

Testimony of

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Mr Chairman, and Members of the Committee, I thank you for the opportunity to represent the Congressional Research Service at today's hearing on this timely and important topic.

Although their objectives differ-with drug traffickers seeking profits and terrorists pursuing political aims, both thrive on instability. Instability provides the fertile ground for their ongoing operations and expansion.

The combined activities of drug trafficking and terrorist organizations pose an escalating danger to societies worldwide. Even in instances where groups do not actively work together, the synergy of their separate operations and shared efforts at destabilization pose an increasing threat. Whether by design, or happenstance, each group serves as a force multiplier for the other. Many experts view as imperative that these threats be addressed together, not separately.

Linkages between drug trafficking and terrorist groups have long been recognized, but the two threats were often treated as distinct and separate. To achieve their separate ends, both types of organization have sought to destabilize society: to neutralize law enforcement, subvert governmental effectiveness, foment divisions, accentuate class differences, and exploit the weak or opportunistic for their own purposes.

Today, law enforcement, intelligence, and national security analysts, while recognizing differences, also recognize the synergy. Terrorist organizations and drug trafficking organizations share many organizational and operational characteristics, and there is growing opinion that a multi-front, interdisciplinary approach is needed to combat both. Many issues related to drugs and terrorism cut across traditional federal agency jurisdictions and bureaucratic turf.

- Both types of networks operate globally and transnationally, benefitting from trends associated with globalization and an open, deregulated environment. Increasingly, we live in a multi-ethnic, globally-interconnected and seamless world. Both terrorists and drug traffickers seek to merge into unsuspecting -- or colluding -- ethnic communities, using a facade of respectability enhanced by manipulative generosity.
- Terrorists and drug traffickers thrive in countries and regions without effective government control. They seek weak, or failing states or localities in which to develop and implement operations.
- Both exploit porous U.S. borders and seek loopholes in U.S. immigration controls. Generally, they seek to take advantage of our open and trusting society.
- Terrorists and drug traffickers rely heavily on technology to network and avoid detection. Examples include: use of the internet, encryption, satellite and cell phones, GPS technology, surveillance and eavesdropping technology.
- Both types of organizations can change tactics and personnel overnight.
- Both rely on the services of the criminal underworld. They need forged documents, safe houses, and items such as stolen cars. They need guns, and they need to have their money laundered.
- Drug trafficking and terrorism bring violence to our cities. For them, violence is a means to an end.
- Both are long-term phenomena for which there are no quick fixes.

- Terrorists and traffickers indiscriminately target civilian populations, one with indiscriminate killings; the other with drugs.

- Finally, they target youth- either for recruitment into drug use or recruitment into terrorist cells. Both take advantage of a nation's vulnerability.

From a national security, intelligence, and law enforcement perspective, it is increasingly important to recognize and exploit the nexus between terrorist organizations and drug trafficking activity. At the same time it is important to recognize that we are dealing with two distinct and separate phenomena, linked mainly for convenience. To enhance U.S. counter-terror goals, a growing number of analysts suggest that targeting narco-activity for anti-terror objectives needs to be addressed carefully on an individual case-by-case basis. Attacking the narco-funding activities of some terror organizations may handicap the ability of a group to operate. On the other hand, in instances where drug trade revenue contributes minimally to an organization's finances, disruption of such funding may have little impact and might make it harder to track the group's more threatening activities.

The similarities between terrorist organizations and drug trafficking organizations are many, but differences are important as well. Narcotics traffickers profit from the global economic system and the freedoms it accords them. In short, narcotics traffickers have a stake in the system; they feed upon it; they need it.

Terrorists, on the other hand, often do not see themselves as part of the existing system and they do not see the system as benefitting them. Their goal is to destroy what they see as evil, or replace it through violence.

In the wake of the events of September 11th, the international community has placed emphasis on financing of terrorists groups, and has dramatically enhanced efforts to seize sources of terrorist funding. This has spawned renewed focus on the narcotics trade as a source of funding for such groups. When studying such shadowy networks, our best sources of information are the intelligence and law enforcement communities. Yet, intelligence information is not generally collected for use as evidence in a court of law, is not always reliable, and is often evaluated in terms of probability of reliability rather than absolute certainty.

According to U. S. Government law enforcement sources, analysis in May 2003 of information from data bases of the United States' law enforcement and intelligence community warrants a conclusion that six of the thirty-six organizations on the Department of State's Foreign Terrorist Organization list (FTO) have been linked to drug trafficking activity. Moreover, eight additional terror groups may be linked to drug activity. Much of this information can be abstracted from Drug Enforcement Administration (DEA) briefings to Congress and DEA testimony presented to Congress on narco-terrorism, issues posted on the DEA's website.

Combined, these 14 groups represent approximately one-third of the total number of designated groups on the Department of States' list of Foreign Terrorist Organizations.

Six terrorist-list organizations reportedly linked to drug activity include:

- The National Liberation Army (ELN), the Revolutionary Armed Forces of Colombia (FARC), and the United Self Defense Forces (AUC) All are organizations that reportedly benefit from the drug trade. Individuals from these organizations have been systematically involved in a full range of drug trafficking activities including cultivation, providing protection, processing, and distribution.

- Hizballah. The Syrian supported Lebanese-based radical Shi'a group is responsible for numerous anti-U.S. and anti-Jewish attacks, and many of its members are reportedly engaged in drug trafficking activity. In the case of Hizballah, drug trafficking is considered to be a major source of funding for a wide range of the organization's activities.

- The Kurdistan Workers' Party (PKK). The PKK is widely reported to be involved in the Balkan heroin trade, with activities ranging from brokering heroin deals between other parties, to controlling and owning laboratories and drug transshipment.

- Finally, Aum Shinrikyo. This Japanese based group was responsible for the March 1995, Tokyo, subway gas attack. According to intelligence data and media reports, Aum, at least in the past, has reportedly produced crystal methamphetamine, as well as LSD, for use by its members and for sale to outsiders.

Eight additional groups may also be linked to drug activity, although U.S. law enforcement officials are unable to fully confirm their suspicions. These are: (1) the Abu Nidal Organization; (2) the Abu Sayyaf Group; (3) the Basque Fatherland and Liberty Organization (ETA); (4) Hamas; (5) the Islamic Movement of Uzbekistan (IMU); (6) the Liberation Tigers of Eelam (LTTE, or Tamil Tigers); (7) the Turkish-based Revolutionary Peoples Liberation Army; and (8) Sendero Luminoso (Shining Path, or SL).

One complex policy issue is the extent, if any, of Al Qaeda's involvement in the drug trade. Al Qaeda's political and economic links to the former Taliban regime which was known to be involved in the drug trade, are undisputed, and media reports suggesting Al Qaeda involvement in Afghanistan's lucrative heroin trade are plentiful. There are also unsubstantiated allegations of personal investment by Osama Bin Laden in the trade. However, allegations of drug trafficking by Al Qaeda have received little, if any, public mention by Administration officials.

Allegations of links between terrorist groups and illicit drug trafficking activity are nothing new. Reports of drug trafficking activity by members of the Palestine Liberation Organization (PLO) and Irish Republican Army (IRA) abounded when these groups were considered by many to be terrorist organizations. A report on PLO finances, prepared in the 1990's by the General Accounting Office (GAO), remains classified. In the case of the IRA, interest in the organization's alleged ties to drug trafficking groups was again sparked by the arrest in Bogota on August 11, 2001 of three men, two of whom are confirmed IRA members, on charges of giving weapons and explosive's training to members of the FARC.

In many instances, the links between drug trafficking and terrorist organizations are well documented. In some instances, "guns for drugs" connections have been reported. However, in the vast majority of such cases, links involve terror groups engaging in some aspect of the drug trade, often in places where areas exist beyond the effective control of government: Lebanon, the Balkans, Chechnya, Colombia, Peru, Burma, Afghanistan. The groups or organizations that often stood out were the FARC, the ELN, Sendero Luminoso, the Kosovo Liberation Army(KLA), and Chechen radical groups. Analysts have also pointed to Hizballah in the Bekaa Valley. In areas beyond the reach of government control and the rule of law, the line between the criminal world, the drug trafficking world, and the terrorist world, is becoming increasingly difficult to draw.

Historically, we have also seen many instances of strong connections between nation states that sponsor and support terrorist activity and those that support or condone drug trafficking activity. It is noteworthy that at least four of the seven states on the State Department's list of countries supporting terrorism have had at least some history of condoning or supporting drug trafficking: Syria, Iran, North Korea, and Cuba. Moreover, indications today strongly suggests that the Government of North Korea is involved in large scale drug production and trafficking of heroin and methamphetamine as a matter of state policy.

If links between terrorist and drug trafficking organizations- the so called "guns for drugs" connection -- and (to a greater extent) terrorist involvement in the drug trade-the "drugs for money" connection--are well established and not new, then what is there that is new today?

There are at least three evolving developments of note.

- First, in today's deregulated and interconnected global economy, illegitimate activities appear to be expanding in scale, scope, and reach. The ability of illegitimate activities such as terrorism and drug trafficking to harm the United States population and to damage important U.S. interests may be expanding as well.

- Second, importantly, as overt state support of terrorism has decreased, it seems that drug trade income has become more important to terrorist organizations. Terrorist organizations need money to operate. But in today's interconnected world economy, state sponsors are not easy to come by. Few world leaders or nations today would risk global sanctions by openly funding Bin Laden's organization. No state exists today that would be likely to openly

fund the FARC in Colombia. Increasingly, terrorist organizations must fund themselves, and the illicit drug trade serves as an attractive and highly lucrative source of income for them.

- Finally, of growing concern to many, is the enhanced threat level the combined forces of drug trafficking and terrorism pose to U.S. interests: to regional stability, to our national security and to the future of our youth.

The involvement by terrorist groups in narcotics trafficking activity presents both challenges and opportunities for policymakers.

One challenge for policymakers, yet to be resolved, is the issue of trade-offs when counter-terrorism priorities overshadow counter-drug agendas. Central to the debate are important strategic issues. When counter-narcotics activities are pursued largely for anti-terrorism reasons, to what degree do they obstruct terrorist groups? Could situations arise where giving priority to anti-terrorism goals detracts from the effectiveness of counter-drug efforts deemed important to the national interest?

A second challenge relates to the fact that not all drugs produced or trafficked by terrorist groups are destined for the United States. If our drug enforcement community increasingly focuses on interdicting drugs not destined for the United States as part of counter-terrorism efforts, how much does this reduce the resources available to keep foreign-source illicit drugs from reaching the streets of our cities?

A third policy challenge arises in regard to conflicting counter- terrorism and counter-drug priorities. In Afghanistan, for example, many of the warlords on whose support America relies in the war on terrorism are reportedly heavily involved in the heroin trade. Which priority, counter-drugs or counter-terrorism, should dominate? Whatever the decision, including the option of allocating partial resources based on a flexible or inflexible standard, it is important that we are apprised of the potential consequences.

Many observers cite a fourth challenge as the need to reverse a long-standing erosion of America's ability to conduct diplomacy abroad, largely as a result of budgetary limitations. To combat drugs and terrorism, the United States may need to develop more contacts within the middle levels of host government societies. Such relationships of trust are seen as indispensable, but increasingly difficult to cultivate as diplomats find themselves spread thin by other work. Arguably, investing in diplomacy to help deal with these problems may well prove far less expensive in terms of money and human lives than use of military force and other preemptive measures.

These are some of the challenges we face. The new National Strategy for Combating Terrorism, released in February 2003 places law enforcement at the center of a long term integrated counter-terrorism strategy, paving the way for enhanced resources to support law enforcement operations. When terrorists engage in the drug trade, they become increasingly vulnerable to law enforcement activity worldwide. Moreover, when terrorists deal in drugs they must interact with members of the criminal underworld who are motivated by profit - and not bound by fervent ideology to a cause. This is an important vulnerability which the law enforcement and intelligence community can exploit.

The challenges posed to the United States and the world community by the combined threat of drug trafficking and terrorist groups are undeniably formidable. But with challenges come opportunities. Narcotics trafficking organizations and terrorist organizations share many similar characteristics and use many of the same criminal structures. If we effectively combat one, it helps battle the other. Measures such as a more transparent financial system that reduces money laundering, better control of borders including reducing immigration fraud and smuggling, and containment of rogue states and lawless areas are measures that directly impact on the operations of both types of organizations.

An effective campaign against these combined threats may indeed make the world safer and more secure. By according recognition and policy focus to the combined threat of drug trafficking and terrorism, we may be better able to devise cohesive strategies to deal with these threats in an effective and holistic manner.

Mr. Chairman, this concludes my formal remarks, and I welcome your questions and comments. Thank you.