to raise money, or acquire political support, they also must travel to carry out terrorist operations.

A terrorist or criminal can travel as a “normal” passenger to remain anonymous. Forged passports and fake identity papers assist in this, and the skills to manufacture or alter such documents are prized. There is good reason to conclude that identity fraud underpins and facilitates international crime.

Passports or identity documents may be forged, physically altered in some way, or fabricated completely. Legitimate passports intended for fraud can be bought from individuals who then report them 'lost', theft, or purchase from corrupt government officials. A blank passport preferred by people smugglers or terrorist organisations because it can be altered without having to change any pre-existing data. Thousands of blank passports are lost annually to corruption, theft, or misplacement. Some criminal organisations have perfected the art of completely fabricating a passport. Terrorist or criminal groups value too passports of visa-waiver participating nations are more valuable because they receive less scrutiny.

As an example a New Zealand official described a case prior to the 2000 Sydney Olympics. Police in Auckland raided an apartment as part of an investigation into alleged human smuggling operations, which was later described as a 'virtual command centre' for possible terrorist attacks in Australia. They discovered detailed maps suggesting that the group intended to attack a small nuclear facility located in Sydney. Some group members had New Zealand passports, which could then be used for easy entry into numerous countries, including Australia. Police speculated that the New Zealand passports were preferred because they tend not to arouse suspicion<sup>16</sup>.

### **Drug Trafficking**

Drug trafficking has been described by most regional states as a major security problem. Methamphetamine use is rising throughout the Asia Pacific. Drug trafficking is creating societies that are more violent and increasingly involves crimes such as money laundering, terrorism, and kidnapping. In the Philippines five terrorist groups pose a threat to internal security: the New Peoples Army (NPA), the Alex Boncayao Brigade (ABB), the MNLF-Islamic Command Council (ICC), the Moro Islamic Liberation Front (MILF) and the Abu Sayyaf Group (ASG) all of which to a greater or lesser degree finance activities through narcotic trafficking, arms smuggling, human smuggling, and maritime piracy.

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<sup>16</sup> Paul J Smith, Jane's Intelligence Review July 1, 2001

South Pacific island nations, including New Zealand and Australia acknowledge narcotics trafficking as a huge security problem. Australia's remote and long coastline makes it a target for drug smuggling, as does the long and remote coastline of New Zealand. Some immigrant groups carry out narcotics smuggling, with Iranian nationals being prominent. The small island states are particularly vulnerable to drug smuggling because they are spread over two million square miles of ocean. International drug trafficking syndicates have come regard the region as a pivotal trans-shipment point for drugs headed for global destinations.

Chinese organised crime groups are operating in the region. Evidence suggests growing cooperation between Chinese and Colombian criminal gangs. Criminal groups are entering into international alliances to facilitate drug trafficking, exploiting countries, or areas with loose government structures and minimal law enforcement activities (such as Cambodia or Burma and the Pacific Island states). We know that terrorists use narcotics trading to finance group activities and operations.

### **Terrorism and the Asia Pacific**

The word terrorism first became popular during the French Revolution - the *regime de la terreur* - initially a positive political system using fear, according to Bruce Hoffman:

*“to consolidate the new French government’s power by intimidating counter-revolutionaries, subversives and all other dissidents whom the new regime regarded as enemies of the people...and in its original context was closely associated with the ideals of virtue and democracy.”*<sup>17</sup>

Criminals use terror and the methods of the terrorist to achieve their illegal goals. Mafia (Russian and Sicilian) and Chinese triads are two major movements that effectively use terror, both operate extensively in the Asia Pacific. Money laundering is

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<sup>17</sup> Bruce HOFFMAN *“Inside Terrorism”* Victor Golancz, London 1998. P15 “Hence, unlike terrorism as it is commonly understood today, to mean a *revolutionary* or anti-government activity undertaken by non-state or subnational entities, the *regime de la terreur* was an instrument of governance wielded by the recently established revolutionary *state*.”



an aspect of criminal activity that often ends up with terror and intimidation being applied as I commented earlier tonight.

The extensive, lucrative criminal narcotics industry, and the networks that support it function as corporate terrorists, by ensuring that power and influence remain undiminished. Heads of narcotic empires in some parts of the world have greater power Prime Ministers, controlling an empire with a GDP far exceeding that of New Zealand.

Terrorism in the Asia Pacific is generally a result of locally generated and deeply rooted socio-political factors. The Bali bombings on 12 October 2002 focused the region on terrorism probably based international factors. I believe that some, perhaps the majority, in the Asia Pacific thought that international terrorism was something that happened in other parts of the world, and, because we are so far away from those parts of the world, we were immune.

We lost nationals in those blasts, just as you in France did – clearly; those who thought that they were immune had a very rude and frightening awakening. Not only did the media, rather naively, immediately place the blame at the door of Islamists, but also it generally singled out Al Qaeda<sup>18</sup>. In my view, this was an analytical disregard of the US domestic political environment, the Indonesian domestic political environment in which terrorist acts had been happening for the past 30 odd years, the nature of terrorism itself, and Islamic inspired terrorism in particular. The vast majority of regional Islamists are moderate, tolerant people who cooperate willingly, and in the case of Indonesia cooperate constitutionally, with other religions.

The Asia Pacific has never been immune from terrorist attacks. Coups in Fiji, which included the terrorising of Indian Fijians, terrorism in Papua New Guinea

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<sup>18</sup> *Jane's World Insurgency and Terrorism* 29 Jan 1999, "Bin Laden is part of Saudi Arabia's Sunni opposition. A devout Muslim, he wishes to see the withdrawal of Western troops from Saudi Arabia, the overthrow of the Saudi regime and its replacement with an Islamic state under Shari'a law. Bin Laden is widely believed to be a financier of global Islamic terrorism, with guerillas from his training camps active in Egypt, Ethiopia, the Philippines, Saudi Arabia and Uganda...he is alleged to have played an instrumental role in the bombings of the US embassy compounds in Kenya and Tanzania in August 1998."

perpetrated by “rascals” in Port Moresby and secessionists in other parts of the country, politically inspired terrorism in Vanuatu, and yet more secessionists in New Caledonia. Communist terrorists in Malaysia, Thailand, and the Philippines for example, while in Indonesia separatists in Aceh and West Papua, and sectarian killings in the Mollucas. Terrorists who have gained experience fighting as volunteers in Afghanistan are now resident in many Southeast Asian regional states.

Factors which make Asia Pacific regional states ‘countries of convenience’ for terrorist activists and groups are little different from those that make the region attractive for international organised crime. Small poorly resourced nations with little or no foreign direct investment, poor infrastructure, very rudimentary public administration which is often corrupt, and remote, relatively secure havens from which to conduct activities. As we have seen earlier, criminal activities are regionally spread, and can assist terrorists by providing the resources needed to mount effective terrorist activities.

Regional governments present counter-terrorist focus is of course al Qaeda, it’s possible penetration of the region, possible support networks, cells, sympathisers, and financial support. Experts of the Monitoring Committee of the UN Security Council, say that despite the freezing/seizure of terrorist funds and other assets worth US \$ 112 million since September 11<sup>th</sup> 2001, Al Qaeda and the International Islamic Front still have about US\$300 million. A US Federal Bureau of Investigation (FBI) estimate puts the possible cost to Al Qaeda of the attack on the Twin Towers as between \$303,672 and \$500,000<sup>19</sup>. Al Qaeda is reported to have spent about US \$ 1 million ensuring pro-Al Qaeda and pro-Taliban candidates won the recent Pakistan elections.

Terrorist groups have been reported to be active in at least Indonesia, Malaysia, Thailand, the Philippines, and are suspected of activities in the small Pacific Island states. Several of these groups have been cited in the media and by politicians as having links with Al Qaeda, and several may have links with other movements in the region. In my view, it is regrettable that evidence many governments claim that they have linking Al

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<sup>19</sup> FBI Congressional testimony, August 1, 2002

Qaeda to regional terrorists, such as Jamaah Islamiya, is not in the public domain. Regrettable because commentators immediately leap to the conclusion those perpetrators of the reprehensible terrorist attacks the world continues to witness, are Islamist, and linked with Al Qaeda. I suggest that such cursory analysis, which excludes other possibilities, is narrow and unhelpful, and may cloud judgement in the planning counter-terrorist procedures and operations. There are many regional and international organisations which are not Islamist, and revert to terror to achieve their aims and objectives (e.g. nationalist or political).

This said it is clear that the Asia Pacific is an important arena for international terrorists, including it appears Al Qaeda. In common with Al Qaeda, the many regional groups tend to be decentralised and thus difficult to identify and counter, others are less sophisticated and more “traditional” in structure and operations. Some analysts suggest the Al Qaeda strength in the Asia Pacific is totals about 5,000, but I suspect the true figure is as elusive as Osama bin Laden. Rohan Gunaratna comments on Asia Pacific based terrorists:

*Their leaders are handpicked, mostly educated in the Middle East, speak Arabic unlike the vast majority of Asian Muslims, and were already of a radical bent. Al Qaeda’s Asian core is handpicked from several hundred jihadi volunteers who fought in Afghanistan, including, inter alia, Central Asians, Chinese, Pakistanis, Bangladeshis, Indonesians, Malaysians, Singaporeans, and Filipinos.*<sup>20</sup>

Al Qaeda probably uses Islamic charities and businesses in order to finance activities in the region and further a field. In the southern **Philippines**, for example it appears that there is a link between Al Qaeda and the *Abu Sayyaf* and the *Moro Islamic Liberation Front* (MILF) organisations. In January this year **Singaporean** authorities arrested Singaporean nationals linked with *Jamaah Islamiah*, who planned to build and detonate truck bombs. Targets included the US Embassy, US personnel and other US and Allies installations. *Jamaah Islamiah* may operate in loose association with other regional

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<sup>20</sup> Gunaratna, Rohan; *Inside Al Qaeda: Global Network of Terror*, Hurst and Co, London, 2002.

groups through a clandestine network of ' sleeper cells ', offering mutual operational and logistic support.

### **Some notes on Regional Terrorists**

*Jamaah Islamiah* was founded in about 1993/94 to create an Islamic state encompassing Indonesia, Malaysia and the southern Philippines. The "group" is reputedly led by an Indonesian *pesantren* teacher, Abu Bakar Bashir, who is currently in custody in Jakarta, being questioned about the Bali bombings, and denies any connection with *Jamaah Islamiah*. Riduan Isamuddin, also known as Hambali is claimed to be the deputy to Bashir, and that the "group" has links with *Kumpulan Mujahideen Malaysia* (KMM), possibly the *Pattani National Liberation Front* in southern Thailand, the Philippines *MILF*, and possibly in an alliance called *Rabatitul Mujahidin*, which may involve all these groups and others.

*Laskar Jihad*, established in Indonesia 2000, is the military wing of *Forum Komunikasi Ahlus Sunnah wal Jammah* (Communications Forum of the Followers of the Sunnah), ostensibly to protect Muslims from Christians in Maluku. The aims of the group, which has over 10,000 members, are; social work, Muslim education, "providing security". During the second quarter of 2000, after receiving basic military training in west Java, perhaps with assistance and funding from TNI, about 2,000 members went to Maluku, in spite of a the Presidential order not to do so. There appear to be no firm links to Al Qaeda, or any other organisation.

*Front Pembela Islam* (FPI-Islamic Defenders Front), formed in Indonesia in 1998, is said to have 22 provincial branches and a military wing called *Laskar Pembela Islam* which has a record of attacking and razing brothels, night clubs, casinos, bars and so on – with apparent impunity -mainly in Jakarta. Reportedly led by Saudi educated Habib Muhammad Riziek Syihab, FPI aims to implement Shari'a law, stopping short of creating an Islamic state, and supporting Pancasila. Last year the organisation threatened to drive all Americans out of Indonesia because of the US operations in Afghanistan.

*Abu SayAAF* (AS-Bearer of the Sword), founded by an Afghanistan veteran, Abdurajak Janjalani, based in Mindanao in the southern **Philippines**, the group has conducted terrorist and criminal attacks since 1991 to further claims for Islamic autonomy in the area. AS has reported links to Al-Qaeda, including such things as training and financial assistance. *Abu SayAAF* finances activities from this source, and criminal acts such as kidnapping, a lucrative source that has included a \$25 million ransom payment from Libya in early 2000. The group suffers internal divisions, one group who are committed to the “cause” and one group with purely criminal interests.

*Moro Islamic Liberation Front* (MILF) is another group seeking autonomy for the Islamic southern Philippines, with the eventual aim of an independent Moro Muslim state. MILF split from the *Moro National Liberation Front* (MNLF), which, from 1972, led this struggle for autonomy. Hashim Salamat, was educated at the highly respected Al-Azhar University in Cairo, and leads this 35,000 (+/-) strong organisation of which hundreds of its members are reported to have trained with Al-Qaeda in Afghanistan. This is denied. Funding sources include donations from fraternal organisations in Malaysia, Pakistan, and the Middle East.

*The New People’s Army* (NPA) is the over 10,000 strong military wing of the Communist Party of the Philippines (CPP). It has an active infrastructure through which to conduct urban terrorism, including metropolitan assassination teams. Funded by supporters in the Philippines, Europe and elsewhere, it opposes any US military presence, and targets US personnel and installations.

## **Conclusions**

The level and nature of the threats to the Asia Pacific region from international organised crime in its many forms, and the new breed of international terrorist is difficult to accurately assess. What is very clear is that both are present, both are here to stay, and most indicators show that both are set to increase in the medium to long term.

Organised criminal and terrorist groups have been established and operative in Asia for many years. The tropical island states of the South West Pacific are particularly vulnerable to exploitation by international criminal groups engaged in well organised money laundering, narcotics trafficking, people smuggling, illegal immigration and so on. These states, with their underdeveloped governance structures, and comparative remoteness, offer excellent opportunities to international terrorist organisations for financing operations, and physical security in which to train, plan, and from which to deploy for operations.

What has conclusively to be proved is that regionally based international criminal organisations have been cooperating, or working with and for international terrorist organisations. Intuitively, I have to say that I believe that a nexus exists, and that such activities have, and are, taking place. Evidence from the rest of the world shows that there is a coincidence of interests, and that there is good evidence to show that cooperation occurs in furthering these shared interests. I do not view the Asia Pacific as any different, except perhaps in terms of scale. Both groups possess complimentary and sophisticated structures and processes, together with “attractive” complimentary and interchangeable skills.

It is not clear if Al Qaeda has close links with regional networks, or whether regionally based groups (in Southeast Asia in the main) operate with Al Qaeda in a more limited and distant manner. It is clear, however, that there has been significant increase in regional terrorist activity in the past 10 years or so, whether or not Al Qaeda has been involved is not publicly known.

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Wellington, NZ  
November 2002