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Threats from the “powder keg” and “arc of terror” Terrorist cells pose risks for businesses at home and abroad

Fifty years ago the United States and its Western allies worried about the USSR and the spread of communism. Although the USSR was aggressively proselytizing the philosophy of communism and supporting communist movements around the world, the conflict remained for the most part a “Cold War.” The communist parties and their associates in the United States and Western democracies never launched a reign of terror actively supported by the USSR. The confrontation was very serious because of the involvement of nuclear weapons, but the combatants exercised restraint and allowed reason (including the concept of mutually assured destruction) and diplomacy to determine the relationship. The Cold War ended symbolically with the fall of the Berlin Wall and the conflict between communism and capitalism steadily dissipated.

Sadly the external security threat we face today is more serious tactically due to the phenomenon of fanatical extremism and the historical successes of asymmetrical warfare. We live in a world where children are sacrificed as decoys in suicidal truck bombings that release chlorine gas. Fanatics commandeer super airliners and plunge them like missiles into skyscrapers intending to destroy thousands of lives. Islamic fundamentalists, supported by nations that President Bush calls “the axis of evil,” pose a serious threat of utilizing weapons of mass destruction against the United States and its allies.

Ironically the early major conflicts of the 20th century were launched by a terrorist attack: during 1914 in Bosnia, in the “powder keg” of Europe, the assassination of Austro-Hungarian Archduke Franz Ferdinand was the tipping point that would open the first round of fighting in World War I. The ensuing conflagration in Europe created conditions that led to World War II and eventually the Cold War. The attacks on September 11, 2001 commenced the modern war on terror, which seeks to contain the spread of terror emanating from a nucleus in the Middle East. The old powder keg of the Balkans has been replaced by the present day powder keg comprised mainly of Iran, Iraq, Pakistan and Afghanistan, and an “arc of terror” in Northern Africa. The volatility of this chaotic situation threatens the security and international interests of the United States and its

Western allies.

This issue of *The Lipman Report* will review the current threats facing the United States and American businesses domestically and abroad. Unlike its European allies who have suffered a continuous series of terrorist attacks in Europe, the United States has avoided a serious terrorist incident since 9/11. However, in view of the re-emergence of Al Qaeda, the increasingly volatile situation in the powder keg of the Middle East and Western Asia and the “arc of terror” in Northern Africa, this tenuous situation is escalating and the concern for American business interests at home and overseas is real.

Globalization

Modernization throughout the world comes with benefits and costs. In addition to the escalation of international terrorism, the advent of the 21st century also introduced the phenomenon of globalization. The convergence of technology improvements and advances in international relations allowed India, China and many other countries to become part of the global supply chain for manufacturing and even services. Globalization – with open-sourcing, out-sourcing and off-shoring, simply means that, in terms of security, the Fortune 500 American firms are fully international firms. They have established supply chains all over the world, expanding into many unstable areas that cause an increase in security concerns.

As a result, terrorists can more easily target Western interests and also frustrate the universal march to modernity that runs counter to their beliefs and traditions. One theory of conflict prevention asserts that nations involved in the same supply chain will not enter into hostilities, but this hardly applies to terrorist groups. Consequently, in these asymmetrical clashes of culture, the jihadists’ opportunities

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to attack the West are numerous.

The “powder keg” countries, Iraq, Afghanistan, Pakistan and Iran and the “arc of terror” nations, Algeria, Morocco, Libya, Tunisia and others have suffered horrors brought on by disastrous governance and violent conflict. One key in explaining the root of conflict in these countries, in tandem with a low standard of living for many of the residents, is their very young populations. Research has shown that eighty percent of the conflicts that have occurred in the past 35 years took place in countries where at least 60 percent of the population was under 30 years of age, and 9 out of 10 had autocratic rulers or weak democracies. As one scholar stated, “You’ve got a lot of young men. You’ve got a lot of poverty. You’ve got a lot of bad governance and often you’ve got greed with extractive industries [operating in the country]. You put all that together and you’ve got the makings of trouble.”

Many of these recruits cannot see any viable alternative options for the future and are persuaded to become suicide bombers. Suicide attacks are planned and executed on a global scale mostly by jihadist organizations such as Al Qaeda and associated movements. A new think tank report concluded that suicide bombings against civilian targets in Iraq and Afghanistan have spiked since the beginning of 2007, with Al Qaeda in Iraq and several associated groups responsible for most of the attacks. In Iraq there were 62 suicide bombings targeting civilians in the last two months of 2006, and 92 such attacks during February and March of 2007. At the same time in Afghanistan, suicide bombings spiked from 21 in 2005 to 180 in 2006. The most popular targets were soft targets such as cafes, markets, Shiite Muslim religious sites, weddings and funerals. Vehicles containing explosives were responsible for 60 percent of the suicide attacks. The report finds that suicide bombers

wearing backpacks or vests kill people within a range of about 30 yards, while those using car bombs can kill people up to 400 yards away. Suicide bombings are effective because the bomber has flexibility and choice about targets and routes.

Powder Keg: Iran, Iraq, Afghanistan and Pakistan

Iran is located in the center of the Middle East’s major conflicts – from civil wars unfolding in Iraq and Lebanon to the security challenge of the Persian Gulf. Tehran’s nuclear program, which progresses despite regular protests from the international community, has steadily increased both the country’s power and the threat to international security in the Middle East. Sanctions and other forms of U.S. pressure have failed to influence Iran’s actions. The invasion of Iraq has benefited Iran through the empowering of local Shiite parties sympathetic to Tehran. Iran has ascended to become a regional power, an enduring and opportunistic regime seeking to assert predominance in its immediate neighborhood. The major proponent is President Ahmadinejad and like-minded individuals who control the Revolutionary Guards and the Ministry of Interior (police). In particular Ahmadinejad and his allies see the United States as “the Great Satan,” a source of cultural contamination and a rapacious capitalist power that exploits indigenous resources. In their view the United States has been a direct cause of Iran’s misfortunes, from the shah’s regime to the country’s invasion by Iraq under Saddam. Ahmadinejad has used incendiary rhetoric about the Holocaust and Israel, support for Hezbollah and appeals to Muslim solidarity to overcome sectarian divides, turning his Shiite Persian country into an object of admiration in the Muslim world. He and his allies view the acquisition of nuclear weapons

as critical to consolidating Iran's position and eclipsing U.S. influence in the region. The Iranian newspaper Kayhan, a mouthpiece for the extreme right has argued that "knowledge and ability to make nuclear weapons" are "necessary in the preparation for the next phase" on "the future battlefield." Ahmadinejad is establishing a Shiite Crescent and continues to meddle in the affairs of the Shiite communities in Saudi Arabia, Iraq, Lebanon and Yemen.

As the battle against the Taliban continues in Afghanistan, the role of Pakistan becomes more and more interesting and dangerous. The current military leadership of this failed democracy, in a country armed with nuclear weapons, is in a precarious position. In Pakistan, radical Islamic fundamentalists continue to attack President Pervez Musharraf and he constantly faces the same problems extant prior to 9/11: disputes in Kashmir, promotion of militancy and cross border attacks in Kashmir, nuclear escalation, military coups, a failed democracy, support for the Afghan Mujahideen and the Taliban, a crippled economy, Pashtun unrest and political upheaval.

Afghanistan is a nation that has suffered through indescribable misery over the past 25 years, including a series of foreign occupations and ideological conflicts. American aid distributed in the 1980s came back to sting the United States in the late '90s and beyond. After the Soviet occupation ended, the Islamic extremist elements used the resulting widespread jihad mentality to export Islamic militancy elsewhere. These extremists became known as the Taliban. They managed to defeat the divided Mujahideen elements, and invited Osama bin Laden and Al Qaeda to use Afghanistan as a platform for their operations. After 9/11 the Taliban was essentially defeated by an alliance of Afghan Mujahideen elements called the Northern Alliance and overwhelming American airpower. Unfortunately the Taliban is currently making a

comeback fighting against loyal Afghan and NATO forces. Again this part of the world is a training field for terrorists who acquire on-the-job training in explosives and the art of terrorism. In view of these developments and the ongoing carnage in Iraq, it is little wonder why this area of the world is the 21st century "powder keg."

Arc of Terror

The "Arc of Terror" is the area known as the Maghreb, encompassing the Northern Africa nations of Morocco, Algeria, Tunisia and Libya. This area borders the Mediterranean Sea, spanning from the Atlantic Ocean to the western edge of Egypt. These states have similar problems exhibited in the "Powder Keg" and the "Shiite Crescent." Again Al Qaeda has emerged in this area, taking advantage of the inherent vulnerabilities. According to the French anti-terrorist judge Jean-Louis Bruguiere, Al Qaeda is attempting to unite all of the North African and Maghrebi radical movements extant throughout Morocco, Algeria, Tunisia and Libya under its umbrella. This new development is a great concern for Europe and a direct threat to France, which has a significant number of immigrants from the Maghreb countries. Consequently, France has enhanced its resources dedicated to the prevention of Islamic terrorism, increasing their police and intelligence liaison cooperation with the Maghreb nations and tightening the borders and immigration policies. Al Qaeda's goal is to make these countries Islamic states. According to the Spanish anti-terrorism judge, Baltazar Garzon "Morocco is the worst terrorist threat for Europe." He estimates that Al Qaeda-linked cells number more than 100 and that the Moroccan authorities are actively seeking at least 1000 terrorists for questioning and prosecution.

Recent arrests and investigations reveal that Al Qaeda continues its primary strategy of

targeting soft facilities, especially in the tourist industries of these countries. Al Qaeda planned to attack tourist resorts in the Moroccan cities of Agadir, Marrakech and Essaouira, in addition to cruise ships docking in Casablanca. There are a large number of Moroccans in the Iraqi branch of Al Qaeda who may return to the Maghreb with enhanced terrorist skills. It is suspected these veterans were involved in the 2004 train bombing in Madrid. As recently as April 11, 2007, Al Qaeda claimed responsibility for two deadly bombings in Algiers, Algeria, one aimed at the prime minister's office. Al Qaeda's activities in this area of the world have only just begun.

Al Qaeda

The intelligence community believes that bin Laden successfully fled the battlefield in Tora Bora, Afghanistan, in 2001. Now, more than five years later, Al Qaeda has re-emerged as a powerful force, with new bases in Africa and Iraq, expanding into Europe, reviving the Taliban movement in Afghanistan and cultivating terrorism in Pakistan. Al Qaeda has been restructured as a decentralized organization where groups such as those in Iraq and Algeria exercise independence in strategy while still pledging allegiance to bin Laden. Additionally, a younger core of leaders has surfaced through the ranks of Al Qaeda to assume control of the group's operations. U.S. Department of Homeland Security Secretary Michael Chertoff warned that Al Qaeda has been using mass media and the Internet as recruiting tools, eliminating the need to make the risky move of physically sending radical recruiters into the United States. Chertoff also noted that radical imams are visiting prisons with the intent to convert and radicalize convicts. What unites and inspires all of these groups is the original ideology of global jihad – overthrowing corrupt Arab despots, uniting the Arab and Islamic worlds under one leader, spreading Islam and waging war on the West. While bin Laden remains the spiritual and military inspiration for the movement, his faithful cohort Ayman al Zawahiri has created a core of Arab trainers, all experts in the critical fields of explosives, finances, military training,

communications, urban warfare and propaganda who are available to train all the horizontally-aligned groups around the world. Zawahiri favors suicide bombings where militants attack soft targets to maximize casualties. The diffusion of trained, experienced terrorists from Afghanistan and Iraq has increased the incidence and professionalism of the home-grown terrorist movements, whose power and influence could conceivably extend to the United States.

The Time for Urgency is Now®

Recently the National Association of Business Economists, a professional group that analyzes economic data for use in business strategy planning, released its semiannual Economic Policy Survey. The survey indicates that terrorism represents the greatest short-term threat to the American economy. Meanwhile, Gen. John "Mike" McConnell, U.S. Director of National Intelligence, is concerned about terrorist groups attacking the computer network serving the United States financial services industry and other critical infrastructure sectors, while simultaneously mailing anthrax-laced letters throughout the country.

Although the authorities have done a commendable job during the past five years by establishing initiatives that seriously hinder Al Qaeda's U.S. operations, there is still no doubt this group is searching for vulnerabilities and a feasible plan to attack the United States again. A corporation cannot prevent terrorism, but it can safeguard its assets and people. By constantly seeking and acquiring security intelligence, and updating corporate security plans accordingly, businesses will be better equipped to prevent or minimize the consequences of the terrorist attacks that will inevitably occur.



The Lipman Report Editors