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Terrorist Groups

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It is apparent that more controls will be imposed by regional and international powers on the Middle East to limit the access of terrorist organisations, and their sponsor states, to financial resources. The measures will take the form of policies followed by economic, judicial, and banking measures aimed at limiting violence and armed conflicts in the region. Undoubtedly, standing up to terrorist financing is not an easy mission. Terrorist organisations have experience dealing with strategies that seek to limit their financial power, funding sources and illegal economic activities - elements considered to form the fundamental pillar of their structures and actions.

Regional measures On the regional level, a number of steps have been taken to dry up sources financing terrorist organisations, including those funded and supported by Iran for the purpose of undermining the security and stability of some Middle Eastern countries. In this context, the GCC and the Arab League have recently classified the Lebanese group, Hezbollah, as a terrorist organisation in light of its continued hostile actions and its recruitment of youths from Arab countries to serve its terrorist agenda. As part of these efforts, Saudi authorities have prioritized putting an end to the funding of extremist groups such as the Islamic State of Iraq and Syria (ISIS), Jabhat al-Nusra, and Hezbollah. They aim to hinder their movements and to collaborate and coordinate with the international community to eliminate their sources of financing by all possible means. In early June 2016, Saudi Arabia launched new measures concerning financial transfers made to Lebanon by Lebanese expatriates living in the Kingdom, in an attempt to avoid them falling into Hezbollah's hands. Mohamed Choucair, Chairman of the Federation of the Chambers of Commerce, Industry and Agriculture in Lebanon, revealed that the Saudi authorities' investigation into the identity of the sender and beneficiary of funds now takes three to four days. The Union of Arab Banks is also playing a role, by issuing a series of guidelines aligned with international law and the UN Global Strategy to combat money laundering and the financing of terrorism. The guidelines list the measures that must be taken by member states and the international community to paralyze revenue sources of terrorist entities, prohibit the transfer of funds, limit their economic resources, and stop any dealings with terrorist groups altogether.

International measures and campaigns Following the regional measures led by Saudi Arabia against Hezbollah, the United States has sought to implement the Hezbollah International Financing Prevention Act, issued in 2015. The legislation is the result of investigations carried out by law enforcement authorities in Washington and Europe that revealed Hezbollah's creation of intermediary entities spread across the world to facilitate drug smuggling and money laundering activities, which allow it to purchase the weapons used in the Syrian conflict. In April 2016, the Office of Foreign Assets Control (OFAC) of the US Department of the Treasury announced that it would start imposing sanctions on banks that violate the Hezbollah International Financing Prevention Act. These sanctions vary from preventing foreign banks from exchanging correspondence and transfers with American banks, placing banks on a list of violators, and imposing fines of up to USD 1 million for each violation. In June 2016, the Ontario Superior Court of Justice in Canada issued a decision to seize CAD 13 million (9 million euros) in frozen financial assets belonging to the Iranian Government in Canada and gave the funds to the families of victims of previous attacks executed by Hezbollah operatives. According to US authorities, attacks in Argentina, Israel, Lebanon and Saudi Arabia have resulted in hundreds of deaths and casualties. The Court later clarified that condemning and fining Tehran held Iran responsible for its financing and training of the Lebanese group. The financial resources of the ISIS have also taken a hit in Syria and Iraq. According to a report issued by the Daily Telegraph in April 2016, ISIS has lost approximately 30 per cent of its income as a result of its shrinking hold over territories, and the subsequent loss of tax revenues. Estimates indicate that ISIS revenues have decreased from USD 80 million in April 2015 to USD 54 million in April 2016. This decline is expected to continue as the international coalition airstrikes against ISIS intensifies, targeting the terrorist group and its financial resources, particularly oil tanks. Such pressure could potentially lead to many deserters amongst the terrorist organization's ranks.

Strategic counter-strategies Nevertheless, terrorist organisations and their sponsor states have adopted some strategies to counter the financial siege imposed on them:

1. Reducing expenditures and searching for new resources: Faced with financial troubles as a result of the regional and international campaigns against its resources, ISIS has adopted two defensive approaches to ease their impact: reducing expenditures and searching for new resources. First, the Syrian Observatory for Human Rights confirmed last May that ISIS cut salaries paid to its members by half, from USD 100 to USD 50, causing distress among its fighters. The move has forced the group to rely on its main supporters who consider fighting for the organization as a form of jihad, rooted in purely religious principles disregarding any material gain. The second approach entails, following the many defeats the group has suffered, ISIS has tried to implement new methods to compensate for its financial and material losses. It has increased the price of electricity, imposed new taxes, and increased abductions to demand more ransoms.
2. Resistance economy: Iranian Supreme Leader, Ayatollah Ali Khamenei, created the 'resistance economy' strategy based on the concept of resistance and deterrence promoted by Tehran. The strategy consists of a method to deal with economic sanctions previously imposed on the country for decades, and to build an Iranian economy capable of adapting to international developments. Hezbollah was inspired by this Iranian strategy and adopted its own 'financial resistance' approach to face the regional and international policies aimed at drying up its resources. The first target of this approach is Lebanese banks, considered by the group to be collaborating with the United States to undermine the resistance and its supporters. Some members of the Lebanese media have blamed the group for an explosion that targeted a bank in Beirut in June this year, and for the sanctions imposed on banks in the country, describing the attack as a message sent by Hezbollah to the Lebanese banking sector. In conclusion, efforts to dry out the financial resources of terrorist organisations are faced with many obstacles and challenges due to the groups' varied resources and their financial resilience, as well as the presence of strong regional incubators of terrorism. Such as Iran which, according to the annual US Department of State report, is the most prominent state funder of terrorism in the Middle East. Furthermore, the new wave of measures aimed at cutting the financing of terrorism in the region may prove unsuccessful unless paired with comprehensive strategies, and an economic, social and cultural policy that can impact the very environments harboring these terrorist organisations.