

GLOBAL TERRORISM: THE MULTI-BILLION DOLLAR BUSINESS

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Global Terrorism: The Multi-Billion Dollar Business

When most people think of terrorism or terrorist groups, often thoughts immediately go to violent terrorist attacks, extremist ideologies, or war-zones. What individuals often don't think of is the oxygen that keeps terrorist groups breathing – money. At their root, however, terrorist groups are in the business of raising funds and seeking out financial sustainability. Without solvency, groups would be unable to fund their operations and, therefore, unable to spread their ideologies. To quote Amos Gilad, the former director of the Israeli Defense Ministry's Political-Military Affairs Bureau, finance is indispensable and "like fuel for the car."

Activities that terrorist groups engage in to underwrite their primary activities vary depending on the geography and group strength. For example, many engage heavily in the narcotics trade, kidnapping, larceny, tobacco smuggling, human trafficking, and kidnapping. Groups that control geographical areas may also engage in typical state-like activities to raise funds such as taxation. Other groups also raise funds through aligned charities and businesses. Increasingly, groups are also using cryptocurrencies so as to more efficiently conceal their operations. A prominent example of this is the case of New York state's Zoobia Shahnaz who raised over $85,000 for the Islamic State (ISIS) using cryptocurrencies. This intersection of legitimate and black-market activity is what allows some terrorist organizations to persist despite strong offensive operations by governments.

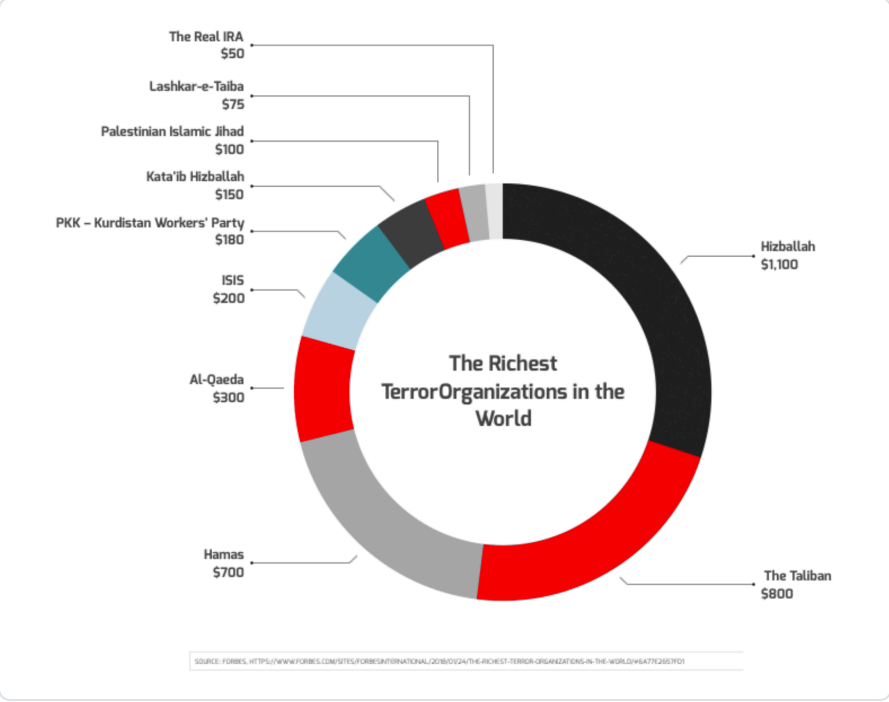
A recent article by Itai Zehorai in Forbes provided an in-depth analysis of the most well-funded terrorist organizations and funding mechanisms. It found that the Lebanese Shiite group, Hezbollah (whose name means Party of God) is likely the most well-funded terrorist group in the world. The group became prominent due to its role in the Lebanese Civil War. The organization receives more than $800 million dollars from Iran (its primary sponsor), and is engaged in raising money through private businesses, charities, and real-estate; additionally, the organization is believed to be heavily involved in the global drug trade. The Taliban is likely the second most well-funded terrorist group according to Forbes. The Afghan-based group receives funding from their role in the global heroin trade, from illegal mining, and donations (primarily from Saudi Arabia). Hamas, the Palestinian terrorist organization that controls the Gaza Strip (between Israel and Egypt), has used its political control over the Gaza Strip to extract tax revenue, create monopolistic businesses, and funnel in donations (primarily from Qatar and Iran).

Rounding out the top five are Al-Qaeda and the Islamic State (ISIS). The former, an umbrella group for affiliated groups throughout the world – primarily, however, in Northern and Western Africa, the Arabian Peninsula, Indian Subcontinent, Syria, and Somalia. The various affiliated Al-Qaeda groups deal in the illegal trade of many goods – weapons, automobiles, drugs, and human trafficking – in addition to kidnapping and the illegal cigarette trade. Notably, the Arabian Peninsula along with the Syrian and Somalian affiliates engage in tax collection and extortion in the regions under their

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control. ISIS originally relied upon the natural resources under its control; however, with the loss of nearly all of its valuable territories, the group has returned to donations and kidnapping to fund its operations.

As noted in a recent article by the Rand Corp, terrorist groups are extremely adaptable. While many in the West believe that killing prominent figures and inflicting severe territorial setbacks is enough to destroy the groups, they have proven to be highly adaptable, and their varied and distributed funding sources are likely a contributing factor to such adaptability.





On April 2018 the Government of France hosted an international conference on counter-financing of terrorism (CFT). The conference was attended by representatives of more than 80 countries, including Ministers and heads of international and regional counter-terror organizations and agencies. Following the data shared, it appears that a growing number of countries are criminalizing terrorism financing as a standalone offense, but that the number of terrorism-financing cases being successfully prosecuted by these countries' judicial systems remained limited. Specifically the attempts to prosecute terrorism financing continued to be undermined by difficulties proving that the funds would be used for terrorism purposes.

At the end of the conference participating countries signed a politically binding declaration committing to prevent the misuse of non-profit organizations (NPO) for terrorism-financing purposes, promote collaboration between Government and the private sector to

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prevent terrorists from raising and transferring funds online, and have the participating Governments publicizing asset-freezing designations made pursuant to Security Council resolution 1373 that is dated back to 2001.



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- At its height ISIS controlled 34,000 square miles of land in Iraq and Syria and an estimated 40,000 recruits from over 110 countries.
- The Real IRA has an estimated annual income of $50 million dollars primarily from the illegal cigarette trade.
- Afghanistan, home of the Taliban, responsible for approximately 90% of the world's heroin.
- In 2018, 80 countries signed a legally binding declaration committing to prevent any terrorism-financing forms, activities and/or means.

SOURCES

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