

**POINTS MADE IN THE STATEMENT BY THE HEAD OF THE
CIS ANTI-TERRORISM CENTRE AT THE THIRD MEETING OF THE
COUNTER-TERRORISM COMMITTEE OF THE UNITED NATIONS
SECURITY COUNCIL WITH INTERNATIONAL, REGIONAL AND
SUBREGIONAL ANTI-TERRORIST ORGANIZATIONS**

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The link between terrorism and crime — non-banking finance

Ladies and Gentlemen,
Colleagues,

International terrorism, which has become a large-scale security threat, is undergoing significant changes. We are observing its transformation both as a socio-political phenomenon and as a particularly dangerous form of crime.

Terrorist organizations are diversifying the forms and the methods of their criminal activities, placing emphasis on contemporary technical possibilities. The leaders of terrorist groups are resorting to the most inhuman means of instilling fear into the population and the authorities in attempting to dictate their will to them. At the same time, there exists a trend towards the merging of various forms of regional and international criminal activity and towards an increase in threats of a terrorist nature. We are witnessing a fusion of terrorism with transnational crime in its various forms: illegal trafficking in drugs and arms, the use of mercenaries, kidnapping and illegal migration.

First of all, these changes are occurring as a result of the active incorporation of terrorist methods into the practices of organized crime and drug trafficking, as well as those of organizations having a religious-fundamentalist or totalitarian bias, and as a result of a significant increase in the degree of participation of these groups in terrorist activities. Criminal groups are employing terrorist tactics as their weapons, while terrorist groups are involved in criminal activities in order to obtain the financial and material resources they require.

The general preconditions for co-operation between criminal organizations and terrorist groups are an adherence to anti-social ideas, a highly organized structure as well as shared interests and aims covering a certain period of time and certain regions. The existing relationship between terrorism and criminal activities has the potential to significantly increase the possibilities of extremist groups and criminal organizations, as well as to exacerbate the crime situation in certain regions and countries. The development of organized crime and other forms of criminal business is increasingly becoming a necessary condition for the existence of powerful terrorist groups and their activities. Kidnapping for ransom, drug trafficking, control of ethnic criminal organizations and a shadow economy designed to yield financial resources and promote rackets and smuggling — this is far from an exhaustive list of the criminal manifestations of terrorism on a national and international level. Suffice it to say that ordinary criminal offences lie at the basis of preparations for any significant terrorist acts — seizure of weapons and explosives, for example, and sometimes of means of transport.

An analysis of recent terrorist activities in the Eurasian area, which was conducted by the Anti-Terrorism Centre of the Commonwealth of Independent States (CIS), showed that at present one of the main motives for terrorism both on the territory of the CIS and throughout the world is to obtain funds. Terrorism is changing from “compulsory diplomacy” into an end in itself for the criminals who use it. And it has long ceased to be a secret that for the majority of terrorist groups, terror has changed from a means of realizing political objectives into an economic resource; quite simply it has become a business.

This being so, the main source of finance for terrorist activities and hence for the profits of terrorist ringleaders is not so much the income obtained from various kinds of “criminal business” as funds received directly from those ordering the attacks.

Many methods are used to transfer money to the terrorists, the safest of which from the standpoint of those organizing the terrorist actions is cash transfer by special couriers and transfers effected through so-called “Islamic banks” which do business on the basis of Islamic law. The so-called “Havalya system”, which involves simple transfers of cash to a bearer and makes cash deals a good deal safer, has been widely used in South Asia and the Middle East. This system is based on trust and confidence that the funds thus transferred will be paid directly to the recipient indicated by the person initiating the transfer. In practice this method of transferring funds for the use of terrorist organizations is the most widespread because it makes it possible to avoid naming the sponsor or receiver and the quantity of funds being transferred.

In this context, practical steps to halt the financing of terrorism must take into account the complex interrelationship between the practical actions of the intelligence services and the rules of law underpinning them. The main difficulty here lies in the need to observe the bank and commercial secrecy required by the private interests of individual citizens and organizations and reconcile the whole operation with the economic security of States as a whole.

Certain difficulties are caused by the lack of any consistent formulation of the lists of terrorist organizations whose activities are prohibited in particular States. Such lists are often produced at the national level on the basis of “double standards” dictated by an egoistic approach to questions of security affecting the international community and neighbouring States. This merely plays into the hands of the sponsors of terrorist organizations, including those engaged in offshore operations.

The merging of terrorism with organized crime, the widespread and complex system that sponsors terrorism, and the broad international connections of terrorist organizations make it impossible to combat terrorism effectively by relying on the success of isolated actions conducted by the intelligence services and law enforcement agencies of individual States. We need to develop agreed approaches to the determination of priorities in counter-terrorism activities. Success in the war on terrorism depends more and more on carefully co-ordinated and in many instances common efforts to combat all forms of highly organized anti-social and criminal activity.

An example of such collaboration at the global level can be seen in the co-operation of regional anti-terrorist organizations under the aegis of the Counter-Terrorism Committee of the United Nations Security Council and the United Nations Office on Drugs and Crime,

as well as in close interaction with the Financial Action Task Force on Money Laundering (FATF). The International Convention for the Suppression of the Financing of Terrorism, United Nations Security Council resolution 1373 of 2001 and the FATF recommendation on the laundering of money obtained by criminal means have become powerful instruments in the hands of national and regional anti-terrorist organizations.

In the countries belonging to the Commonwealth of Independent States a regional security system incorporating a number of anti-terrorist bodies has been set up. These include the CIS Anti-Terrorism Centre, anti-terrorist structures established under the aegis of the Collective Security Treaty Organization and its forces-related component, and also the Shanghai Co-operation Organization.

As the agency responsible for co-ordinating the work of the intelligence services of the CIS member States, the Centre is endeavouring to harmonize the approaches to combating terrorism in our countries and increase the effectiveness of co-operation between the member States in this area. At the same time, we do not wish to duplicate the aspects of counter-terrorism co-operation provided for by multilateral and bilateral agreements but rather to ensure that the entire multi-component security system of the Commonwealth States in this area is co-ordinated.

A specialized database containing information on terrorist organizations, individuals involved in terrorist activities and structures suspected of financing terrorism, which is to be constantly updated and made available to agencies directly involved in the fight against terrorism, has been set up at the Centre. A number of arrests have been made on the basis of this information and persons under investigation for involvement in terrorist activities have been extradited.

A number of priority areas have now been identified for the international community's efforts to combat the financing of terrorism.

The main thing is the integration of all those involved in counter-terrorism activities at the national level and the co-ordination of their work at the regional and international level. In this context — without going into bilateral and multilateral co-operation between the relevant national agencies — counter-terrorism activities must be co-ordinated on the basis of a hierarchical model: international — regional — national counter-terrorism structures. This is essential to avoid a duplication of functions and any unnecessary complication of the global counter-terrorism system.

The next most important issue is the creation of an effective mechanism for the exchange of information on terrorist organizations, sponsors of terrorism and ways of combating them at every level of counter-terrorism work. This mechanism should involve not only the exchange of analytical and technical information as well as information on law enforcement but also the drawing up of uniform regional lists of prohibited organizations and their reciprocal recognition by the States of the region.

A no less important aspect of counter-terrorism is the establishment of specialized national bodies whose task it will be to combat the financing of terrorism and toughen the penalties for sponsors of terrorism. Tougher punishment for the financing of terrorist organizations may be achieved by treating it as a crime just as serious as the terrorist

activities themselves and by adapting national laws and bringing them into line with one another in this area.

The implementation of these measures requires technical assistance on the part of the most developed countries of the global community, with appropriate co-ordination at the regional and international levels.

We believe that precisely this kind of approach — taking due account of the common interests of the States of the world community while bearing in mind their national interests — will help to create a global security system for combating terrorism. In this connection, inter-State co-operation in combating the financing of terrorism must not be an end in itself but rather an instrument for solving specific problems together. The success of this effort will be demonstrated by the practical benefits which the participants derive from it.

Thank you for your attention.