Is the West winning the war on terrorism? More than three and a half years after September 11th 2001, the results are, alas, not very encouraging. Part of the problem lies in the enemy’s ability to use globalization to its advantage; the other part lies in the inability of the governments to carry out, under the aegis of an international organization like the United Nations, a global policy that seeks to prevent the financing of terrorism. Some countries, the first being the United States, have adopted special anti-terrorism laws and regulations. But these measures have not resulted in the creation of a similar legislation in the rest of the world. Europe, in particular, has not been successful in preventing the financing of terrorist organizations and money laundering on its territory. Regarding the United States, the European answer has been, up until now, weak, partial and, finally, little effective. But the lesson of past failures is that, in a globalized world, the measures intent on fighting the financing of terrorism must be global in order to be crowned a success.

The U.S. interventionist policy, conducted outside of any institutional framework, has not actually deprived armed Islamic organizations of their sources of income. Taking advantage of the lax legislation in Europe, these terrorist groups (but also criminal groups) have simply transferred their money laundering activities from the New to the Old Continent. In the same way, the financiers of terrorism have withdrawn their capital from the American market in order to reinvest it in Europe.

The consequences of such a weak commitment to fighting terrorism financing go well beyond the failure of the Western democracies in preventing their enemies from finding funds. In reality, the fast and vigorous answer of the U.S. has simply transformed Europe in the new operating and financial base of Islamic terrorism in the West. While before September 11th the old continent was less interested than the United States regarding money laundering, today Europe prevails as the world-wide center for this activity. It also attracts Muslim investors from all over the world - especially the Saudis – who by now distrust the United States. This gloomy scenario is also explained by the inability of the West and the Muslim world to enact the United Nations’ recommendations in order to fight the financing of terrorism. The issue of a lack of application of the UN directives exceeds the scope of this article; however we find that the unilateral policies conducted by some large countries, especially the United States, do nothing to engage the others, in particular Muslim states, to submit to international decisions.
Without a global antiterrorist strategy, the United States’ unilateral approach has also had the consequence of transforming Europe in a new front for the war against the West declared by Islamism. Far from slowing down the increase of Islamic terrorism, the war in Iraq has activated new European networks of “sleeping cells” tied not only to Al-Qaïda but, moreover, to other groups and organizations, such as Ansar Al-Islam or the group of Abou Moussab al-Zarqaoui, the famous Jordanian terrorist.

Al-Zarqaoui (38 years old) is suspected of being the brain that organized the attacks in Casablanca on May 16, 2003; in Iraq, he probably ordered attacks against the Red Cross headquarters on October 27, 2003 and the UN offices in August 2003; and he most likely fomented the attacks that hit Istanbul on the following November 20th. Zarqaoui also maintained strong ties with some masterminds of the Madrid attacks on March 11, 2003. Last but not least: he is considered the inspirator of the taking of western hostages in Iraq. An irony of history: the first time that the world heard his name was in February 2003 when Colin Powell accused him of being an intermediary between Saddam Hussein and Al-Qaïda. But more than a simple mediator, al-Zarqaoui is a skillful strategist of terror and one of the most frightening representatives of the new generation of Islamic leaders. According to the European Intelligence Services, he is at the center of a terrorist network that extends from Scandinavia to the southern Mediterranean.

Today, the Islamic network in Europe exceeds, in terms of financial dimension, activities and means, all of the old European terrorist organizations such as the IRA, the ETA and the Red Brigades. Unlike these old armed groups, the armed Islamic movement is ideologically, financially and operationally globalized. These characteristics - we repeat - represent the greatest obstacle for those who are trying to separate the terrorist network from its sources of financing.

FINANCING OF THE EUROPEAN NETWORK
The network of mosques

September 11th caused the transfer of immense sums of Saudi money from the United States to Europe. In August 2002, 200 billion dollars belonging to the Saudis were withdrawn from the United States, after an advanced appeal from parents of the victims of the attacks in New York and Washington. This appeal was directed against a certain number of members of the Saudi elite, against Sudan, many banks of the Gulf countries and charity organizations, all charged with having contributed to financing Al-Qaïda.

The major part of this sum was reinvested in Europe, in stocks, real estate bonds and patrimonies. It is generally believed that the Saudi financiers have kept up to a total of 750 billion dollars in the United States. According to the
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UN, Saudi money still continues to sustain Islamic terrorist groups scattered throughout the Muslim world and Europe³.

The Italian authorities are categorical: since September 11th, Arab sponsors have supplied funds that are used to enlist, indoctrinate and train European recruits, among which are suicide bombers. A conversation held in the mosque at Via Quaranta, in Milan, and wire-tapped by the Intelligence Services, has confirmed the identity of some of these sponsors. “The thread begins in Saudi Arabia”, a non-identified Arab host had disclosed to the imam of the mosque. “Do not worry about money issues, since the money of Saudi Arabia is your money”⁴.

The European Intelligence Services think that the network of mosques today still remains an effective instrument for the recruitment, the financing and the coordination of the activity of the cells and the armed groups tied to Islamic terrorism in Europe and elsewhere. Those responsible for Spanish anti-terrorism describe the European mosques as “havens of tranquillity” that allow for the collection of funds and the planning of Al-Qaïda acts⁵.

Until the attacks in Madrid, the services dedicated to the anti-terrorism fight had underrated the role carried out by the European mosque network in terms of financial support to Islamic terrorists. For example, in Spain the anti-terrorism services had understood that some mosques could act as support bases for future terrorist acts, but they were not able to act accordingly. In the spring of 2004, Spanish magistrates uncovered that a cell based in their country, the soldiers of Allah (a group founded in the mosque of Abu Bakir in Madrid in 1994), had supplied monetary and logistic support to the Hamburg cell - the same one that had participated in the September 11th attacks⁶.

Self-financing of terrorism

The network of European financing evolved after September 11th. If sufficient proof exists in order to assert that the European network of al-Zarqawi directly benefits from Saudi funding, nothing in turn shows that Al-Qaïda would carry out an intermediary role. It can also be said that, after September 11th, external financing has been reduced, for the simple reason that the groups installed in Europe have been induced (or they themselves made the decision) to independently find their resources. For example, the Madrid attacks were financed by those responsible, just like the attacks in Casablanca. “For individuals that do not have any ties to Al-Qaïda, they never attended their training camps and that, after September 11th, have decided to join the fight of Bin Laden’s organization, it is easier to find money through criminal activities rather than by contacting Al-Qaïda and asking them for aid”⁷.

The financial role of Al-Qaïda has also changed after the New York and Washington attacks. These attacks have been the last to be entirely planned,
financed and carried out under the direct control of the supreme leaders of the organization. For example, Al-Qaïda did not organize the explosion of the Bali discotheque on October 12th 2002, but rather played the role of “capital-risqueur of terror”. Those responsible for the more recent attacks in Europe – including the murder of the Dutch director Theo Van Gogh in Amsterdam on November 2nd 2004 that caused significant social disorder in the Netherlands – were independent groups that are tied to Al-Qaïda only from an ideological point of view.

Today in Europe, Al-Qaïda thus carries out only a secondary role because of the birth of new local armed Islamic movements, which are certainly inspired by Bin Laden and exalted by September 11th but not directly tied to the organization or its leader. These movements resort to many tested techniques – both legal and illegal - for the collection of funds.

Sponsorship by the Arab countries, like the accumulated sums from the network of mosques, is at the margins of the legal activities category. This is “their own” money, legally acquired, that is later distributed to various terrorist groups. On the other side, the members of Islamic cells generally have perfectly legal occupations. In Spain and Italy, many of them worked as mechanics or servers in order to earn a living and to reduce the expenses of their organizations.

However, it is illegal activities that supply the major part of the funding available to them. It is believed that approximately two thirds of terrorist money derives from illegal and criminal actions that range from large-scale fraud to small crimes. Farid Belarbi, an Algerian immigrant imprisoned in Great Britain during the summer of 2003 was able to collect 205,000 dollars through a network of international fraud. He admitted to having swindled banks and credit card companies. Credit card fraud is often possible thanks to computer science techniques that allow one to recover card numbers through the Internet. In the case of Belarbi, these numbers have been used in numerous countries, like Dubai. In 2002, within the European Union, the losses recorded due to credit card fraud amounted to 424 million dollars. The community of experts agrees in thinking that the majority of this money serves to finance crime and terrorism. Finally, the European network is also financed by drug trafficking, as confirmed by the interviews of those responsible for the Madrid attacks. Drug trafficking remains the most lucrative activity for the armed Islamic organizations within and outside Europe.

The main channels through which the sponsors of terrorism transfer money in Europe are offshore accounts and banks recorded in tax havens but not having a real existence, or rather, shell banks. The “Patriot Act” adopted in the United States after September 11th has forbidden American banks and foreign banks registered in the United States to trade with such banking structures registered in tax havens. A similar legislation does not exist in Europe. The
Italian magistrates that investigate the Milan mosque at Via Quaranta have uncovered that this cell received gifts in euros. These sums, coming from various Arab countries, were transferred from offshore British accounts. Once foreign money penetrates the European banking system, it can be transferred and withdrawn anywhere in the Old Continent. Consequently, the members of terrorist groups that operate in Europe must only withdraw from any automated teller machine - as the bandits of September 11th had done - in order to access the cash that their sponsors make available to them. Those responsible for the attacks in Bali, Istanbul and Madrid also had the habit of simply withdrawing their money from the first automated teller machine that they came across.

Islamic groups also take advantage of the work of various couriers that run shuttles between Europe and Arab countries, such as the informal banking system known as hawala that sends currencies and gold to the Old Continent. Through hawala exchanges, people can transfer either currencies or gold from one side of the world to the other since their bookkeeping is done by utilizing gold - money is transferred from one hawala dealer to another, for example from Paris to Karachi; at the end of the year they see who owes money to whom; if the Paris dealer has transferred less than the Karachi dealer, he will settle the differences using gold. Of the 150,000 dollars utilized for the preparation and the execution of the Istanbul attacks in November 2003, $50,000 had been delivered from the hands of a courier to the cell that had to position the bombs; the rest of the money was withdrawn from resources that were already present in Turkey.

THE GLOBALIZATION AND INEFFECTIVENESS OF ANTI-TERRORISM MEASURES

Border Permeability

Between the end of 2001 and November 2003, we have observed a nearly perfect correlation between the depreciation of the dollar and the increase of the euro. During this same period, a similar correlation has been observed between the price of gold and the value of the dollar. It is possible that, thanks to their remarkable knowledge of global financial markets, the Islamic financiers had foreseen the economic consequences that would have involved the war on terrorism declared by George W. Bush. Even if this hypothesis is disturbing, it is a possibility that must be taken seriously and that the Western governments should analyze in detail.

Many UN reports dedicated to the financing of Al-Qaïda deplore the ineptitude of the West - and, in particular, of Europe - in preventing that the advantages derived from legitimate activities are used to profit terrorist groups. These reports also confirm how difficult it is to oppose funds, which are derived from trade empires that belong to supporters of the Islamic cause, from being transferred to
Men such as Youssef Nada take advantage of the flexibility of financial markets and the facility with which one can cross the borders that separate Switzerland from the European Union in order to escape the travel ban and trade restrictions decreed to them by the UN. In 2003 and 2004, Nada was able to liquidate many companies that belonged to him by naming himself as liquidator. Sums of money obtained in this way have been later on reinvested elsewhere, outside the authorities’ jurisdiction. In order to carry out these operations, he had to enter and exit from Switzerland several times. FATF (Financial Action Task Force), an organization with main offices in Paris designed to prevent dirty money from mixing with legal economic flows, explains that the inability of the Western governments to cut the financing of terrorist organizations in the Western financial system is due to the weak cooperation and the insufficient information sharing between the countries’ services. Unfortunately, the agents in charge of the antiterrorist fight have, in every case, little information to share with their colleagues, especially regarding the sums of money that circulate in offshore banking systems.

The FATF and the UN admit that it is equally difficult to blame the Islamic charity organizations, above all because of globalization. It often happens that an organization that closed down in a country reappears some months later under another name or in another country. One of the many cases: Al Haramain, an institution condemned by the United Nations in 2002 for having acted as a cover for Al-Qaïda in Bosnia and Sudan, has been able to open an Islamic school in
Jakarta in December 2003. After it was forced to close, it re-emerged in Bosnia twice under various names. An FATF official has admitted that the banned charity organizations could quickly remerge in any angle of the globe as quickly as a sum of money can be transferred from one account to another. The speed with which the headquarters of these organizations have spread throughout the world is – we repeat - a pure product of globalization and a lack of implemented laws. It is obvious that globalization has represented an obstacle, much more than an advantage, in the hunting down of terrorist money.

**AMERICAN FIRMNESS AND EUROPEAN LAXITY**

Certainly, in this globalized world that lacks a common legislation, it has been easy for Islamic terrorist groups to take advantage of the different approaches between Europe and the United States. For example, while Washington is extremely rigorous in relation to the charity organizations suspected of supporting armed Islamic movements, the Europeans do not stop insisting on the opportunity to distinguish the organizations infiltrated by terrorists from those that carry out a real humanitarian purpose, for fear of influencing the legitimate activities of the latter.

The greatest advantage that the financiers of terrorism find in Europe is, without a doubt, the absence of a global and homogenous legislation comparable to the American “Patriot Act”. This gap is explained above all by the fact that the degree of political integration of the European Union members is much weaker than that of the American states. Europe does not possess the equivalent of a federal legislation. The EU can only decree directives and codes of conduct that later on will be, or will not be, applied by the member states. Therefore, on September 13th 2004 the European Commission approved directives that aim, on one side, for the institution of a European arrest warrant (goal of the operation: to replace the system of extradition in force between the member states) and, on the other side, to reach a common definition of terrorism and the punishments for those responsible. This was the first step of a long series of measures adopted by the EU against all existing types of organized crime on the international level, including terrorism. But these proposals do not have any legal significance, they are only directives; the definition of terrorism continues to differ from one country to another.

On September 21st 2001, the European Council defined a series of measures to adopt in order to fight against this plague: 1) create investigation groups composed of magistrates and policemen on the European level; 2) write up a common list that enumerates the terrorist organizations; 3) institutionalize the exchange of information on terrorism between the EU members and Europol; 4) construct a group specialized in antiterrorism specifically within Europol;

On December 6th 2001, the EU signed a cooperation agreement – that specifically dealt with the fight against terrorism - between Europol and the corresponding American authorities. The EU also worked to ratify all the UN conventions regarding terrorism. Moreover, the EU promised to entirely apply the Security Council’s Resolution 1373 dealing with the fight against terrorism (it also presented to the Security Council Committee in charge of anti-terrorism a report that indicates the measures that will be adopted in order to apply this resolution). Finally, the EU has adopted a proposal intended to increase the capacity of the money laundering directive and has announced its desire to collaborate with the FATF.

Three weeks later, the Council approved a law that forbids the transfer of capital to individuals or to groups whose ties with terrorist organizations have been demonstrated. Thanks to this law, more than 100 million euro pertaining to private persons or various entities that support terrorism have been frozen in the whole European Union. In June 2003, during the Washington summit that re-unites the EU and the United States, agreements regarding extradition norms and mutual legal assistance were signed by the two parties; in other words, it had the effect of facilitating the application of the law and the cooperation between European and U.S. judicial structures.

After the Madrid attacks, the EU released an action plan that called for a more rigorous application of the antiterrorism legislation in force. On March 25th 2004, 15 members of the European Union and the 10 candidate countries for EU integration approved, after little more than a month, a very complete package of antiterrorism measures designed to improve information sharing and to accelerate the performance of biometric identification in Europe. The EU also nominated an “anti-terrorism czar” in March 2004. In April of the same year, the EU and the U.S. Department of Homeland Security signed an agreement aimed at a fast expansion of the Container Security Initiative in Europe in order to prevent terrorists from taking advantage of small openings offered by international marine commerce.

Finally, on June 10th 2004, the European Union announced the creation of an electronic data bank designed to prevent the financing of terrorist groups and some foreign regimes. This data base records the persons, organizations and institutions subject to EU financial sanctions.
However, despite all these measures, the EU has not enacted a uniform and rigorous legislation comparable to the “Patriot Act”, nor has it passed ad hoc legislation exclusively regarding terrorist activities on the Old Continent. The actions undertaken by the EU seem more like “good intentions” rather than the ability to act together against a threat that cannot be more real.

The reasons for EU hesitations

Even if, for decades, Europe has not stopped being affected by terrorism, it has never considered this phenomenon in its globality. The European armed organizations, from the far left and the far right, were clearly only localized and acted within the borders of their countries of origin. Consequence: terrorism was seen under an exclusively domestic angle and the anti-terrorism measures adopted are - and remain - marked by this vision that does not correspond to the nature of Islamic terrorism.

The lack of homogeneity of the European structures has allowed members of armed organizations to take advantage of the gaps that exist in the local legislation of every country (such as, for example, obtaining political asylum in neighboring EU countries). Therefore members of the Italian Red Brigades have been able to find refuge in France. The case of Antonio Negri is particularly poignant: this ideological head of Autonomy - an armed Marxist group – who was charged with terrorist acts, found refuge in France where he was also able to teach philosophy at Sorbonne University while he was wanted for breach of ban in his own country! In reality, the European states have the greatest difficulties in fighting political crimes. For one simple reason: the majority of these states were formed as a result of a revolutionary process. In addition to this, every country has its own definition of terrorism. In Italy, terrorism is not considered a simple crime under ordinary law: the terrorist motivation is an aggravating circumstance. In contrast, in Great Britain terrorism is judged as other crimes. Even after the Madrid attacks that should have brutally awakened Europe, the differences between national legislations remain a main obstacle to enacting an effective antiterrorism package. France, Spain and Italy possess rigorous anti-subversive laws, unlike Germany, Belgium or even the Netherlands. In addition, although there are many attempts aimed at establishing a common policy and objectives, there remains much mutual distrust between the European Security Services. If we keep in mind Baltazar Garzon, the most famous Spanish antiterrorism magistrate, the cooperation between these services suffers a lack of authentic collaboration. The interests of states remain predominant. Here his comment is enlightening: “Europe wishes to construct a regional justice and a common police system; but the governments refuse to renounce their national security prerogatives, that form the basis of state sovereignty. It is for this rea-
son that it is unofficially up to the prosecutors themselves to develop, in an informal way, supranational alliances and friendships.  

Various explicit factors of European hesitations exist. Some countries reject U.S. foreign policies, particularly those conducted in the Near-East. They fear to appear like puppets of the White House by accepting to apply laws as strict as those passed on the other side of the Atlantic. Many European countries criticize the way in which the U.S. detains prisoners at Guantanamo. They also question the value of information collected in relation to people detained as part of the “global war against terror”. Unlike the United States, the Europeans fear that some decisions made in order to fight terrorism threaten human rights and democracy. Since they still remember the terrible totalitarian experiences that the old continent went through, Europeans are much more prudent when it comes to creating legislation that could be perceived as racist, especially regarding Muslims.

This absence of agreement and lack of trust, to which are added the problems of enlargement, have prevented Europe from adopting measures that could have realistically blocked the entrance of dirty money on its territory. Even the Madrilenian tragedy on March 11th 2003 did not shake Brussels’ bureaucracy: a text that proposes the enacting of a global legislation, written over two years ago, is still awaiting approval.

CONCLUSION

After September 11th, America took the reins of global antiterrorism politics. In this field, it has exceeded the international community and, in particular, the UN, that was initially thought to be the world-wide tribunal where the states’ answer to terrorism would have been developed. The establishment of the “Patriot Act” has rendered the financing of terrorism within the United States less easy, but it has not brought a real reduction of the funds available to terrorists on the whole planet. The terrorists have been satisfied with simply moving their transactions from one side of the Atlantic to the other. The implications of this astounding scenario cannot be underrated. New alliances have been stipulated between the South American cocaine cartels, the vendors of international arms and European organized crime. Today Europe is the new international center of money laundering. Without a shadow of doubt, if rigorous measures are not quickly adopted, the euro will still remain the preferred currency of criminals and terrorists, and the EU will remain their preferred financial base. A new policy is needed in order to fight the financing of terrorism, one that is global and accepted by all countries. As long as the United States continues to use unilateral politics, the fight against the financiers of terror will never be won. An alliance with the private sector is also required, one that sees the full cooperation of banks and financial institutions both in the West and in the Muslim world.
NOTES

1 Rodolfo Casadei, Connection Europa, N°6, Anno 10. Voir : www.tempi.it. (est-ce un article? Yes En ce cas, quel est son titre? Connection Europa is the title and the publisher is Tempi, Merci de préciser).
4 « Targets Inside Cities, section of the al Qaeda document translated by Site Institute, the search for international terrorist entities ». http://www.siteinstitute.org
5 Neil Mackay, « Was it ETA or al Qaeda? The confusion over who was behind the Madrid bombing obscures intelligence predictions of an enhance (ou enhanced? yes) terror threat », The Sunday Herald (ville, pays ?is a a newspaper from Scotland), 14 mars 2004.
6 Entretien de l’auteur avec un magistrat italien.
8 Jacqui Walls, « Man jailed for Raising Terrorism Funds », The Press Association Limited, 0 juillet 2006.
12 Ibid.
15 Ibid.
17 Ibid.
18 UN Security Council, monitoring group established… », art. cit.
20 D’après la décision-cadre actuelle de l’UE, une infraction devient une infraction terroriste lorsqu’elle peut « de par sa nature ou son contexte, porter gravement atteinte à un pays ou à une organisation internationale et est commise intentionnellement dans le but d’intimider gravement une population ou de contraindre
indûment des pouvoirs publics ou une organisation internationale à accomplir ou à s’abstenir d’accomplir un acte, ou de gravement déstabiliser ou détruire les structures fondamentales politiques, constitutionnelles, économiques ou sociales d’un pays ou d’une organisation internationale.» Voir : Anti-Defamation League, « Terrorism: The European Union Response ». http://www.adl.org/Terror/tu/tu_0406_eu.asp

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