

Transnational Terror and Organized Crime: Blurring the Lines

Thomas M. Sanderson

The global war on terrorism is constricting the flow of financial support to terror groups. To circumvent these measures, transnational terrorist organizations are moving deeper into organized criminal activity. This transition poses a tremendous challenge to states struggling with a threat that has changed significantly since September 11. As terror groups transform into hybrid criminal/terror entities and partner with criminal syndicates, the threat to the United States and other nations rises in complexity, demanding a highly flexible, tailored response.

Over the past few years and increasingly in recent months, leading intelligence and national security minds have noted the growing threat created by the transformation and convergence of transnational organized crime and terrorist groups. While there is some debate as to whether these groups are “converging” or “transforming,” it is clear that this growing threat is complex and increasingly difficult to counter with standard law enforcement and military counter-measures. As the United States and other nations adjust to the post 9-11 world of stubborn problems such as the Iraqi insurgency, Afghanistan, and al Qaeda, the nexus of organized crime and terrorism could prolong these challenges and lead to further disruptions and threats to global security and prosperity. Impediments to wholesale cooperation between the two parties remain, and many terrorist groups will never partake in organized criminal activities, but the merging of transnational organized crime and international terrorism is nonetheless on the rise.

A View of the “Nexus” Landscape: Transformation, Convergence, and Partnership

Transnational organized crime and international terrorism increasingly share both organizational and operational characteristics, and at times even partner with one another. In general, there is agreement among national security, crime and terrorism analysts regarding the factors that create and sustain this threatening phenomenon. Initially a drop in state sponsorship, primarily from the Soviet Union and its allies, forced terrorist groups to

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look elsewhere for financial and material support. While this situation arose from the upheaval of the early 1990s, it has accelerated significantly in the post-September 11 era. As part of the global war on terrorism, U.S. government agencies are charged with the task of pursuing various groups worldwide, cutting off their funding, and attempting to enlist numerous other nations in U.S. counterterrorism efforts.

The United States has exerted considerable pressure on states to prevent charities from funding terrorists, and has cracked down on both governments and charitable organizations that have yet to stop such activities. Over 100 countries are cooperating in the global war on terrorism, and are trying to close down sources of terrorist funding. To replace this revenue and the financial support from states that are now unable or unwilling to back them, terrorist groups look elsewhere for financing.

This crackdown on terrorist financing has led some terrorists to transform their organizations by creating “in-house” criminal capabilities in order to generate revenue; these units then engage organized crime groups to meet financial and operational needs. *Transformation*, which U.S. intelligence analyst Chris Dishman describes as the situation in which a terrorist group’s financial needs match or override traditional political motivations, leads those groups to mimic or ally with organized crime groups that have successfully executed profitable, illicit cross-border activities over long periods of time.¹ While terrorists are accustomed to receiving support from second parties, organized crime groups’ *raison d’être* is criminal activity for revenue generation.

In many regions, organized criminal groups have become so entrenched and governments so corrupt, that arrest and prosecution is at worst impossible and at best a distant concern. Transnational organized crime groups do not enjoy state sponsorship (with notable exceptions such as North Korea) or territorial protection, and frequently have developed a virtual corporate structure from the outset. Such organizations provide excellent models for the evolving, loosely affiliated cell structures of terrorist groups such as Al Qaeda. Even terrorist groups that enjoy state sponsorship, such as Hezbollah, which is supported by generous subsidies from Iran, rely increasingly on international criminal activity to sustain their programs and improve their operational capabilities. A wider reflection of this problem is seen in an examination of the U.S. State Department’s list of designated foreign terrorist organizations (FTOs), which reveals that fourteen of the thirty-six FTOs now traffic in narcotics.²

What Enables and Sustains the Nexus?

In addition to global political pressures and realities, there are numerous other reasons and opportunities that lead terrorist groups to embrace organized criminal activity as a source of revenue, or to seek alliances with organized crime groups. The expanding forces of globalization are enabling transformation and convergence through rapid communication, travel, surveillance, and information access. The growth of weak or failing states

exacerbates this tendency. The absence of the rule of law in places such as Somalia, Kosovo, and Afghanistan provides ideal conditions for the blending of criminal and terrorist activities. Economic hardship in many of these nations leads to corruption and trafficking of illicit goods, and there is little incentive to fight organized crime. Terrorist groups who otherwise might rely on charitable contributions or even “legitimate” businesses have little or no access to either in a failed state, leaving trafficking and other forms of crime as the obvious and easier alternatives. An organic criminal capability becomes paramount and the sole method by which to sustain the organization.

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The nexus between terrorism and organized crime is further enabled through the widespread availability of small and light arms that can be both trafficked for money or used in operations. After the Berlin Wall fell in 1989, Warsaw Pact nations found themselves flush with weapons, a great many of which found their way to the illegal arms market. Conflicts in the former Yugoslavia, West Africa, East Timor, and Central, South, and South-west Asia have only invigorated this arms trade. Porous international borders and corrupt or ill-trained law enforcement in a multitude of countries have also played a role in enabling the arms trade, to the benefit of terrorist and organized crime groups.

The above trends have led groups such as al Qaeda and Hezbollah to develop their own in-house criminal capabilities. While Hezbollah has been involved with methamphetamine labs and cigarette smuggling in the United States and Canada, al Qaeda has well-developed connections with criminal syndicates in Central Asia that include Pakistani and Afghani opium traffickers. Colombia's FARC, however, provides perhaps the best operational example of the transnational organized crime and terrorism nexus. FARC's involvement in the narcotics trade evolved from a strategy of simple taxation to one of direct control and distribution. Trafficking profits have enabled the FARC to obtain sophisticated weapons, communications technology, and helped them gain control of 40 percent of Colombian territory in their conflict with Bogotá.

Maritime piracy represents an area where the mixing of militant Islamic terrorism and crime can converge with potentially severe consequences for global military and economic security. Given heavy concentrations of al Qaeda cells and radical Islamic sympathizers, shipping lanes and pre-existing criminality, it comes as no surprise that Indonesia, Bangladesh, Malaysia, India and Nigeria experience most of the world's maritime piracy attacks. Particularly alarming is the fact that criminals and terrorists not only steal lucrative cargoes, but also have the resources to commandeer lethal cargoes such as chemicals, gas, arms, and specialized

dual-use equipment. A potential nightmare scenario for governments would be the hijacking and sinking of one or more ships in one of the world's most important canals or narrow shipping lanes, such as the Straits of Malacca, the Suez and Panama canals, or oil trade chokepoints such as Saudi Arabia's Ras Tanura terminal. The 500,000 ton ships that traverse these waterways carry a crew of only thirty and have no armed guards to repel raiding parties. A scuttled supertanker in one of these locations could create major economic disruptions. And with ship registration and documentation replete with fraud and corruption, finding suspect or hijacked vessels is far more difficult than simply spotting a Jolly Roger flag. The kidnapping of Westerners for ransom by the Abu Sayyaf Group and the Moro Islamic Liberation Front is another demonstration of how the lines between crime and terrorism have become blurred.

Within the United States, terrorist groups and their supporters have found a multitude of ways to raise funds through a range of illegal activities. For example, one Detroit area Hezbollah supporter pled guilty to charges that he and several others illegally shipped low tax cigarettes from North Carolina for resale in high-tax Michigan, netting tens of thousands of dollars. A similar case has unfolded in North Carolina, where the Lebanese-born Hammoud brothers were convicted of related offenses. In this well-documented case, Mohammed Yousef and Chawki Hammoud used the proceeds of illegal cigarette sales to purchase and ship to Hezbollah night vision goggles, mine detection equipment, laser range finders, blasting caps, and other sensitive, prohibited military equipment. In fact, illegal cigarette smuggling is second only to narcotics in terms of the amount of consumer spending on illegal goods.³ The narcotics industry remains the most common and lucrative source of revenue to terrorists groups, leading many to legitimize this criminal activity by emphasizing the financial needs of the organization and the role of narcotics in undermining Western society. As has been well documented, Hezbollah operatives and their supporters are deeply engaged in the businesses of illegal methamphetamine production and distribution. The Drug Enforcement Administration has made a number of arrests through its Operation Mountain Express, which uncovered Hezbollah-operated methamphetamine labs in the rural western United States. The dramatic spike in opium cultivation in Afghanistan over the past two years provides yet more evidence of the terrorism-narcotics nexus. The United Nations' International Drug Control Programme (UNDCP) and International Narcotics Control Board (INCB) said that after zero opium production in the last year of Taliban rule in 2001, Afghanistan met about 76 per cent of the global demand of heroin and opium by harvesting poppy on 225,000 acres that yielded a record produce of 3,500 metric tons of opium. In 2003, the harvest is expected to yield 5,000 tons of opium.⁴ Narcotics remains the most common and most lucrative form of organized crime used by terrorists groups such as the Kosovo Liberation Army (KLA), the Islamic Movement of Uzbekistan (IMU), al Qaeda, and Hezbollah. In addition, terrorist groups participate in other forms of crime ranging from petty theft to the mining and distribution of conflict diamonds in Africa.

Points of Intersection

The aforementioned examples illustrate a few of the many “enablers” of organized crime and terrorism transformation. There are also a number of inherent organizational and operational similarities between organized crime and terror groups. If one considers a Venn diagram that compares the character and modus operandi of these two groups, similarities quickly emerge. During an April 2003 meeting with South American counterterrorism officials and intelligence officers in Argentina, it was encouraging, yet worrisome to see that one of the visiting counterterrorism chiefs had a well-developed project focusing on the “nexus” issue. It is instructive to look at how this intelligence official and several of his colleagues have sought to compare and contrast organized crime and terrorist groups.

Similarities between organized crime and terrorist groups⁵

- Both are generally rational actors
- Both use extreme violence and the threat of reprisals
- Both use kidnappings, assassinations, and extortion
- Both operate secretly, though at times publicly in friendly territory
- Both defy the state and the rule of law (except when there is state sponsorship)
- For a member to leave either group is rare and often fatal
- Both present an asymmetrical threat to the United States and “friendly” nations
- Both can have “interchangeable” recruitment pools
- Both are highly adaptable, innovative and resilient
- Both have back-up leaders and foot soldiers
- Both have provided social services, though this is much more frequently seen with terrorist groups

Argentina, in fact, experienced one of the first attacks borne of the convergence of terrorism, state sponsorship and organized crime. The 1992 and 1994 bombings of the Israeli Embassy and Jewish Cultural Affairs Center in Buenos Aires were conducted with truck bombs. The operators were Iranian-supported Hezbollah who used the notoriously lawless tri-border region of Argentina, Brazil and Paraguay to plan and prepare for their terrorist operation. It was there that members of Middle Eastern terror groups including Hezbollah, Hamas and Gamaa al Islamiyah have taken advantage of a Muslim diaspora in a region known for money laundering, drug trafficking and other illicit activities. Argentine intelligence officials indicated that the trucks and the explosives used in the Buenos Aires bombings were paid for and assembled in the tri-border region, and were then transported through a criminal network on their journey to the Argentine capital.

Both organized crime and terrorist groups run in the same circles—they already operate outside of the law and they often need the same resources, including: false identification, shipping documents, operators, transportation networks, and counter-surveillance techniques. Terrorist

groups just beginning to develop their own revenue generation enterprises often come into contact (sometimes hostile) with criminal elements who generally have reliable revenue streams. Apart from narcotics trafficking, there are a number of other notable examples of cooperation between terrorist and organized crime organizations:

The Irish Republican Army (IRA) and FARC. Three IRA operatives are currently on trial in Colombia for aiding the FARC in designing gas-cylinder bombs and other devices of urban warfare perfected in Northern Ireland. This is an excellent example of what national security analysts refer to as “one-offs,” temporary alliances designed for a specific operation or need.

*Intellectual Property Crime (IPC).*⁶ IPC is one of the fastest growing forms of organized crime, and according to Interpol Secretary General Ronald Noble, it is becoming the crime of choice for terrorist groups.⁷ IPC has low entry costs and high profit margins. IPC perpetrators feel relatively immune from capture and prosecution because this form of criminal activity has become so widespread.

Trading narcotics for weapons. This type of transaction has presented itself as one of the most lethal problems for the United States. Colombia’s AUC terrorist paramilitary force was stopped in September 2002 through Operation White Terror⁸ for attempting to trade drugs for massive quantities of weapons in 2002. Of even greater concern was the September 2002 Hong Kong arrest of three people who attempted to exchange heroin for U.S. Stinger anti-aircraft missiles that they intended to re-sell to al Qaeda.

Communications technology. Recognizing that the United States excels at electronic and signals intelligence gathering, terrorist and organized crime groups seek to minimize their electronic communications footprint. Narcotics traffickers in Colombia have for years possessed some of the top encryption technology on the market. In fact, at certain points over the past ten years, narcotics cartels have acquired more advanced equipment than their U.S. law enforcement pursuers. Today, groups such as al Qaeda are forgoing regular use of cell and satellite phones on account of the same U.S. surveillance. The narco-traffickers’ experience has been instructive to the likes of Osama Bin Laden, Hezbollah, and others.

Actual contact between organized crime groups and terror groups need not occur for the two entities to adopt each other’s tactics and characteristics. Terror groups have embraced (either by choice or necessity) a long-standing structural feature of organized crime: working through affiliated operational cells which have minimal connections to the leadership. Loosely networked cell structures effectively frustrate law enforcement and intelligence penetration. This structure also enables tremendous operational flexibility, in stark contrast to the rigidity characteristic of governmental law enforcement and intelligence forces. This flexibility allows terrorist and organized crime groups to set up or close down operations overnight, maintain distance between operational and planning cells, move and use financial resources quickly and secretly, and make decisions without headquarters’ approval. This distribution of power and authority also reduces the possibility of a decapitating strike that could close down the organization.

Points of Divergence

While criminal and terrorist groups do appear to be moving closer together and have shared strategies, tactics, and resources, significant roadblocks to further cooperation exist. There remain cultural, operational, and practical differences between the two groups. No organized crime group is built around adherence to religious or ideological tenets, while groups like al Qaeda or Hamas are fundamentally based on religious beliefs and motivations. For example, the removal of secular or corrupt leaders is a goal of many terrorist groups. By contrast, the existence of these very leaders is essential to the existence of certain organized crime groups. Former James Madison University Professor James Anderson suggests that the potential for long-term convergence depends on the possibility that both groups would gain from combined operations yet are able to maintain operational security.⁹ Attaining that mutually beneficial arrangement appears to be difficult.

In practical and political terms, organized crime groups are loathe to attract unwanted attention. Most criminal networks want to maintain the status quo—that is, to keep the system “wired.” Terrorists often seek out media coverage, whereas organized criminals avoid it. Furthermore, terrorists often take responsibility for their actions, while organized criminals do not. Criminal syndicates generally cultivate and maintain networks of illegal transportation, bribed or threatened customs officials, politicians, judges, police and intelligence officials, and have in many cases settled into some form of understanding with a host country. Should al Qaeda or Hezbollah operators and financiers enter into this equation they would most likely draw unwelcome law enforcement attention. This is particularly significant given current U.S. pressures on nations to participate in the global war on terrorism: many states that might otherwise turn a blind eye to organized

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crime now feel compelled to pursue terrorists. Both witting and unwitting state sponsors have been put on notice by the Bush administration that they will be held accountable for any support of terrorism. Current operations in Afghanistan and Iraq demonstrate that the United States is not bluffing in this regard, though the long-term sustainability of such U.S. pressure may be questionable.

Another key distinction is motivation. Generally speaking, terror groups are seeking political inclusion, redress of grievances, or outright regime destruction whereas organized crime syndicates, as indicated previously, seek optimal business environments. While ideology, religion and politics form the basis of many terrorist organizations, pure profit is what

drives criminal organizations. Terror groups are more integrated into the community, often blurring the lines between “terrorist” and “freedom fighter” when providing social services to or advocating on behalf of a constituency. Terrorist groups often compete with governments for popular support, while organized crime does not. Finally, terrorist groups are generally less discriminating as far as those victimized by their activities, in contrast to organized crime.

Terrorism may serve as a “tactic” for criminal groups, whereas criminal activity may become a permanent necessity for terror groups lacking sufficient sources of funding. It appears more likely that terror groups would evolve into hybrid groups whereas criminal groups would unleash a terrorist style attack only when necessary. However, even if terror groups and criminal groups do not enter into strategic alliances, some may transform into true hybrids. It is conceivable that the world may face a number of transnational criminal-terrorist cartels that dwarf the Colombian cartels and al Qaedas of the 1990s and today. These groups could even attain political influence and enough power to bring down weak or “uncooperative” states.

The Response

The United States and much of the rest of the world is currently engaged in a pitched campaign against terrorism and to a lesser extent organized crime. In theory, as the two threats cooperate or mimic each other, it should be helpful for governments to use the lessons learned from fighting each type of organization. In reality, though, the threats are changing daily and both organized crime and terrorist groups are learning from past mistakes while probing recent defenses erected by targeted nations. They are constantly challenging sluggish, state-centric responses to their asymmetrical, adaptable organizations and methods. While some terrorist groups are hierarchical in structure, more typical is a cell-based, amorphous structure like that of Al Qaeda, which devolves power and authority to autonomous or semi-autonomous groups across dozens of countries. Such structures dramatically increase the challenge to government efforts at combating these groups.

Michael Kenney of Penn State University writes that al Qaeda has transformed organizationally much the way that Colombian trafficking groups did after U.S. and Colombian law enforcement targeted cartel leaders.¹⁰ Their similar modes of operation may be instructive to U.S. and foreign law enforcement and counterterrorism units seeking al Qaeda’s destruction. The main strategy for law enforcement and intelligence agencies to stop cell-based and vertically organized terror and organized crime organizations will demand much greater local intelligence that currently exists, and a deeper understanding of personalities, *modus operandi*, culture, and financing. Unfortunately, the track record of U.S. programs designed to eliminate narcotics trafficking does not bode well for similar efforts to halt terror groups also involved in the drug trade.

What is being done?

There are a number of officially sponsored initiatives currently underway which seek to understand and combat organized crime and terrorism. The Southeastern European Cooperative Initiative (SECI) Center is a multinational organization based in Bucharest, Romania that supports common trans-border crime fighting efforts of participating countries. The SECI Center has an Anti-Terrorism Task Force that helps member states counter the nexus of organized crime and terrorism. This is a reflection of how the phenomenon of transformation and convergence has metastasized in the Balkans. A recent meeting with Montenegrin officials indicated that regional responses are the only hope for fighting the combined scourge of terrorism and crime. The area of the former Yugoslavia and its neighboring states sit abreast a pipeline of people and contraband coming from Eastern Europe Central Asia, the Middle East, Russia, and North Africa on its way to western Europe. With weak economies, corrupt governments, poorly equipped, underpaid border guards and little regard for boundaries, it is easy to see how the nexus has developed so quickly in this part of the world. Human trafficking has risen in public awareness in recent months as stories of women and children numbering in the hundreds of thousands are moved through this region every year and are forced into prostitution. Unfortunately, many leaders both in the United States and in Europe have failed to recognize human trafficking as part of a larger, more complex security threat. One plausible scenario under consideration is that of a vehicle transiting the Balkans with Moldovan women destined for prostitution—a human cargo that could just as easily be narcotics, a nuclear artillery shell, WMD precursor materials, or an al Qaeda member.

The United Nations is also engaged in addressing the links between organized crime and terrorism. The Vienna-based U.N. Office of Drugs and Crime works through its Global Programme on Terrorism and its Global Programme against Transnational Organized Crime to assist member nations in combating both threats. This assistance is offered, among other means, by strengthening the ability of customs officials, immigration officers, and border guards to counter trafficking in narcotics, human beings, vehicles, and weapons—all of which are directly relevant to effective terrorist operations, financing and organization.¹¹

Additionally, the International Criminal Police Organization (INTERPOL) based in Lyon, France, has created the *Fusion Task Force* to address linkages between organized crime and terrorism. Among other things, the Fusion Task Force analyzes data on criminal and terrorist organizations in order to “develop target packages . . . to facilitate the disruption and dismantling of criminal entities that play a central role in the funding or support of terrorist activities [including] drug trafficking, money laundering and other forms of financial crime, extortion, armed robberies, kidnappings, revolutionary taxes, and weapons trafficking.”¹² However, with a \$33 million annual budget for the entire INTERPOL organization serving 181 countries, the Fusion Task Force is glaringly under-funded.

Generally speaking, terrorist and organized crime groups are more responsive and agile than the governments and multilateral organizations

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which pursue them. Rapid re-calibration of law enforcement procedures and tactics are vital if anti-terror, anti-crime efforts are to succeed. Terrorist and organized crime groups are unencumbered by official rules of engagement and can copy one another's best practices to stay one step ahead of law enforcement. Thus, as the walls between criminals and terrorists come down, so too must some of the walls between law enforcement and intelligence. If a terrorist group is engaged

in narcotics trafficking, the United States, or any nation for that matter, should not fail to share information between agencies that are tracking a group that engages in both terrorism and organized crime.

In the field however, this task has proven easier said than done. U.S. forces in Afghanistan have found that the political and practical realities of tactical counterterrorism operations may inhibit efforts to stop the nexus of organized crime and terrorism. A U.S. military official was recently quoted as saying: "We're on an operational mission here against al-Qaeda and the Taliban. A lot of that relies on the goodwill of local warlords and their men supplying us with intelligence and sometimes manpower." He added, "That goodwill is going to diminish if we suddenly start trashing their poppy crops and burning their opium warehouses."¹³

It is imperative that this threat must not be seen as two separate issues. When senior Pakistani officials raised the subject of counter-drug operations with the top U.S. authorities, including the former CENTCOM commander General Tommy Franks, they were told that the mandate given to the U.S. military was to wipe out terrorism from the region, and not drugs.¹⁴ While this may be a better tactical decision for the short term, affording criminal elements the tacit approval of U.S. forces will only encourage their narcotics smuggling. Terror groups and their allies might then one day take over this well-cultivated, "sanctioned" crime.

Conclusion

The year 2004 will be a period of great transition for the many players involved in this discussion, including organized crime and terror groups; U.S. intelligence, special forces, and law enforcement; and the political state-to-state relationships related to the global war on terrorism and crime. Terrorist groups are not only reeling from a loss of state sponsorship, but are being drained of funds through constant U.S. pressure on charities, electronic banking, and other worldwide efforts to end terror financing.

Whether the future will lead to a convergence of organized crime and terrorism, partnership or transformation, a potent threat is gathering and

altering its form by the day. This lethal cocktail, consisting of one part criminal, one part terrorist and one part weak or corrupt state, poses a formidable and increasingly powerful challenge to U.S. and global interests. Law enforcement and intelligence officials will have to be more agile and adaptable in responding the amorphous tactics adopted by terrorist groups. Many people previously believed that a nation could only be seriously threatened by another sovereign state. What occurred and continues to exist in Afghanistan under the combination of the Taliban, al Qaeda, regional warlords and criminal syndicates is frightening yet instructive: when these forces come together in a weak or failed state, the consequences for the wider world can and will be devastating.

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Notes

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