

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

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Victoria de Wellington (Nouvelle Zélande)
aux "Mardis du MCC (27 novembre 2002).**

Introduction

New Zealand's region, the southernmost part of the Asia-Pacific, is an area of the world that, until the Bali bombings in October this year, commanded probably very little attention in the international media. Rightly so perhaps, after all, the very name "PACIFIC" means peace or peaceful. In the view of travel agents, nothing much happens here except holidays in exotic places. We who live here, or I suspect most of us, have come to believe this myth as well; or did so until shaken out of our self-inspired complacency a few weeks ago. Bali is only 4 hours from Australia, and 6 hours from New Zealand by very frequent aircraft.

This myth of a region of peace and tranquillity peace was never so of course; and is less so now. The region has suffered and continues to suffer from the contemporary criminal menaces of international terrorism, international organised crime, and international piracy. It is pertinent here to stress that terrorism in all its ghastly manifestations 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 from other "developed" states in this regard.

I believe that starting with a brief Asia-Pacific regional security overview will help in understanding the observations I make later in the paper about organised crime; piracy; terrorism; and possible connections between them. I conclude with some comments about the possible future of the region in relation to these topics.

Overview

Southwest Pacific Basin

The Pacific Islands Forum is made up of 16 independent and self-governing nation-states¹. Other important Southwest Pacific not Forum members states include 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

¹ Cook Islands, Federated States of Micronesia, Fiji, Kiribati, Marshall Islands, Nauru, Nuie, Palau, Papua New Guinea, Samoa, Solomon Islands, Tonga, Tuvalu, Australia, New Zealand, and Vanuatu.

groups are: Melanesian (the largest), Polynesian (also large), and Micronesian (the smallest).

Due to small population base, less well-developed political and economic infrastructures, and susceptibility to devastating natural disasters such as typhoons, hurricanes, and tsunamis, mean that these states depend on outside economic assistance to a significant extent. They are economically vulnerable, vulnerable for example to exploitation by a wide variety of domestic and international criminals and/or terrorists. 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 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.

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 by senior police officers that publicly commented on the affairs of the immigration department². The concern centres on the illegal migration of people to Fiji – the majority of Asian origin – corrupt in that Immigration officials have been paid to ignore the usual checking procedures. According to the police chiefs, Fiji now is faced with the serious problems of Asian organised crime, illegal migration, a growing drugs problem³, and, as a consequence of these, perhaps an increasing international terrorist threat.

Nuie, Nauru, Tonga, Vanuatu, Cook Islands and the **Marshall Islands** have all been implicated in one way or another in dubious economic schemes. The connections appear to be reasonably clear between these schemes and unknown others, and Asian and Russian organised crime. Examples of illegal activities include the use of “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 Sea⁴.

Allegations continue to be made against these states (and others) that they are acting as hosts to money laundering organisations, safe havens for narcotics dealers and smugglers, people smugglers, and so on. In the more

² The Daily Post, Wednesday, October 30, 2002 *Illegal immigrants to pose threats*

³ *ibid*: It is claimed in the report that a billion-dollar stockpile of heroin recovered resulted from activities of Asian organised criminals. There has been a staggering increase in gang murder, prostitution, drug trafficking, and smuggling of goods and people

⁴ AFP, *Tonga's democracy movement fears terrorist label*, 29 October 2002

developed regional states there are concerns that these activities have paved the way for international terrorists looking for safe havens for their funds and themselves, or to establish a secure base or bases from which to train for and conduct operations. No “official” evidence has yet been made publicly available to support these concerns.

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)⁵, 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. They offer fertile ground for cultivation and exploitation by international criminals and terrorists. While Australia, New Zealand and others have invested heavily in conflict reduction and brokering initiatives for resolution, these disputes have a demonstrated capability of flaring. The long-term solution seems to me to be elusive, one result being the potential for criminal or terrorist exploitation.

No examination of our regional politico-economic 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 unwisely⁶. From personal observation, I believe that Asian based crime is *in situ* – nightclubs, restaurants, protection schemes, and associated illegal operations are functioning. Based on information that Indonesian terrorists were *en route* to Dili, the Australian Government has issued an increased security warning for nationals in East Timor. National fragility makes East Timor as vulnerable as the small Pacific states to exploitation by international criminal and terrorist interests⁷ – 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. As

⁵ AFP, *Solomon’s Warlord takes hostages as Police surround him*, 30 October 2002

⁶ 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

⁷ The state of emergency declared in East Timor after this paper was prepared supports this view

their ultimate security guarantee, many regional countries still wish to maintain a bilateral relationship with the United States.

The most important security issue in Southeast Asia is concern about the future integrity and stability of **Indonesia**. The Bali tragedy aside, the archipelago will need continuing substantial levels of foreign direct investment (FDI) and external aid and security support for at least the medium term (5 years +). Failure to maintain Indonesian national cohesion will have severe implications for regional stability.

The regional security and law-enforcement architecture, while less interconnected compared with other regions of the world, is developing. Acting as a sort of “regional sponsor” for this development is the **ASEAN Regional Forum**, of which the Forum is now a member, progress beyond dialogue and the development of confidence building measures, and towards preventive diplomacy remains slow. On a positive note 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, international terrorism and organised crime, piracy, human and narcotics smuggling and other illegal trans-border activities. Underpinning the **ARF** is the Conference for Security Co-operation in the Asia Pacific (**CSCAP**), a so-called “Track II”, or unofficial grouping made up in the main by regional academics and security specialists.

ASEAN (and the **ARF**) is constrained by the principle of non-interference, and absence of strong leadership. There is tension too about how **ASEAN** should deal with problems in one country that have implications for regional neighbours. There are signs of strains within **ASEAN** which not only pose challenges to cohesiveness, but also in allowing it to play a leading role in regional political, economic and security developments. Some members have commented publicly that ASEAN risks becoming a ‘sunset’ organisation⁸, possibly presaging a new found willingness to discuss “hard” topics. Despite these shortcomings, **ASEAN** is the only substantial Asia-Pacific organisations. **ASEAN** remains central to the South East Asian economic and security environment. 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 increase even before the Bali bombings, Malacca Strait piracy, trans-national criminal activity, and illegal migration pushed trans-national interests into sharper focus.

An example of this evolution is the **ASEAN** ministerial communiqué on Terrorism issued on 5th November 2001, and a follow-on meeting 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 underscored⁹. This declaration followed immediately the issuing on 17th May

⁸ Singapore Foreign Minister Jayakumar, for example

⁹ Joint Communiqué, Special ASEAN Ministerial Meeting on Terrorism, 20-21 May 2002, Kuala Lumpur. www.aseansec.org

of a very detailed **ASEAN** Plan of Action to Combat Trans-national Crime¹⁰. It remains to be seen whether or not such lofty pronouncements evolve into meaningful and tangible co-operation in pursuit of the stated outcomes.

Singapore, described once by Lee Kwan Yuw as “a Chinese island in a Muslim sea”, continues to play a significant political and economic role in the region. Singapore is prosperous while many neighbours are not. This causes some friction with Malaysia and Indonesia in particular. Cyclic tensions between Singapore and Malaysia remain, although less tense than in past years. Both states recognise that there are benefits in bi-lateral co-operation, the sort of co-operation resulting in the arrest of *Jamaah Islamiah* members for example.

Malaysia is of great importance to the future of **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. Doubts exist about the ability of his nominated successor, Badawi, to lead the nation with as astutely 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 Malaysian Islamic groups of “mainstream” Shia, Sunni, and the more fundamentalist sub sects.

Political reform and the reduction of the political influence of the military from politics in **Thailand** have created a climate, which will enable the nation to better develop and define a robust politico-economic regional role. Elections, described as the dirtiest and most expensive ever, have tarnished this image, and proved a temporary setback. The relationship between Thailand and Myanmar remains uneasy. Drug trafficking and illegal immigration over the porous **Myanmar** border are targeted as key 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 Peoples United Liberation Organisation (**PULO**) is still active along the Malaysia Thailand border.

South China Sea

Sovereignty over various island groups and atolls in the South China Sea is disputed between 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; use as operational bases for pirates, for

¹⁰ *Ibid*: includes drug trafficking, trafficking in people, arms smuggling, money laundering, terrorism, cyber crime, but, oddly, neither piracy nor sea robbery

resupply, for intelligence gathering; and for their resource potential in terms of oil reserves, mineral deposits, and fish stocks.

Piracy

Reported attacks against commercial ships worldwide have tripled over the past decade, increasing last year alone by 40 percent.¹¹ In 1999, nearly two-thirds of the attacks occurred in Asia, with 113 of the 285 reported cases taking place in Indonesian territorial waters and ports. The risk of attack is increasing. Ninety percent of the world trade moves via ship, and forty-five percent of all world shipping transits the pirate-infested waters of Asia. Clearly, piracy or “sea robbery” is an increasing threat to global trade.

Piracy in the Asia-Pacific Region

It is very difficult to calculate the amount of financial damage caused by piracy and sea robbery worldwide; estimates range as high as \$16 billion annually.¹² Many pirate attacks go unreported, so calculating the precise cost is difficult. The International Maritime Organisation has estimated the Asia-Pacific regional cost at about \$US600 million annually. Costs to shippers and exporters/importers by piracy include a rising rate for insurance, and in more dangerous waters the employment of armed guards on merchant vessels.

Piracy has been a nagging problem throughout Southeast Asia for millennia. Piracy in the region continues to grow in economic terms, if not in the total of reported incidents. This results in part from the Asian financial crisis of 1997, and the resulting political instability in Indonesia, which led to the underemployment and unemployment of thousands of people.

Regional acts of piracy range from the boarding and hijacking of merchant vessels on the high seas, to stealing from vessels while anchored. The IMO estimates that 72% of attacks are committed while vessels are berthed or anchored in or close to port, and that most 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. Stealing to order by the “targeting” of marked containers on container vessels is increasingly common.

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. Many piracy reports describe heavily armed men with military-style weapons. Some regional armed forces are poorly paid, and armed forces, customs, and police officials often resort to informal payments to supplement incomes. In Southeast Asian countries with

¹¹ Gary Stubblefield and Bill Parlatore, “Condition Yellow”, *Passagemaker*, Winter 1999, p. 85 quoted in Heritage Foundation paper

¹² *ibid.*: p. 85

high tariff barriers, smuggling (and protecting the smugglers) is a lucrative business, and there is a ready market for pirated goods. Clearly, there is strong temptation for officials to ignore such attacks, or indeed participate in them in exchange for bribes or similar inducements.

The temptation is high for pirates 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 Sayyaf* group in Mindanao for example is believed to engage in piracy to finance terrorist activities.

The October 2002 IMO Regional advisory¹³ to seafarers advised that masters of vessels should mount anti-piracy watches, and all movements of suspicious craft reported. Areas and ports included: **Indonesia** - Belawan, Balikpapan, Bontang, Panjang, Samarinda, Santan and Tanjong Priok/Jakarta, Bangka, Berhala and Gelasa Straits - **Malacca Strait** - avoid anchoring along the Indonesian coast near Aceh which is particularly risky for hijackings. **Malaysia** - Sandakan - **Solomon Islands** - Honiara - **Thailand** - Koh Si Chang - **Vietnam** - Vung Tau

Money Laundering

There is significant economic pressure on South Pacific microstates to generate revenue, preferably foreign direct investment (FDI). The International Financial Action Network (IFAN), based in Paris, named recently four South Pacific nations¹⁴ as being centres of concern, and urged them to cooperate with global 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 exists of Russian mafia syndicates laundering billions of dollars through offshore banking systems in the Asia-Pacific; specifically through small island states of the Southwest Pacific. Unless willing to take remedial action the stability and independence of these small Pacific nations and their financial systems may well be under threat from these crime syndicates. 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"¹⁵. Among these island nations **Nauru, Palau, and Vanuatu** most recently have been accused of permitting Russian mafia and the South American drug cartels to launder money.

¹³ IMO Kuala Lumpur Alert 24 October 2002

¹⁴ Cook Islands, Nauru, Nuie, and the Marshall Islands

¹⁵ Amanda Vanstone, October 2002

For many small Pacific Island nations, which otherwise have very little or no resources to export, such financial centre income is the major source of foreign exchange revenue. In the last year, those Pacific Island countries operating these financial centres have come under intense pressure. **Nauru, Palau, Vanuatu, Cook Islands, Nuie** and **Marshall Islands** have all been approached to scale down offshore banking operations. Usually these operations are conducted through international business companies (IBC). IBCs are companies formed under offshore financial centre laws that require almost no public disclosure of ownership or shareholder details.

Some notable examples are **Nauru**, a country of 10,000 people, which has licensed electronic banking operations that allow the international transfer of funds on an enormous scale. A Russian banker last year claimed that seventy billion US dollars was transferred from Russian banks to accounts in **Nauru**, most of these transactions being conducted through the Internet via the government-owned Nauru Agency Corporation. The US State Department's International Narcotics Control Strategy Report (INCSR) has stated that Nauru has 400 offshore finance centres registered to a single postal 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 of aiding international criminal activities of the Russian Mafia and others, an accusation 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 currently has 63 licensed offshore banks. The Russian mafia is believed to be operating in the region through American or Australian middlemen. In the view of some regional observers this indicates that the criminal activity originates from banks in the west, and it is from there enforcement action should be initiated.

Nuie has only 2,000 residents, but has 6,000 registered IBCs earning about five hundred thousand U.S. dollars a year, a major foreign exchange earner. A Panamanian law firm controls IBC operations in **Nuie**, with a "token" Nuiean employee based on 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,"¹⁶ he said, adding that US states like Florida, Nevada, and California also are offering similar offshore banking facilities.

It seems clear to me 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

¹⁶ Speaking at a press conference in New Zealand in March 2002

organisations are now looking to the tiny island states of the Southwest Pacific as a “safe” place from which to operate. Organisations such as *al Qaeda* use “legitimate” companies and businesses to finance international terrorist activities. In the Asia Pacific there exists strong concerns are that such financing activities are now taking place, and will attract more organisations and individuals whose presence in the region is both undesirable and potentially destabilising.

Illegal Migration

Irregular and illegal migration has emerged as a major international challenge, as has the refugee situation. The UN has estimated that there are 120 million people living and working outside their country of nationality, up from 50 million in 1989. 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 million¹⁷, a possible total of 150 millions.

The need for individuals and families to move from a poor and strife-torn country has intensified during the past decade. Over the same period, opportunities for legal entry, even to traditional immigration countries, have diminished. UNHCR has estimated that the international people smuggling industry is currently worth over \$US11 billion; that one in 3 people who have moved to Western Europe, and one in 4 to the USA in recent years are assessed as having done so illegally, or as asylum seekers. Illegal migration within the Asia Pacific is a large problem, a problem that continues to grow. As more areas of the world become less stable and more violent, the attractions of our region become greater for families seeking security, peace, and stability. In common with most so-called “western nations” New Zealand and Australia have immigration policies based on individual skills, family ties, and so.

The most recent arrivals in New Zealand and Australia 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 scheduled transport and bypass immigration, some are smuggled in, some arrive as tourists then stay and work illegally. Australia has experienced illegal immigrants arriving by boat – commonly called “boat people”, many claiming refugee status under the 1951 UN Refugee Convention, some of these have a stated final destination of New Zealand.

Given the level of sophistication of illegally organised people movements, involving high quality forged documents, and the high volume of traffic through regional airports; it is probable that most illegal migrants are entering New Zealand and Australia by air. These “illegals” are

¹⁷ 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

particularly vulnerable to exploitation by local employers, or those who have organised their entry. Trends emerging among some ethnic groups recently arrived are marginalisation, and involvement in criminal activities, such as the sex and narcotics industries. The potential for entry into regional states by international criminals or terrorists using existing illegal migrant networks and forged or stolen travel documents is high.

People Smuggling

Many regional nations countries possess thousands of miles of unguarded border. Criminal syndicates take advantage of border security difficulties to smuggle narcotics, other valuable commodities, and people. The Philippines for example 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 within and out from the region continues to grow and is affecting states adversely in various ways. The effects include the promotion of crime, and altering ethnic balances within states. 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. The many countries of origin include: Pakistan, India, Indonesia, Vietnam, and China. Smuggling organisations range from unsophisticated single operations, to complex international criminal syndicates. Organisations, such as the Chinese 'snakeheads', have created regional networks of transit stations and safe houses, some in “intermediate” countries, to assist the process. These latter often have access to sophisticated forged passport “factories”, or they exist within their own organisation, or related group. Terrorist groups and smaller “entrepreneurs” may rely on such criminal organisations to provide fake identity documents

Quite often sophisticated contracts are drawn up between human smuggling organisations, migrants, and their families. Larger organisations may be reluctant to smuggle terrorists for reasons of 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 very substantial sums of money – the so-called 'clandestine travel premium' - they will probably find individuals or syndicates willing to oblige.

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

Fake passports

Organised crime and terrorism are global; as such, 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 in order to remain anonymous. Forged passports and fake identity papers assist in this, and the skill to manufacture or alter such documents is highly prized. It is reasonable to conclude that identity fraud facilitates the international movement of criminals. It is reasonable to further conclude that it facilitates movement of international terrorists. Thousands of blank passports are lost annually to corruption, theft, or loss. To international terrorists or criminals passports of visa-waiver participating nations are most desirable because they receive less scrutiny at the border.

A New Zealand example is a case prior to the 2000 Sydney Olympics. As part of an investigation into alleged human smuggling operations in Auckland, Police found what was described as a 'virtual command centre' for possible terrorist attacks in Australia. Detailed maps were found, suggesting that the group intended to attack a small nuclear facility in Sydney. Some group members had New Zealand passports, which could then be used for easy entry into Australia. Police speculated that the New Zealand passports were preferred because they tend not to arouse suspicion¹⁸.

Drug Trafficking

Terrorists are known to use narcotics trading to finance group activities and operations. Met amphetamine use is rising throughout the Asia-Pacific. Most regional states describe drug trafficking by as a major security problem. Trafficking is helping to create more violent societies, and increasingly involves crimes such as money laundering, terrorism, and kidnapping. In the Philippines five terrorist groups, all of which to a greater or lesser degree finance activities through narcotic trafficking, arms smuggling, human smuggling, and maritime piracy, pose a threat to internal security: the New Peoples Army (NPA), the Alex Boncayao Brigade (ABB), the MNLFI-Islamic Command Council (ICC), the Moro Islamic Liberation Front (MILF) and the Abu Sayyaf Group (ASG).

South Pacific island nations, including New Zealand and Australia acknowledge narcotics trafficking as a huge security problem. The strong domestic demand and remote and long coastlines make both New Zealand

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Paul J Smith, Jane's Intelligence Review July 1, 2001

and Australia attractive targets for drug smugglers. Regionally, immigrant groups carry out narcotics smuggling, with Iranian nationals being prominent. The small island states are particularly vulnerable to drug smuggling because of poor law enforcement infrastructure, and the fact that they are spread over two million square miles of ocean. As a consequence, international drug trafficking syndicates have developed the region a pivotal trans-shipment point for drugs headed for global destinations.

Chinese organised crime groups are operating in the region, and evidence suggests growing co-operation 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).

International 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.”*¹⁹

To achieve their illegal goals International criminals use terror, and the methods of the terrorist. Mafia (Russian, Albanian and Sicilian) and Chinese triads use terror; all these groups operate extensively in the Asia-Pacific. Money laundering is an aspect of criminal activity that often ends up with terror and intimidation being applied.

The extensive, lucrative criminal narcotics industry, and associated support networks function as corporate terrorists, ensuring that syndicate 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.

As a generalisation, I believe that until recently terrorism in the Asia-Pacific resulted from locally generated and deeply rooted socio-economic or political factors. I believe too that the majority of people in the Asia-Pacific

¹⁹ Bruce HOFFMAN *“Inside Terrorism”* Victor Gollancz, 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.”

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 where these horrendous events usually happened, we were immune. The Bali bombings on 12 October 2002 changed these views. People who viewed international terrorism as some remote phenomenon now do not, and while the cause(s) of the attack may be “local”, they now recognise that it may have also international roots and support.

New Zealand nationals were killed in Bali, as did Australia the United Kingdom and others. Clearly, those who thought that they were immune had a very rude and frightening awakening. Not only did the media, rather prematurely in my view, immediately place the blame at the door of Islamists, but also it generally singled out *al Qaeda*²⁰.

It seems to me that this knee-jerk reaction disregarded and failed to analyse such factors as the US domestic political environment, the Indonesian domestic political environment in which terrorist acts had been happening for the past thirty years, the nature of terrorism itself, and Islamic inspired terrorism in particular. This cursory analysis also ignored the fact that the vast majority of regional Islamists are moderate, tolerant people who respect and coexist peacefully with other religions. By demonising *al Qaeda*, and Islam in general, the media polarised opinion, and in doing so may have served to drive some moderate Islamists towards a more radical position. This lack of analytical rigour is a regrettable symptom of New Zealand’s long-standing ignorance of the culture, religion, and politics of our closest Asian neighbours. As it turns out, the initial assertions by the media are probably correct.

Of course, 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 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 continue 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

²⁰ *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.”

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 support and resources needed to mount effective terrorist activities.

Unsurprisingly, the regional counter-terrorist focus is *al Qaeda*, the probable penetration of the region, probable 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 11th 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 \$500,000²¹. *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 linking *al Qaeda* to regional terrorists, such as *Jamaah Islamiah*, many governments claim that they have, 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 probably linked in some way with *al Qaeda*. Such cursory analysis, which excludes other possibilities, is not only narrow and unhelpful, but also may cloud judgement in planning counter-terrorist procedures and operations. There are regional and international organisations that are not Islamist, and use terror to achieve their aims and objectives (e.g. nationalist, criminal or political). Naturally, these groups may seek technical assistance from *al Qaeda*, and may receive it, particularly if it serves to further mutual interests.

This said, it is clear that the Asia-Pacific is an important arena for international terrorists, including it seems *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 himself. Rohan Gunaratna comments on Asia Pacific based terrorists:

²¹ FBI Congressional testimony, August 1, 2002

*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.*²²

*al Qaeda probably uses Islamic charities and businesses in order to finance activities in the region and further afield. In the southern **Philippines**, for example it appears that a link exists 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 on the island. Targets included the US Embassy, US personnel and other US and Allies installations. *Jamaah Islamiah* may operate in loose association with other regional groups through a clandestine network of 'sleeper cells', offering mutual operational and logistic support.*

Conclusions

It is difficult to accurately assess the level and nature of the threats to the Asia-Pacific region from international organised crime in many forms, and the new breed of international terrorist. 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 size, capability, and possibly operational tempo 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 Southwest 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 for international terrorists for financing operations, 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. Experience in the rest of the world shows that where there is a coincidence of interests, cooperation occurs in furthering these shared interests. I do not view the Asia Pacific as any different, except perhaps in terms of scale. Both possess complimentary and sophisticated structures

²² Gunatratna, Rohan; *Inside Al Qaeda: Global Network of Terror*, Hurst and Co, London, 2002.

and processes, together with “attractive” complimentary and interchangeable skills.

It remains unclear whether *al Qaeda* or any other international terrorist organisation has close links with regional networks, or whether regionally based groups (in Southeast Asia in the main) operate with *al Qaeda* or others 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. I believe that *al Qaeda* has served perhaps as a catalyst for regional groups and may have even funded some activities, including training and equipment.

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Wellington, NZ
November 2002

Notes on some 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 *Peoples United Liberation Organisation* (PULO) 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*, nor 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 Sayaaaf (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*, for such things as training and financial assistance. *Abu Sayaaaf* finances activities from this source, and criminal acts such as piracy, and 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 reportedly 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.