



Center for Strategic & International Studies  
Washington, DC

**Frank Cilluffo**

Deputy Director, Global Organized Crime Program  
Director, Counterterrorism Task Force  
Center for Strategic and International Studies  
Washington, D. C.

**Before the U.S. House Committee on the Judiciary  
Subcommittee on Crime**

December 13, 2000

**The Threat Posed from the Convergence of  
Organized Crime, Drug Trafficking, and Terrorism**

**The Challenge We Face As the Battle Lines Blur**

As we begin the 21st Century, America is faced with a new national security challenge that is both vexing and complex. The once clear lines between the international drug trade, terrorism and organized crime are blurring, crossing and mutating as never before. Unfortunately, Washington is only beginning to come to grips with this deepening phenomenon. The continued use of an inflexible 20th Century bureaucratic entanglement of government agencies will not answer this call. We must see this threat clearly. We must understand its roots. We must understand what it means to our future.

The challenge of terrorism is not a new phenomenon. It has, and always will remain a weapon of the weak. It is a low-cost, high-leverage method and tactic that enables small nations, sub-national groups and even individuals to circumvent the conventional projections of national strength- i.e., political, economic or conventional military might. This is especially the case since our swift and decisive victory in Desert Storm. Few, if any nations would attempt to confront the US in a conventional war today - recognizing that terrorism and unconventional warfare is a more effective - and perhaps even unaccountable - means of off-setting our strengths and exploiting our weaknesses.

The overlapping of terrorism and the narcotics trade is not new either. Many terrorist organizations have always been involved in the drug industry. But many ideologically bankrupt terrorist groups shed their moral righteousness and turned towards the drug trade to further their tainted causes. Whether the terrorists actively cultivated and trafficked the drugs or "taxed" those who did, the financial windfall that the narcotics industry guarantees has filled the void left by state sponsors.

Organized crime and terrorism have two differing goals. Organized crime's business is business. The less attention brought to their lucrative enterprises, the better. The goal of terrorism is quite the opposite. A wide-ranging public profile is often the desired effect. Despite this, the links between organized crime and terrorism are becoming stronger in regards to the drug trade. Organized crime groups often run the trafficking organizations while the terrorists and insurgent groups often control the territory where the drugs are cultivated and transported. The relationship is mutually beneficial. Both groups use funds garnered from the drug trade to finance their organizations and operations.

Organized crime and terrorism have two differing goals. Organized crime's business is business. The less attention brought to their lucrative enterprises, the better. The goal of terrorism is quite the opposite. A wide-ranging public profile is often the desired effect. Despite this, the links

between organized crime and terrorism are becoming stronger in regards to the drug trade. Organized crime groups often run the trafficking organizations while the terrorists and insurgent groups often control the territory where the drugs are cultivated and transported. The relationship is mutually beneficial. Both groups use funds garnered from the drug trade to finance their organizations and operations.

Involvement in the drug business is almost a guarantee of financial independence from a state sponsor. Groups are no longer beholden to outsiders. That brings the realization that whatever restraint those state sponsors could impose, has now vanished. Likewise, traditional diplomatic or military measures that the United States could subject state sponsors to curb terrorist actions is diminished.

The blurring of these lines pose new challenges to the United States. The traditional organization of the US national security apparatus used to combat the troika of the terrorist, organized crime, and narcotics trafficking threat is no longer applicable. In order to work towards a solution to the problem of narco-terrorism, it is important to identify its implications to US policymaking and its implementation.

With the fall of the Soviet Union and the advent of increasingly tight budgets, Congress and the national security community focused on the peace dividend and budgets for counter-drugs budgets suffered. In Latin America, the rise of democratic governments led to the belief that it was not necessary to pour money into these countries. Rather, since they were no longer seen as targets for subversion by the Soviets, it was believed they could handle the problem themselves. Both Russia and the United States left the fields of Afghanistan in tumultuous local hands soon to be dominated by the a fundamentalist Taliban not adverse to the drug trade.

Despite recent efforts to fortify the counter-narcotics effort with more funding, the withdrawal of support in the mid-1990s has contributed to the emergence of the narco-democracy problem, where narcotics traffickers operate with impunity and/or state support (or even state-sponsored narcotics traffickers as in the case of the Taliban that allegedly earns up to 80% of its revenue from the drug trade). As well, a nontraditional threat such as narcotics trafficking has not seemed critical to some policy makers in the national security community, which often view it primarily as a health or law enforcement issue.

### **The Challenge for America**

The US has devoted billions to the drug war, arguably with marginal success. At present more than 50 federal government organizations have a role in the effort against drugs. Yet without clear lines of authority, the absence of a lead agency, and a drug czar lacking a clear mandate, the counter-narcotics struggle is in jeopardy of falling between the same regional bureaucratic gaps as have other unconventional threats. These problems lead to the absence of effective interagency coordination. Until we determine how we are going to combat the issue as a nation it will prove difficult for us to gain international cooperation on the scale necessary to be effective.

Only an integrated strategy that synchronizes the various organizational efforts under a unifying concept can address these problems. Such a strategy would integrate intelligence collection, linked to the full range of consumers in support of a variety of operational actions -- not just eradication, but also diplomatic efforts, law enforcement activities, covert action, and military action.

### **A Brief Snapshot of the World.**

Narco-terrorism is a worldwide threat. It knows no ideological or traditional territorial boundaries. Groups from the far right to the far left and every group in between is susceptible to the lure of drug money. In fact, the vast majority of major terrorist organizations rely, at least in part, on the drug trade as a source funding.

## *Europe*

While publicly crusading against the drug trade in Ireland, there is compelling evidence that the Irish Republican Army (IRA) and its radical offshoot, the Real IRA, are involved in an unholy alliance with the Middle Eastern narcotics industry. Seizures of ecstasy and cannabis in Northern Ireland has dramatically increased in the past few years. As a result, the Royal Ulster Constabulary (RUC) have devoted more and more resources to combating the drug problem. The IRA is not the only guilty party in the conflict. Protestant paramilitaries are also heavily involved in using profits from drug sales to finance their organizations.

Turkey is strategically located between the lush poppy fields of Central Asia and the vast market of Europe. The Kurdistan Workers Party (PKK) has taken advantage of this fact and financed their separatist movement by "taxing" narcotic traffickers and engaging in the trade themselves. The PKK is heavily involved in the European drug trade, especially in Germany and France. French law enforcement estimates that the PKK smuggles 80 percent of the heroin in Paris.

During the NATO campaign against the former Yugoslavia in the Spring of 1999, the Allies looked to the Kosovo Liberation Army (KLA) to assist in efforts to eject the Serbian army from Kosovo. What was largely hidden from public view was the fact that the KLA raise part of their funds from the sale of narcotics. Albania and Kosovo lie at the heart of the "Balkan Route" that links the "Golden Crescent" of Afghanistan and Pakistan to the drug markets of Europe. This route is worth an estimated \$400 billion a year and handles 80 percent of heroin destined for Europe.

## *Middle East*

The Bekaa Valley continues to remain a base of operations for Hizbullah to export narcotics. Despite efforts from the Lebanese authorities to shut down cultivation in the Valley, production of drugs continue. With funding from Iran seen to be dwindling, the Hizbullah is expected to increase their drug trafficking to fill the void. There is also evidence of cooperation with the PKK to export narcotics into Europe. It is also clear that Russian Organized Crime is using Israel and Cyprus as twin bases for its operations in Western Europe and the United States.

## *Central Asia*

The countries most affected by the fall of the Soviet Union are the Central Asian Republics. The void left by the authority of the Communist Party has been replaced by organized crime syndicates, narcotics traffickers, and Islamic fundamentalists. Civil war and corruption are common. The proximity of the "Golden Crescent" of Pakistan and Afghanistan, make Tajikistan, Uzbekistan, Kazakhstan, Turkmenistan, and Kyrgyzstan the crossroads of the opiate trade to Europe and Russia, where narcotics consumption is increasing.

Spurred by radical Islamic fundamentalists such as Osama bin Laden, new cells of terrorists have spawned in the Central Asian Republics. The Islamic Movement of Uzbekistan (IMU) is one these groups. The IMU, using Tajikistan as a staging area, have made incursions into Kyrgyzstan on hostage-taking missions.

In the radical Islamist attempt to foment  *jihad*  in Chechnya, guerillas have also used Azerbaijan, Georgia, and Tajikistan as logistical hubs for their attacks on the Russian military.

## *South and East Asia*

Maoist insurgent groups in Nepal have turned to drug trafficking for funding. Nepal serves as a hub for hashish trafficking in Asia. The insurgency has grown since its war with the Nepalese government began in 1996. The war began in three provinces in western Nepal, but has now spread to 68 of Nepal's 75 districts.

The LTTE (Liberation Tigers of Tamil Eelam) rely on the funding generated by expatriates in the US and Canada in their fight against the Sri Lankan government. Under the guise of humanitarian relief for victims of the civil war, the LTTE uses the funds to launch hundreds of terrorist attacks, including suicide bombing and political assassination. The Tamil Tigers have also turned to the narcotics industry. Sri Lanka lies at an important narcotics transit point and the Tamil Tigers take full advantage of this. There is evidence of a close relationship with military leaders in Myanmar. In the past, the Myanmar military has provided training and weapons in return for LTTE members acting as couriers of heroin into India and Europe. Whether or not the relationship continues is unknown.

Evidence has also surfaced of cooperation between the LTTE and Indian organized crime. Indian traffickers supply drugs and weapons to the LTTE, who in turn sell the drugs. The profit garnered from the drugs are then used to repay the Indians for the weapons.

The Abu Sayyaf group has made headlines recently with the mass kidnapping of foreigners and the subsequent ransom provided by Libya. While kidnapping has proven to be a lucrative trade, members of Abu Sayyaf have also taken advantage of marijuana plantations in the Philippines. Abu Sayyaf is a good example of an ideologically driven group that have transformed into a criminal enterprise.

### **Narco-States**

#### "FARCLANDIA"

The Revolutionary Armed Forces of Colombia (known by the Spanish acronym FARC) was established as a communist insurgency group intent on overthrowing the Colombian government. In 1990, however, their ideological leader Jacobo Arenas died. His successors had very little qualms about breaching their ideological ethics. FARC had for a long time "taxed" narcotics traffickers. By the mid-1990s FARC guerillas began to take a more in-depth role in the trafficking process by supplanting themselves as the middlemen between the farmers and the cocaine processing labs owned by cartel bosses. The changes in FARC over the last decade have been significant. As the revenue from the drug trade has expanded, so to has the power and influence of FARC.

Of particular concern is FARC's territorial control. FARC controls an estimated 40 percent of Colombia. Included in that territory is their "safe haven." Prior to peace talks in 1999 with the Colombian government, FARC negotiated for control of an immense swath of Colombian territory under the pretext of it being a demilitarized zone. The zone covers an area of approximately 42,000 square kilometers, roughly the size of Switzerland. The Colombian government have seen this as a concession to FARC to push them to the negotiating table. FARC, however, has used the safe haven to continue the cultivation of narcotics and staging grounds for assaults on the Colombian military.

Cuba had been a major contributor to the FARC cause, providing funding, training, and refuge for FARC soldiers. With the end of the Cold War came a significant reduction in Cuban support. The successful campaigns to eradicate coca crops from Bolivia and Peru pushed the trade to areas controlled by FARC in southern Colombia.

Experts estimate that over half of FARC's funding comes from drug cultivation and trafficking, with the rest coming from kidnapping, extortion, and other criminal activities. A Time Magazine article recently estimated that FARC makes \$700 million annually from the drug trade.

An alarming trend has been the increasing cooperation between FARC and elements of the Russian mafia. The Colombian drug cartels had cultivated a relationship with the Russian mafia since the early 1990s. But with the decline of the drug cartels and the rise of guerilla armies in the drug trafficking business, came new relationships. Never one to shy away from opportunities with new customers, the Russian mafia increased their business deals with FARC. The Russians built

a arms pipeline to Colombia, bringing in thousands of weapons, and tons of other supplies to help FARC fight their war against the Colombian government. The weapons range from assault rifles and RPGs to military helicopters and, according to media reports, shoulder-launched surface-to-air missiles. Evidence has surfaced regarding an arms-for-drugs deal between Russian organized crime groups and FARC. Russian cargo planes loaded with small arms, anti-aircraft missiles, and ammunition would take off from airstrips in Russia and Ukraine and fly to Colombia. The weapons and ammunition were unloaded and sold to FARC rebels. In return the planes were loaded with up to 40,000 kilograms of cocaine and shipped back to Russia, where the Russian mafia would distribute the drugs for profit. At the time the story broke, the operation had been on-going for two years.

FARC is also extending its cooperation to the borders of the United States. The recent arrest of a FARC figure in Mexico have convinced Mexican and American authorities of a Colombian link to the Arellano-Felix-run Tijuana cartel. The State Department believes that FARC supplied cocaine to the Tijuana cartel in return for cash and weapons.

A defeat of FARC would not spell an end to drug trafficking out of South America. History has shown that as soon as one area has successfully been eradicated of drug crops, new areas of cultivation spring up across borders. If FARC is defeated, groups like ELN and paramilitary groups are likely to fill the vacuum. This "balloon effect" may further spread the drug trade and the associated violence into states bordering Colombia, such as Venezuela, Ecuador, Bolivia and Brazil.

### *Afghanistan*

Despite publicly announced efforts by the Taliban to combat drug cultivation and trafficking, Afghanistan continues to be the largest producer of opium in the world. And production of the crop is growing. According to the Intelligence Community's Counter-Narcotics and Crime Center, opium cultivation grew from 41,720 hectares in 1998, to 51,500 in 1999, and 64,510 in 2000, an increase of over 54 percent in two years. In some districts, as much as 60 percent of the land is used to grow poppies. The Poppy cultivation is expanding territorially in Afghanistan as well, expanding into provinces not previously used for poppy cultivation. Afghanistan became the world's leading producer of opium in 1998, and now produces more than three times as much as Myanmar, the previous leader. This, despite Afghanistan having only 58 percent of Myanmar's area of cultivation.

The Taliban gets funding from taxing all aspects of the drug trade. Opium harvests are taxed at around 12 percent. Then the heroin manufacturing labs are taxed at \$70 per kilogram of heroin. In the final stage, the Taliban gives transporters a permit for \$250 per kilo of heroin to carry for presentation to Taliban checkpoints throughout the country. The Observatoire Geopolitique des Drogues estimates that this adds up to \$75 million per year in taxes for the Taliban.

### *North Korea*

Unlike Latin America or Europe, where organized crime attempts to penetrate the state, North Korea is penetrating organized crime. With the economy in shambles, the government of North Korea has turned to drug trafficking and organized crime for funding. A number of indicators suggest that North Korea is involved in the methamphetamine, opium, and heroin trafficking. Not only do the North Koreans cooperate with organized crime groups, but members of the armed forces, the diplomatic corps, and the intelligence service actually engage in trafficking of narcotics.

Western intelligence agencies have confirmed the presence of large-scale opium production facilities in North Korea. But the North Koreans are not limited to drug production facilities. There is also evidence of printing plants used to produce high-quality counterfeit currency. And Japan grows increasingly nervous as members of its local Korean population with ties to the North become involved more deeply in this dirty, underground trade.

## **What America Must Do**

The unprecedented cooperation among drug traffickers, organized crime groups, and terrorists has exacerbated the threat of all three to the United States. The nature of the war has changed and the US reaction needs to change as well. It is a top national security problem.

Afghanistan and Colombia represent the best examples of the new threat caused by the convergence of drugs and terrorism to US national security. Although similar, Afghanistan and Colombia pose diverse threats to the United States. While drug production in Afghanistan is of significant interest to the United States, the main concern is that Afghanistan is a haven for Islamic insurgent guerillas and terrorists. In Colombia, the destabilization of a country in America's backyard is the major concern. Colombia is responsible for two-thirds of the world's production of coca. Afghanistan generates 75 percent of the world's opiates. And the trend lines for both are going up. Afghanistan and Colombia command the market share of the opiate and cocaine production in the world. They are the blue chips of the narcotics industry.

The term "war on drugs" has caused us to consider the problem in an unconstructive manner. This is a challenge that can not be won or lost. The major tactical shift that needs to occur in combating organized crime and terrorism is a move to a 'campaign' strategy. As with any campaign, and articulation of objectives, interests, and goals are required. All aspects of the effort need to be coordinated with these points in mind. A prime example of this are the long-term intelligence gathering operations that are necessary to track and ultimately penetrate these organizations to a level that the subsequent series of arrests will have lasting effect. At the moment, the focus on individual busts means that the low-level participants are filling our prisons with a negligible effect on the industry itself. We need to consider pursuing a 'string-them-along' approach rather than simply a 'string-them-up' approach. This requires increased interagency cooperation as well as changes in the law enforcement culture itself.

Part of the solution is strengthening the domestic legal institutions and social organizations in the afflicted countries. The United States cannot solve the problem itself. We must provide them with the tools to help themselves. It must enlist the help of the legitimate institutions in countries where the problem is rife. The institution building must be transparent to the public in order to foster trust among the indigenous population. Without strong judicial systems, effective law enforcement and prosecution of criminals and terrorists is impossible. Without strong social organizations that promote democracy and combat corruption, effective change is impossible. Therefore it is important that the US not only fund military efforts to fight narco-terrorists, but also look to fund domestic reforms that intend to buttress legal systems and promote democracy.

Too often the debate on the narcotics problem is cast in demand-side versus supply-side terms -- with legalization increasingly polarized against the war on drugs approach. We should recall that solutions require initiatives from a variety of mutually exclusive sources: public health, schools, state and local community organizations, the military, local, state and national law enforcement, and the intelligence community.

## **We Must Prevail**

The convergence of organized crime, drug trafficking, and terrorism demands a new paradigm in strategic thinking. The end of the Cold War and the mushrooming globalization of the world economy have provided the right conditions for criminal organizations to work together. The dark side of globalization is that while it has benefited legitimate people and organizations, it has also assisted criminal groups. The world's governments have not responded coherently. The threat is transnational and so must the response. It is imperative for nations to organize as effectively as the drug traffickers and terrorists have, in order to confront the issue.

The lines between organized crime, drug trafficking, and terrorism are quickly becoming blurred. It cannot be seen through a diplomacy, military, law enforcement, drug enforcement, or intelligence lens alone. It must be a prism that reflects all of these and offers a comprehensive

and coordinated approach. The United States cannot afford to view the world according to our agencies and their *org charts*. As with our past successes, we need to adapt.

The United States must have all the arrows in its quiver necessary and ready to deal with this new and challenging national security threat.

[Frank Cilluffo](#) directs the [Global Organized Crime](#) Project's seven multiagency and multidisciplinary task forces on information warfare and information assurance, terrorism, Russian organized crime, Asian organized crime, the narcotics industry, financial crimes, and the nuclear black market. These task forces comprise over 175 senior officials and experts from the academic, defense, diplomatic, intelligence, law enforcement, and corporate communities.