Targeting Terrorist Financing in the Middle East

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Preface

This paper deals with the financing of Islamist terrorist groups in the Middle East. It is these groups that have in the past decade become the center of terrorist activity in the region and elsewhere in the world. Furthermore, we can trace in the last two to three years a shift of Islamist terrorist influence from the Middle East to Central and Southern Asia. This shift is the result of several main factors. Among these, we can cite the fall of the Soviet Union and the Soviet defeat in Afghanistan; the Oslo Accord and the expected process of reconciliation between Israel and the Palestinians; the rise of national and nationalistic feelings in Southern Europe and the Balkan; and better cooperation of Middle Eastern countries in countering terrorism, even between the Israeli and Palestinian security services. All this has caused a re-centering of Islamist terrorist activity from the heart of the Middle East eastward, toward the Balkans—Bosnia, Albania, and Kossovo; toward the Caucasus—Chechnya and Daghastan; and lastly toward Asia—Uzbekistan, Kashmir, Afghanistan, and the Philippines. There is kind of national-Islamist terrorism even in Xinjiang in Western China, carried out by Uighur nationalists and Islamists.

This shift is part of another process of the globalization of the Islamist struggle.[1] But, to date, this shift in the focus and axis of Islamist terrorism has not changed one important fact: the ideologies, cultural influence and religious justification for this kind of terrorism still emanate from the Middle East and the Arab World. As long we are facing Islamist terrorism, the Arab Muslim World remains the source of what we may call the "Islamist radical culture." Two of the most prominent phenomena of the 1990s are ample evidence of this: the phenomenon of the "Afghan Alumni"/ Afghan Arabs" on one hand, and the spread of Islamist Suicide terrorism as a religiously legitimate *Modus Operandi*, from Lebanon and Israel to Turkey and—this last year to Chechnya and to Kashmir.

This paper does not deal with Islam or Islamic groups in general, nor does it present Islam or Muslims as violent. It examines the views and perceptions of radical Islamist terrorist groups towards Western culture and the way in which these groups present

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[1] On the most recent processes of the globalization of terrorism, see: Bruce Hoffman, "Change and continuity in Terrorism", paper presented at Oklahoma City National Memorial Institute for the prevention of Terrorism, April 2000. www.mipt.org/hoffman-ctb.html

this confrontation as a *clash of civilizations* or Islam vs. the West, and primarily how this affects their financing. For this reason, this paper uses the term "Islamists" or "Islamist terrorist groups." This term applies only to those Islamic groups that use radical misinterpretation of Islam in order to portray the religious duty of *Jihad* as meaning the use of violence and indiscriminate terrorism against civilians.

Introduction

Financing and fund-raising are difficult topics for research[2] when dealing with organizations in general, to say nothing of clandestine ones. The tendency of both the individual and community is to keep this issue private, far from public eyes. Dealing with clandestine groups is naturally much more difficult, and in the case of Islamist terrorist groups, perhaps the most difficult of all.[3] These groups are in many cases unique, compared to other kinds of known old or contemporary terrorist groups, such as nationalists, Marxists, or Anarchists. This uniqueness is the consequence of two main factors.

One is the Islamic religious element in which charity is one of the most important duties and is used as the primary means to disguise financial activity. The other is the relatively widespread support gained by Islamic movements, groups and organizations for political, social, or cultural reasons. Above all, there is the fact that these are religious groups, or at least pass themselves off as such. This is of great benefit in a society in which Islam is deeply rooted and highly respected among the vast majority of the Arab and Muslim World.

This religious element is most important in the case of the financing of terrorist groups. In recent years there has been a decline in the sponsoring of terrorism by states, as pointed out in the 1999 report, "Patterns of Global Terrorism" published annually by the US State Department.[4] What this means is that ***public support*** for terrorist groups has become the most essential element in fund-raising and the main source of finances. Indeed, contrary to what many might think, public fund-raising from individuals is the most important element in the finance of many institutes, associations and public organizations. This has been shown by researches and surveys in the U.S. We should therefore focus on this point too with regard to the finance of terrorist groups in the Middle East.

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[2]There were just few academic articles published on the issue. The best of them up till now is - James Adams, "The financing of Terror", in P. Wilkinson and A.M. Stewart (eds), *Contemporary Research on Terrorism* (Aberdeen, University Press, 1987). Most of the researches were dealing with the IRA and Irish terror groups. See: John Horgan and Max Taylor, "Playing the "Green Card" - Financing the Provisional IRA", *Terrorism and Political Violence*, Vol. 11, No. 2 (summer 1999), pp. 1-38. A good journalist survey of the financing of Islamist groups was published lately in English: Richard Labeviere, *Dollars for Terror: The United States and Islam* (New York, Algora Publishing, 2000). Translated from French (*Les Dollars de la Terror*) by Martin DeMers.

[3] It should be noted that even in the Patterns of Global Terrorism, the annual report of the US State Department, there is no serious analysis of the issue of financing terrorism. The issue is also relatively not dealt with in the Arab Media in the Middle East. An outstanding example of openness in the Arab press is an article of `Abd al-Rahman al-Rashid, *Arab News* (Saudi Arabia), 11 October 1998.

[4] Patterns of Global Terrorism: 1999, Introduction.
www.state.gov/www/global/terrorism/1999report/intro.html

Sources of the "Islamist Radical Culture"

The public support for such Islamist terrorist groups, so vital to their success and their financial prospects, is the consequence of four social and psychological factors underlying the Islamic social-political renaissance:

1. Islamic and Islamist movements and groups have succeeded in the past three decades in planting in Arab and Muslim societies the notion of a kind of global cultural war, in which they confront a global conspiracy against Islam as a religion, culture and way of life. Thus, concepts synonymous in the Western political culture with terrorism and political violence are now viewed by many in the Islamic world to be Islamic religious duties. Such concepts include *Jihad, Takfir* (refutation), *Istishhad* (Martyrdom, including by suicide), and *Shahid* (Martyr). The central notion, common to most of the Islamic movements and groups—those that carry out terrorism and political violence, and those that justify it and feed the atmosphere that promotes such activity— is that of being in a state of siege which calls for self defense. To the believers in this concept, the confrontation justifies the use of all means—particularly when these means are given religious legitimacy.

2. Many of the Islamist and Islamic movements and groups have succeeded in convincing many in the Muslim world that they represent the true contemporary interpretation of Islam. Moreover, most of these groups developed out of the perceived need to return to the earliest fundamental sources of Islam. Thus, they based their views on Islamic scholars like Ibn Hanbal and Ibn Taymiyyah of the Middle ages, and Ibn `Abd al-Wahhab of the 18th Century, who were leading fundamentalist religious scholars, as well as the most unyielding.

   The success of the Islamist movements lies in the basic diversity of Islam. However it also owes much to the lack of a single Islamic center that enjoys the confidence of the vast majority of the Muslim World on one hand, and the control of the modern secular regimes in the Arab and Muslim World over the religious establishments, on the other. Those establishments are viewed by large parts of public as servants and puppets of the secular state (*`Ulama' al-Salatin*), whose interpretations and rulings conform to the interests of the state. Thus, Islamic and Islamist groups and individuals have become the spiritual guides of quite a large Islamic population, and maintain a great deal of power and influence.

3. Most of the Islamic movements and groups, primarily those that emerged from the 1960s and after, present the Arab and Muslim regimes—and in some cases rightfully—as symbols of arbitrary oppression and the distortion of the social justice that is rooted in Islam. Thus, they instill bring their followers to sympathize with and support those who present themselves as the protectors of the weaker elements of society. Thus, in many cases they manage to recruit to their side elements of social, political, cultural and economic protest against various Arab and Muslim regimes. These elements also see themselves as

standing against the alleged global enemies and conspirators: The United States, Israel, the Jews, Western "Crusader" heretic culture, etc.

At the base of this phenomenon lies the inability of large sections of the Muslim public to cope with the technological, cultural, or economic aspects of Western modernization. This has brought about the tendency to blame the secular cultures and ideologies that have given rise to these regimes on one hand, and to find salvation in the return to Islam and its glorious past—a kind of "Messianism" that gives hope for a better future, on the other. Since Orthodox Islam is identified with the Islamic establishments of the modern nationalist secular—sometimes even revolutionary and socialist—states, the support was given to those who represented the opposite culture: the activist and radical alternative that stands against the state.

4. The Islamic social-political revival, particularly since the 1960s, is linked both to social changes in the Arab and Muslim World, and to the formation of an educated middle class in different countries. This middle class has in part distanced itself from the Western secular modernization and the institutions of the modern state: the military, government administration, social and economic institutions controlled by the state, the public media, etc. Another part of this class, mainly professionals with respected professions such as physicians, lawyers, pharmacists, engineers, academic scholars, or merchants who have suffered from the tendency to nationalize the economy by the state, have found in the Islam propounded by modern Islamist trends the solution for their problems. This process created quite a large and highly educated group of individuals, who viewed themselves as a social *Avant-garde*, and adopted Islamic and Islamist theories of various trends as a base for their social struggle.

The next stage was characterized by massive activity within the existing Islamic groups, along with the formation of new Islamic radical groups, followed by the publication of new ideologies that did not necessarily correspond with Orthodox Islam. Many of these newer ideologies won many adherents in the course of the ensuing violent struggle. Thus, there emerged ideologues such as Sayyid Qutb, the engineers Shukri Mustafa and Muhammad `Abd al-Salam Faraj, and Dr. Ayman al-Zawahiri and Dr. Rifa`i Ahmad Taha in Egypt, The Palestinian Dr. `Abdallah Azzam in Afghanistan, and Ossamah Bin Ladin in Saudi Arabia and Afghanistan. In addition there were the Palestinian Dr. Fathi Shiqaqi, Omar Muhammad Bakri in London, Dr. Hasan al-Turabi in the Sudan, the Tunisian Rashid al-Ghanushi now in exile in London, the Syrian Dr. Issam al-`Attar in Germany, and others. Alongside them emerged individuals of high Islamic religious education who encouraged the new radical Islamic perceptions and gave their counterparts religious legitimacy. These included Sheikh Omar `Abd al-Rahman in Egypt, who is now serving an American prison sentence, the Egyptian Yousef al-Qardawi now in Qatar, Dr. Yousef al-`Azm in Jordan, Fathi Yakan and Sa`id Hawwa in

Syria and Lebanon, Muhammad al-Albani in Syria, and the Palestinian As`ad Bayyoud al-Tamimi in Jordan.

All these processes assisted the Islamist groups in gaining more power and public support, and enabled them in some cases to attract certain social elements of protest and struggle for human and civil rights. But, there is another very important element to note here, mainly in regard to our issue. This is what we may call "Islamic atmosphere" created by movements and groups that are not connected to political violence or terrorism, and some of them even publicly condemn it or express its reservation towards it. Their importance for the issue on stake here lies in two linked elements:

- These groups and movements carry out the vast majority of political, social, cultural and educational Islamic work, both in the Muslim world and among Muslim communities in the West. Therefore, they serve as the most important element in creating and preserving the "Islamic atmosphere" that is used by more extremist and violent Islamist groups. They are in many cases a greenhouse for the emergence of violent groups and the preservation of worldviews of hostility towards the West or Western culture.
- The social, political, cultural, economic, educational and charity infrastructure of these movements are the main field of finance for Islamic projects that are used also as by product for the finance of violent and terrorist groups, on one hand. On the other hand, they are most active in consolidating Muslim communities in the West, and therefore set the grounds for massive fund-raising of militant Islamist groups among these publics.

The Islamic societies, either in the Muslim World or in the West, and the "Islamic atmosphere", even if non-violent, serve therefore a crucial element in the finance of Islamist terrorism as well as of social and cultural activity and of charity. Social Islamic work is also in many cases part of social protest, either against secular Muslim regimes or Western societies, a protest that facilitates the activity of some of the Islamist groups. The Islamist "terrorist culture" can be sketched as a pyramid -- in the bottom and base of it there is the large-scale activity of the Islamic non-violent groups, associations, institutes, and projects of all kinds. At the head of the pyramid there is the radical and terrorist activity. In the middle there are various processes that refine certain social elements into hatred, revenge, the search for power and violence. This violence is in many cases indirectly financed by innocent elements as a result of cultural violent influence.

The Finance of Islamist groups
The aforementioned factors and long introduction are very important to the understanding and explanation of the complexity of the financial and economic system of the Islamist groups. To the above-mentioned factors we should add the large and significant involvement of Arab and Islamic states in the finance of Islamic activity, which is directed not only to social and cultural issues but to terrorism and political violence, as well. On one hand, countries such as Iran, Saudi Arabia, Kuwait, Sudan,

and Pakistan, grant, directly or through official and unofficial foundations and companies, enormous sums of money to most widely range of Islamic movements, organizations or groups, or to numerous foundations, associations, institutions, charity associations, projects, and institutes all over the world, which often serve as front organizations of groups that engage in terrorism too. On the other hand, most of this finance feed, deliberately or indirectly, an atmosphere based upon Islamist violent perceptions that nourish public support for the phenomenon in general, and various groups in particular. Very often, and mainly in the case of Saudi Arabia and Gulf States, there are many wealthy individuals who donate a lot of money to Islamic movements or projects directly or through private foundations. The finance is private but in most cases it comes from officials or individuals of high public position in their countries, or member of the royalty, and the finance is therefore perceived as part of governmental support.

Additional factor for public support for Islamic movements and groups, including the violent ones, is the relatively large confidence that their activists enjoy as men of religion or religious authorities in the field of integrity and primarily in finance. Most of these groups are generally perceived as dedicating their activity just for public interest, and free of corruption. Paradoxes such as the cultivation of narcotic plants and selling drugs for the finance of Islamist groups in Afghanistan, Pakistan or Lebanon are forgiven in such societies. In these countries this is legitimate maintenance, and mainly while the narcotics are used for maintenance and not for personal use or distribution among Islamic societies. Some of the Islamic movements and groups that actually fight drug dealers and are concerned in the treatment of drug addicts, sometimes state in public the permission to distribute drugs among the "infidels", although there is no known Islamic ruling that publicly permits it.

Most of the Islamic and Islamist groups do not engage in criminal activities known from non-Islamic terrorist groups in many places over the world, such as robbery of banks[5] and property, extortion and criminal threats, taking hostages for ransom, etc. In the past three decades there were many cases of kidnapping, hijacking of planes and marine vehicles, tourists and government officials, but in order to release Islamist prisoners and not to finance terrorist groups. There were cases of robbery of arsenals of arms or other kinds of equipments. But, in all of these cases the clean public image of the groups that committed these acts, has generally not been damaged. There are also no known public or internal religious rulings that permit such acts, although in the case of such attacks against non-Muslims they had a kind of ideological legitimacy in the framework of "the struggle of self defense against the infidels".

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[5] There were few cases in which Islamist small groups planned to attack banks, not for robbery but in order to cause economic damage. The Egyptian Islamic Jihad, for example, planned to attack banks in Egypt because they did not follow Islamic Shari`ah. A member of the Egyptian group of Returnees from Albania told his investigators that the famous *Fatwah* of Ibn Taymiyyah against the Tatars applied to the banks. *Al-Sharq al-Awsat* (London), 8 March 1999, p. 10
On March 1999, members of the group of "returnees from Albania" were accused by the Egyptian authorities in planting explosives in front of three Egyptian banks in 1994. *Al-Sharq al-Awsat, 9 March 1999.*

Few exceptions in this regard were several religious rulings of Sheikhs of terrorist small groups, which permitted robbery of non-Muslims for the finance of the group. Sheikh Asa`d Bayoud al-Tamimi, one of the religious authorities of the Palestinian Islamic Jihad, issued in 1983 a ruling permitting his followers to rob property of Jews.[6] Egyptian Islamists of the Egyptian Islamic Jihad admitted in the investigations that followed the assassination of the late President Anwar al-Sadat on October 1981, that they had robbed jewelry stores owned by Christian Copts in Cairo and Upper Egypt, based upon a religious ruling.[7] In the case of the Egyptian Returnees from Albania, or "The Arab Balkans", who were tried in 1999, members of the Egyptian Islamic Jihad confessed that some members planned while staying in Jordan, Yemen, and Jeddah in Saudi Arabia, to rob jewelry shops in those countries. Unknown Sheikhs issued a special Fatwah for the purpose.[8] It should be noted that they failed to carry out the plans because they failed to secure the necessary weapons, had no safe routes to escape with the loot, and did not know how to sell the jewelry for cash or how to smuggle it. This means that they had no "criminal mind" or linked to any criminal circles.

In the investigations that followed the arrest in December 1999, of large group in Jordan that was linked to Osamah Bin Laden and his Al-Qa`idah, some of the detainees admitted the planning of robbery of Christians in Jordan to finance their activity. It was not known whether they had a religious ruling for that.[9] Some Islamists were involved in 1999 in the kidnapping of tourists in Northern Yemen for ransom, but it appeared as if this activity was part of the widespread phenomenon of kidnapping among the Yemenite tribes there. Involvement of terrorism, guerrilla warfare, and criminal activity of Islamist groups is widespread in Chechnya and the Caucasus, as it was in Bosnia, Albania and Kossovo. But, it seems that it is a result of the political and economic culture in those regions, and connected to nationalist groups that carry out there a struggle of more national than Islamic nature.

A prominent exception, which is far from the Middle East, is the Islamist radical group of Abu Sayyaf in the Southern Philippines, which turned kidnapping of Western tourists, Christian missionaries and local businessmen into a thriving industry. This group, which split in 1991 from the Moro National Liberation Front (MNLF), has raked so far, according to military officials in the Philippines, from ransoms, about $5.5 Million. Most of the money is spent on buying arms.[10] The case of the Abu Sayyaf group is unique among Islamist groups, and there is a great doubt whether the group acts on the basis of religious Islamic rulings, like the MNLF, its father group. But, there is an interesting connection between these groups, mainly in recent years – their links to Al-Qa`idah and the rising role of the Egyptian and Palestinian Islamists both in Afghanistan, and in various other regions connected to the influence of Bin

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[6] The *Fatwah* was clandestinely sent from Jordan to the West Bank on audiotape. A private collection of the author.
[7] See:
[8] *Al-Sharq al-Awsat* (London), 8 March 1999.
[9] *Al-Rai* and *Al-Dustur* (`Amman), 20 April-17 May 2000.
[10] *Manila Times*, 7 August 2000.

Laden. It seems that whether they have religious ruling for criminal activity against non-Muslims or not, the perception of the global struggle of Al-Qa`idah and the *Fatwah* issued by Bin Laden on February 1998, following the formation of "The Islamic International Front for the *Jihad* against the Jews and the Crusades", give them the legitimacy to commit criminal acts against the "infidels".[11]

Islamic organizations that engage in social and communal activity alongside their terrorist one, such as Hizballah in Lebanon, Hamas in the Palestinian territories, Harakat ul-Ansar in Pakistan, and others, also enjoy public support and sympathy for their efficiency in assisting the public. They usually do it better than their governments. The most prominent groups in this sense in the Middle East are those that belong to the Muslim Brotherhood or their school. The Brotherhood developed a comprehensive organizational theory of the formation of an economic infrastructure, totally independent. This economic activity is integrated in the religious duties of charity, and hence, it is sometimes immune from the attacks of the hostile regime. But, this factor is also in many cases, the main cover of such groups for the legitimacy of their fund raising, transfer of money and the finance of illegitimate activity, subversive or terrorist.

Muslim communities in the West

A very important element in the field of the finance of Islamist terrorist groups and the globalization of Islamist terrorism, which has not yet been sufficiently observed by Western countries, is major developments among Muslim communities in the West, mainly the growing alienation between many of them and the surrounding Western societies. Hatred of foreigners in the major countries in Europe, poverty and unemployment, difficulties in coping with Western modernization and values, clash of values and cultures, and disintegration of family values, brought about a growing significant social and political activity of Islamist activists among them. Islamic social and welfare movements, which are not part of the radical trend, help in creating the Islamic atmosphere that directly and indirectly assists the radicals too, and mainly in fund raising, recruitment of supporters and members, establishing all kinds of institutions, and distributing different kinds of publications. Above all they attempt at planting in growing Muslim societies in the West the perception of viewing Western culture as the enemy - the party of the devil (*Hizb al-Shaytan*) contrary to the true believers - the party of God (*Hizballah*).

An important experience of the consolidation of Muslim community has been led by the Pakistani Dr. Kalim Siddiqui, who lived for many years in London and directed the Islamic cultural center of the pro-Iranian circles there. Siddiqui, who was one of the first Islamic ideologues to talk about the globalization of the Islamic struggle, was behind the theory of the **"Non-territorial Islamic State"**. In the framework of this ideology he established in the 1980s the Muslim Parliament of the UK, in an attempt to create an Islamic body to represent all the different groups of the Muslims in the UK, who originated from many Muslim countries of various Islamic sub-cultures and

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[11] For an interesting analysis of this *Fatwah* see: Magnus Ranstorp, Interpreting the broader context and meaning of Bin-Laden Fatwah, *Studies in Conflict Terrorism*, Vol. 21, Oct.-Dec. 1998.

trends. He viewed the Muslim parliament not only as the minority political system for Muslims in Britain. The parliament was meant to be first of all the base for the "Non-territorial Islamic State". The key word for him was **power** – the State was the instrument by which a community could exercise its collective power in action.[12]

In many cases Islamist activists influence on parts of Muslim publics whose religious knowledge is poor. As a consequence of social pressures they tend to adopt motives that sometimes lack religious rules or norms and emphasize the social and political confrontation. The radical perception of Jihad is therefore more attractive and appeal to many of them. According to press reports quoting court papers of US prosecutors, this element has been used by Bin Laden through international companies and relief organizations that were front organizations, and recruited through them US residences communicating with them by fax, satellite phones and coded letters.[13]

A good recent example for the use of Muslim communities in the West is the story of the Algerian Ahmad Rassam who was arrested on December 14 1999, in the US-Canadian border with explosives. His arrest and following arrests in the US and Canada, uncovered a plot to carry out terrorist operations in different places in the US, on the occasion of the Millennium by the Algerian Islamist group GIA. American investigators linked this plot to Bin Laden and his global struggle. Rassam was part of the growing Algerian community in Montreal, where according to press reports "people seeking refugee status can drop from sight despite arrest warrants and deportation orders". He entered Canada in 1994 with a forged French passport and applied for refuge, claiming he fled from torture and persecution. He did not show up to the hearing on his refugee claim and was therefore denied. He was arrested in August 1995 upon an order of deportation, but was released after a month and was asked to arrange his status with the immigration authorities, which he failed to do. Only in May 1998 immigration officials issued an arrest warrant for him, but he was not found. In June 1998 he was arrested for theft but was not demanded by the immigration authorities and disappeared among the 30,000 Algerians living in Montreal.[14]

Statistics and data published by various bodies of the United Nations show a growing number of people from Muslim countries that seek refuge and asylum, mainly in Germany (40%), the UK, the Netherlands and France. The number of Algerians seeking refuge or political asylum in Europe in the years 1990-1993 for example increased from 1600 to 14,000 per year.[15] In February 1998, the German Minister of Interior decided a temporary ban on the deportation of Algerians in response to the upsurge in violence in Algeria. An estimated 6,500 rejected Algerian asylum seekers remained in Germany in 1998. The number of first-time asylum seekers in Germany in

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[12]For a good account of Kalim Siddiqui's views in this respect, see: "Kalim Siddiqui's vision of a minority political system and a non-territorial Islamic state", by his successor in office Iqbal Siddiqui. http://muslimedia.com/archives/special-edition/ks-thought/ksthot3.htm

[13]*The New York Times*, 23 January 2000.

[14]Associated Press, 23 December 1999. www.bouldernews.com/news/worldnation/23atterr2.html

[15]"Background paper on refugees and asylum seekers from Algeria", UNCHR, Center for Documentation and Research, Geneva, 1995. www.unhcr.ch/refworld/country/cdr/cdrdza.htm

1998 was 143,429, most of them from Muslim countries including Bosnia and Albania. It was a decrease from 1992 numbers – 438,191 – but in general the number of Muslim immigrants to Germany itself was over one Million people.[16] The major violent events in the 1990s – The Gulf war, Iraqi war against its Kurds, Bosnia, Albania, Kossovo, Afghanistan, Algeria, Chechnya, and elsewhere, brought waves of Muslim immigrants to West European countries, seeking refuge, political asylum and work. This is beside "regular" immigrants, many of them illegally that do not appear in the official statistics. The UK faced in the second half of the 1990s a significant increase of asylum seekers and refuges, who made the government announce on July 1998 an administrative reform to clear "the huge backlog of asylum applications in a parliamentary White Paper called "Fairer, Faster, Firmer – a modern approach to immigration and asylum".[17]

Muslim immigrants to the US are minority among the enormous number of immigrants from all over the world, but the statistics published by both the US and the UN show a significant increase in the past decade. The US is very active in seeking solutions by resettlement of refugees from areas of risk in other countries, but had during the 1990s to increase the admission of refugees in the US as well.[18] Statistics of political asylum cases approved by immigration judges in the US between 1989-1999 shows that only 22.4% of the applications were approved. But, in the case of Muslim countries, such as Bosnia, Afghanistan, Sudan, Somalia, Iran, and Iraq, the majority of the applications were approved.[19]

The increasing number of Muslim immigrants to Europe and the US was a result of the political violence in Muslim countries in the 1990s. In many cases those immigrants and asylum seekers were actively involved in violent events and may be easily affected by extreme radical Islamist ideas.

In most cases the long-term goals of many radical groups are vague. They tend to speak in terms of an eternal global mission in accordance with the basics of orthodox Islam, whose victory, even though according to their belief is secured it is going to become true only in the far future. They also lack normal political observance, and therefore they are not pragmatic except for in case they are confronted by force, like what happened in the second half of the 1990s. When Arab regimes started to fight the Islamists by force, we have witnessed the start of a move from terrorist groups to the demand to become legitimate political movements and parties. It happened during

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[16]Worldwide Refugee Information, Country Report: Germany 1999.
www.refugees.org/world/countryrpt/europe/germany.htm
See also: Steven Edminster, "Recklessly Risking Lives: restrictive interpretations of "agents of persecution" in Germany and France", Worldwide Refugee Information, 1999.
www.refugees.org/world/articles/wrs99_agentspersecution.htm
[17]Worldwide Refugee Information, Country Report: United Kingdom, 2000.
www.refugees.org/world/countryrpt/europe/united_kingdom.htm
[18]Worldwide Refugee Information, UNHCR, "US government gear up to double refugee admissions from the Middle East and South Asia", December 1999. www.refugees.org/world/articles/unhcr_rr99_11.htm
[19]Asylum Cases decided by Immigration judges approved or denied, by selected country of origin, 2000.
www.refugees.org/world/statistics/wrs00_table3.htm

1998-99 in Egypt, Algeria, the Yemen, and partially affected the relations between Hamas and the Palestinian National Authority (PNA). A very important element in this regard was the significant decline of public support for these groups in their homelands, as a result of their murderous operations, mainly in Algeria and the operation in Luxor in Egypt on November 1997, which shocked the Egyptian public and the Islamic establishment. But, this process was also part of the shift of Islamist terrorism to globalization. Islamist groups started targeting the growing Muslim communities in the West in order to seek support.

A crucial element in the 1990s and if we look at the near future, is the massive fund raising for all kinds of Islamic activity in Europe and the US. In many cases the money is spent on social and cultural projects, either for the benefit of Muslim population in the West or in the Arab countries. But part of it is raised by various radical Islamist groups or by front organizations and institutions established by them. US officials reported that they have discovered during investigations that a significant number of Islamic terrorists were concealing their activities and sources of funds by using charitable organizations as fronts. Many of these charities do substantial community service work. Such investigations are not easy and can raise allegations of targeting religious or ethnic groups.[20]

An Algerian immigrant to Canada who was writing a doctoral thesis on Islamic groups claimed that Canada has served as a transit point for much of the $137 Million raised worldwide for the Islamic movements in Algeria. He found that GIA was using tactics ranging from special taxes to outright extortion to raise money funneled through Canada. The group had only little support among the Algerians in Montreal, but exploited the freedom under the Canadian Rights Charter to operate in that country.[21]

The Means of Finance

The means of financing terrorist groups in the Middle East vary from direct transfer of cash money to terrorist groups with special couriers[22], through the transfer by variety of legitimate bank accounts, to the finance of a large range of associations, institutions, institutes, and various kinds of social and educational projects, hospitals, orphans and other humanitarian goals.

The money is transferred to the Arab or Muslim World by sophisticated and secret, but in most cases legitimate, transactions, through bank accounts in Europe, the US and the Middle East. Some of the Islamic institutions in the West are used also to money laundry of big sums of money transferred from different countries or wealthy individuals in them, primarily Iran, Saudi Arabia, Kuwait and other Gulf states.

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[20]ERRI daily intelligence report, 17 February 2000, Vol. 6-48. www.emergency.com/1999/bnldn-pg.htm
[21]The Daily Camera, 23 December 1999. www.bouldernews.com/news/worldnation/23atterr2.html
[22] For example, in two cases on 1990 and December 1992, a special courier arrived at Israel with suitcases of 100,000 US$ each, in order to give the money to Hamas activists. In his interrogation and trial he confessed that the money was aimed at the reorganization of the terrorist activity of the movement. But, it should be noted that the money was transferred for the terrorist activity and not for the social one. It might mean that in the case of Hamas, there was total separation between the two fields of activity.

During the 1990s this transfer of money has gradually increased, after the Gulf States stopped to finance the PLO because of its position in the Gulf war, and moved their financial support to Islamic groups, organizations and projects. This element brought about the foundation of many kinds of institutions, cultural centers, publications, research institutes and welfare associations that one of their main goals was fund raising and money laundry, beside their use for the spread of radical Islamist messages among Muslim populations in the West.

The finance of social projects among Muslim societies in the Middle East and in the 1990s in the Balkans, and in Central and Southern Asia is a controversial issue in many cases. The Saudi example is this case is the most controversial. On one hand, the Saudi government is the greatest financier of Muslim relief organizations all over the world. But, on the other hand, by doing so in certain areas it directly assists publics that support terrorist Islamist groups and indirectly assists these groups. There is lot of reports on one of the Saudi official relief organizations – IIRO, The International Islamic Relief Organization – as if it provides financial support to Wahhabi groups in the Middle East and Central Asia. Other recent reports even connect IIRO with Bin Laden, although the information does not seem reliable.[23] According to IIRO publication in its website, the organization granted in the period 1987-1995 418 Million US$, 140 of them (33.4%) to "special projects".[24] These special projects are not detailed, unlike other issues such as education, health, social welfare, or goods donation. It does not mean that IIRO is financing terrorism, but part of their projects finance various kind of matters that indirectly serve terrorist groups and the support for them. The IIRO is connected to the Saudi governmental organization of the Muslim World League (MWL), the biggest Islamic relief organization on earth, which has over 100 branches in more than 30 countries.[25] The organization, and the biggest Kuwaiti Islamic Relief organization, has often been accused of financing Islamist terrorist groups by Arab governments, Egypt in particular.

The issue of the finance of Islamist terrorism was raised in the last years mainly in regard to Osamah Bin Laden, who appears in many documents, press reports and probably intelligence reports as the wealthiest financier of terrorism nowadays. On April 2000, the British Times published a report from British intelligence sources, on an investigation of the British security agencies due to reports that Bin Laden "has been funding young British Muslims at armed training camps, and that "military Islamic groups" recruited and sent 200 British youngsters to desert camps in Pakistan, Afghanistan, and the Sudan". Some of them took part in battles and were killed.[26]

The real wealth of Bin Laden is not publicly known, and the range of his wealth as reported by the Media is between millions to billions of $US. His family, which owns in Saudi Arabia an empire of business companies in the field of constructions, is really very wealthy. But, the Saudi authorities deported Bin Laden in 1994, and since then he

[23] *Manila Daily Inquirer*, 9-11Agust 2000.
[24] www.arab.net/iiro/finance.html
[25] www.arab.net.mwl/organization.htm
[26] www.emergency.com.ennday.htm 15 April 2000.

found refuge in the Sudan and since 1996 in Afghanistan. There is no reliable information about his real fortune and how much of it is invested in terrorist operations. Besides, he is residing in the past two years since the terrorist explosions in the American embassies in East Africa on August 1998, in a limited area in Afghanistan. Although he is secured by the patronage of the Talebani regime in Afghanistan, we may assume that his ability to run business from there is very limited if at all possible. According to American intelligence reports Bin Laden is also suffering from several diseases in his bones and kidneys, and is supposed to be replaced in the near future by Dr. Ayman al-Zawahiri, the leader of the Egyptian Islamic Jihad group.[27] Other reports are claiming that Bin Laden is even going to die from liver disease.

In fact, at least the case of the Jordanian group that was arrested on December 1999, and suspected by the Jordanian authorities to be linked to him, may raise doubts as to his finance of terrorist groups linked to him. In their confessions, as brought to court and published in the Jordanian press, they admitted in planning robbery in order to finance their activity, and in receiving very small sums of money from abroad, no more than 2000 $US.[28] It may prove that Bin Laden did not finance them and that the reports about his finance of terrorist groups and operations are far from reality. In a case of Palestinian Islamist group uncovered by Israeli security service in April-June 2000, and whose leader was linked to Bin Laden, the story repeated itself. Most of their finance came from Hamas sources. In an investigation in the United States of alleged Bin Laden network in 1999, about 11,000 US$ were sent from the US to an Islamist activist linked to Bin Laden in the Middle East, and not the way it was supposed in a terrorist network financed by Bin Laden.[29]

In general, the issue of the finance of Islamist terrorism looks sometimes exaggerated in the Media or in the use of politicians. This is a very difficult issue to research relying on open sources. But it seems that the vast majority of the money raised by Islamic movements, groups and organizations is spent on their social and welfare activity, rather than on direct terrorism. But, taking into consideration the afore-mentioned pyramid of Islamic activity, the terrorist Islamist groups and mainly global Islamist networks, indirectly enjoy a lot of support by this process of fund raising.

This last process has started to decline in the past two years in the US, as a result of legislation and federal investigations, mainly in the case of the Palestinian Islamist groups of Hamas and PIJ. But none of the American steps has been so far taken in any of the European countries, which continue to be an ideal greenhouse for Islamist radical activity, and above all the UK. The countering of this kind of terrorism, even by legislation and other non-violent means, and above all Western cooperation, is crucial for the fight against Islamist radical terrorism, and if European countries join the US in this field it could lead to the decline of at least the massive fund raising.

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[27]www.emergency.com/1999/bnldn-pg.htm
[28]*Al-Ra'I and Al-Dustur* (Amman), April 20-May 17 2000.
[29] *Al-Majallah* (London), 12 September 1999.

British authorities took their first real move in this field just lately in January 2000. The British Charities Commission issued a ruling that stripped a charity associated with the Muslim Cultural Society of its tax-exempt status, and declared that the organization could no longer be called a charity. Sheikh Omar Muhammad Bakri, an ex-Tahrir activist who heads a group called Al-Muhajiroun and a known activist in the Islamic circles in the UK, directed the charity. British press reports claimed also that he was also the head of the political wing of the Islamic Political Front (IPF), which has sent British volunteers to Pakistan, Afghanistan, Bosnia and Chechnya. The military wing of the IPF was allegedly founded by Bin Laden.[30]

A good example for the real goals of various Islamist institutions and centers that were established in the US and Europe in the last decade, is an internal document written in the early 1990s by activists of one of the most radical Middle Eastern Islamist groups: the pro-Iranian Palestinian Islamic Jihad. The document sets forth a comprehensive plan to establish a hostile intelligence organization in the US and elsewhere. Among other things it states, "Our presence in North America gives us a unique opportunity to monitor, explore and follow-up… We are in the center that leads the conspiracy against our Islamic world. Therefore, here we can monitor and watch the American policies and the activities of those questionable organizations, and establish a center for studies, intelligence and information". Part of the activities of this "center for studies" is "military training programs, benefiting from the available opportunities that exist in this country".[31] This institute is a subject of investigation by US authorities for the past five years.

Conclusion: Targeting the finance of terrorist groups
The most important elements in the financing of Islamist terrorist groups are the public support of Islamic societies and communities in the Middle East or elsewhere in the Muslim World, or in the West, for the socio-political messages and interpretations presented by these groups in religious cover. The social element is important in the financing of these groups, since the social, welfare, charity, and relief activity is an essential element in the consolidation of communities that support such groups.

Even in cases where Islamic societies or parts of them, do not support terrorism *per ce,* in many cases they support the atmosphere of anti-Western or anti-Jewish messages of Islamist terrorist groups. This factor is vital in the ability of terrorist groups in the Middle East, or Middle Eastern terrorist groups elsewhere, to raise funds, launder money through legitimate institutions, and maintain financial facilities.

Among Muslim communities in the West there was a social change in the past decade or two. The first generation of immigrants sought to merge into Western society and was much occupied with economic difficulties. The expectations of the second and third generations of immigrants were in many cases unfulfilled, reinforcing their alienation from the Western societies that surround them. Although in many countries, primarily the United Kingdom, Scandinavia and Germany, they were granted generous

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[30]www.emergency.com/ennday.htm 20 January 2000.
[31]Internal document of the Palestinian Islamic Jihad. A private collection of the author.

economic support, as well as freedom of speech and activity, organization and education, there was a flood of financial support from the wealthier Muslim countries that assisted them in building and promoting their own communities. The Westerners' resentment of foreigners in their midst, and the ongoing difficulties of coping with modernization, unemployment and traditional culture, allowed a wide range of Islamic infrastructure to thrive in the Western democratic system, which could serve as a most suitable greenhouse for Islamist movements and groups and their financing. A variety of associations in London, or research institutes in the United States, for example, could serve as the backbone of terrorist Islamist groups for diverse goals: recruitment, fund-raising, publications, communications and so on. This element seems to reinforce the internationalization of Islamist terrorism in the Middle East or Asia. Thus, the growing feeling of alienation among Muslim youth is perhaps the most important factor in analyzing the prospects of future Islamist terrorism in general, and the financing of terrorist groups in particular.

The list of Middle Eastern and Asian Islamic relief organizations is enormous, and most of them are active in Western countries, where the supervision over them is very difficult under democratic laws. Most of them have very active Internet websites to promote their activity, primarily among Muslim communities in the West. There have been just few cases in which governments or security services succeeded in proving the link between such funds or associations to terrorist activity. In most cases there were investigations that led to no results. Foundations like Interpal in the UK, Holy Land Foundation in Texas, USA, Al-Aqsa Foundation in Germany, and others, were subject of investigation without any real success. One reason for the lack of success was non-sufficient cooperation and different views on how to deal with terrorism in general, and with this kind of religious terrorism in particular. These differences exist between Western countries, mainly the European Commonwealth and the United States, or between Arab and Middle Eastern countries. The disputes in the Arab world are crucial for countering the financing of Islamist terrorist groups, since a major part of the financing comes indirectly from Arab governments, institutions or wealthy individuals. The issue of financing Islamist terrorist groups was in some cases a source of accusations of Arab governments toward other Arab states. A good example was accusations made by the Egyptian government against Kuwait.[32]

In the last years there have been several initiatives on the international or national fields to block the funding of Islamist groups. In his testimony before the International Relations Committee of the US House of Representatives in July 2000, Ambassador Michael Sheehan, Coordinator for Counter-Terrorism in the US State Department, has stated:
> "One of the most important ways to combat terrorism is to disrupt the financing of terrorist groups and activities… The ability of terrorists operating in Afghanistan, for example, to obtain funds and other material support is a symptom of the other primary trend in terrorism: the shift from terrorist groups

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[32] *Al-Majallah* (London), 4 September 1994.

sponsored by states to international networks of terrorists not affiliated with particular governments."[33]

On 9 December 1999, the General Assembly of the United Nations adopted the **International Convention for the Suppression of the Financing of Terrorism**[34] **on the initiative of France.** So far, only 25 countries have signed the convention and no one has ratified it[35]. The last one to sign so far was India, this month. But, the convention could come into force only after 23 countries ratify it. This situation reflects the main obstacle for targeting the financing of terrorism: the absence of real international cooperation. This is not new, but the decline of sponsoring terrorism by states should make this cooperation easier to achieve, since national political interests and considerations towards certain states no longer exist. Countries like Russia, India, and China, joined the Western countries that for years suffer from Islamist terrorism, in the call for better cooperation, but the real advance in cooperation is still very slow.

Where lies the problem, and what is the main obstacle?

The "ordinary" obstacle lies in the different interests of different countries, suspicion, and competition in their relationships with Muslim countries, which are all natural factors in international relations. In the case of the war in Bosnia, Albania, and Kossovo, the Muslim rebels were the "good guys" and the Serbians were the bad ones. In the case of Chechnya, the "bad guys" are the Islamic rebels who are assisted by a battalion of "Arab Afghans" that are accused in relations to Bin Laden.

But the main obstacle is found in the failure to deal with internal socio-political problems. This paper cannot enter the so wide field of analyzing the solutions for the socio-economic problems of Muslim communities in the West or Muslim societies in the Middle East. But, in the narrow field of countering the financing of terrorist groups there should be first of all better understanding of the importance of the role of Islamic infrastructures as the main source of financial support for Islamist terrorist groups. Much better supervision on such infrastructures does not necessarily means fighting Islam, even though Muslim communities and countries would like to present it. Such supervision must be accompanied not only by international conventions, but also by national and *coordinated* **one,** in different Western and Middle Eastern countries. Means, such as the United States has started to legislate since 1996, should be imitated by other countries and parliaments, and such a legislation could bring better cooperation.

Last but not least, is the cooperation between countries in the field of intelligence. Information about institutes and associations that serve as financing bases for terrorist groups should be exchanged between polices and security services, and not only in the case of planning of terrorist operations but on a regular basis. The globalization of

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[33] Sheehan testimony on Counter-Terrorism and South Asia, 12 July 2000. www.usembassy.org.uk/terror117.html
[34] For the text of the Convention, see: www.un.org/law/cod/finterr.htm
[35] www.in.news.yahoo.com/000908/42/6aq6.html

Islamist terrorist networks should be followed by the ***globalization of cooperation*** in countering them.