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European Counterterrorist Efforts: Political Will and Diverse Responses in the First Year After September 11

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name redacted, Coordinator
Specialist in European Affairs
Foreign Affairs, Defense, and Trade Division

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Summary

The attacks of September 11 prompted the Bush Administration to improve law enforcement and other coordination between the United States and European governments dealing with international terrorism. European governments have also taken measures to enhance cooperation among themselves. Most notable are European Union efforts to enhance cross-border sharing of intelligence and police information, extend the reach of warrants, and strengthen external border controls.

Some European countries have a long history of fighting terrorism, and have refined existing practices as part of their counterterror policy. Others with little experience in combating terrorism are developing measures for the first time. Efforts to fight terror include the disruption of terrorists' financial networks, the emerging EU regime for tracking asylum seekers, and arrest and trial of suspected terrorists.

However, some governments have been slow to accept the U.S. position that Al Qaeda poses a significant new threat, and are correspondingly reluctant to approve enhanced law enforcement measures, or are inattentive to their implementation. These governments may believe that the United States is under a new threat, but that the danger does not extend to their own societies, or that a more active role in the fight would increase the likelihood that they would be targeted. Some governments also have different evidentiary standards from their neighbors and the United States; these governments may set the evidentiary bar very high before undertaking an investigation or making an arrest.

Domestic political factors are influencing the debate in some countries over terrorism, and raising concerns over religious and ethnic tolerance. Several countries, such as Italy, Denmark, Austria, and the Netherlands, have popular currents increasingly wary of or hostile to immigration. Some political parties in these countries are using fear of terrorism to brand Moslems as extremists, and attempting to restrict their immigration.

Resources available to governments also play an important role in the counterterror effort. Absent a major terrorist attack on their own soil, some governments lack the political support in their parliaments and among their populations to divert resources from efforts to resolve social and economic problems and towards greater security against terrorism.

The events of September 11 led to immediate and unprecedented European efforts to cooperate with the United States in fighting terrorism. However, by early 2002 the emphasis placed by the Bush Administration on military action beyond Afghanistan, and on strong support for the Sharon government in Israel in its conflict with the Palestinians, began to raise doubts among some Europeans about the overall U.S. approach to counterterrorism. There are concerns in Europe that the United States is using the war against terrorism to pursue broader and more controversial foreign policy goals.

Contents

Overview	1
Albania	4
Belgium	7
Background	7
International Cooperation	7
Counterterrorism Actions	8
Bosnia and Hercegovina	11
Background	11
Anti-Terror Policy: Implementation	12
Bulgaria	14
Croatia	17
Cyprus	18
Background	18
Counterterrorism Since 9/11	20
Denmark	21
Background	21
Counterterrorism Initiatives	21
Estonia	24
Federal Republic of Yugoslavia	26
France	27
Background	27
A History of Combating Terrorism	27
Legislative and Political Responses after September 11	28
Al Qaeda and France	29
Active Steps of Policy Implementation	30
Law Enforcement	30
The Moussaoui Case	31
Extradition Cases: France and Algeria	32
Money Laundering	32
Immigration Policy	33
Resources	34
Domestic and Foreign Policies and the Conflict Against Terrorism	34
Germany	37
Introduction	37
Germany's Own Experience with Terrorism	38
Response to 9/11	38

Domestic Actions	39
Political Issues and Differences	40
Greece	45
Background	45
Revolutionary Organization 17 November	45
Counterterrorism Efforts	47
Counterterrorism Since 9/11	49
Other	49
Illegal Immigration/Border Controls	50
Ireland	52
Overview	52
Legal Responses and Cooperation Against Terrorism	52
Immigration, Asylum, and Border Controls	54
Italy	57
Background	57
A History of Combating Terrorism	57
Legislative and Political Responses after September 11	58
Al Qaeda and Italy	60
Active Steps of Policy Implementation	60
Investigations and Arrests	60
Money Laundering and Illegal Assets	61
Illegal Immigration	62
Broad Factors Affecting Italian Policy	62
Latvia	64
Lithuania	65
Luxembourg	66
Background	66
Banking Secrecy and Money Laundering	66
Macedonia	69
The Netherlands	71
Background	71
Response to 9/11	71
Dutch Counterterrorism Initiatives	72
Romania	74
Background	74
Romanian Counterterrorism Initiatives	76
Slovakia	78
Slovenia	80

Spain	82
Background	82
Spain, EU and Immigration	82
Spain and Al Qaeda	83
Anti-Terror Policy: Implementation	84
Sweden	86
Response to 9/11	86
Key Legislation	87
Recent Actions	88
Extradition of Egyptians	88
Camp X-Ray	89
Somali Swedes	89
Arrest of 2 Palestinians	90
Armed Airline Passenger	90
Switzerland	91
Overview	91
Combating Terrorist Financing	91
Other Counterterrorist Efforts	92
Challenges	93
Turkey	96
Background	96
Counterterrorism Since 9/11	97
Immigration/Border Controls	98
United Kingdom	99
Overview	99
A History of Combating Terrorism	99
Britain's Muslim Community and Al Qaeda	100
Law Enforcement post-September 11	101
Legislative and Political Responses to September 11	101
Improving Counterterrorism Legislation	102
Stemming Terrorist Financing	104
Tightening Immigration, Asylum, and Border Controls	105
Enhancing Intelligence and Police Resources	106
Political Considerations and the War on Terrorism	107
The Council of Europe	108
European Union	110

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European Counterterrorist Efforts: Political Will and Diverse Responses in the First Year After September 11

Overview*

The attacks of September 11 prompted the Bush Administration to improve law enforcement and other coordination between the United States and European governments dealing with international terrorism. Many governments, after discussions with the Administration, or on their own, quickly began to enact or consider legislation intended to enhance their ability to investigate and suppress terrorist activity.

The attacks on the United States of September 11 shocked the political leadership in key European states, leading to new domestic measures to counter terrorism. Most notable are European Union efforts to enhance cross-border cooperation in sharing intelligence and police information, extend the reach of warrants, and strengthen external border controls. Such measures had long been resisted, given states' concerns over surrendering elements of their sovereignty to other countries or to the European Union.

The events of September 11 led to immediate and unprecedented efforts to cooperate with the United States in fighting terrorism. However, by early 2002 the emphasis placed by the Bush Administration on military action beyond Afghanistan began to raise doubts among some Europeans about the overall U.S. approach to counterterrorism. There are concerns in Europe that the United States is using the war against terrorism to pursue broader and more controversial foreign policy goals.

Doubts are evident in some European countries about aspects of the conflict against terrorism. Parts of the political spectrum in many European countries believe that long-term economic and diplomatic initiatives should have an important role to play in combating terrorism. In some countries, debates have sharpened over the balance between security and civil liberties. There is also some criticism of the balance in the United States between security and civil liberties that has hindered cooperation; European concerns about the possible use of military tribunals in this country, treatment of detainees at Guantanamo Bay, and the death penalty are currently affecting working relationships with the United States. Several countries with significant Moslem populations have governments that are concerned about new enforcement measures that could be construed as targeting minority populations.

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Coupled with concern over U.S. foreign policy in the Middle East, these views may be eroding Administration efforts to persuade several European governments to follow elements of its counterterrorism policy.

A wide range of response is evident in Europe in the effort to subdue terrorism. Some countries, such as France, Italy, Germany, Spain, and Turkey have a long history of fighting terrorism. In each, there is an existing political sentiment about measures appropriate for disrupting terrorist networks and bringing terrorists to justice. Long traditions resting on accepted practices affecting civil liberties, securing public order, and protecting their populations are influencing political debate over combating terrorism.

Some governments have accelerated the pace of internal efforts to combat terrorism. The disruption of terrorists' financial networks, strengthening of border controls, and arrest and trial of suspected terrorists, steps sometimes taken in coordination with the United States or other countries, are but several examples of such efforts. Other examples are the EU's emerging regime for tracking asylum seekers, France's commitment of increased police resources to combat terrorism, and Britain's expanded number of individuals on its terrorist list, in part at U.S. and UN urging.

There are also areas of concern. Some governments have been slow to accept the U.S. position that Al Qaeda poses a significant new threat, and are correspondingly reluctant to approve enhanced law enforcement measures, or are inattentive to their implementation. These governments may believe that the United States is under a new threat, but that the danger does not extend to their own societies, or that a more active role in the fight would increase the likelihood that they would be targeted. Such sentiment, for example, is evident in the Baltic states, where significant acts of terrorism are uncommon, but is also heard in countries such as Germany, where the effects of terrorism are well-known. The EU as an entity has relatively weak law enforcement capabilities; there, some national police services, despite initial steps taken on paper by political leaders, remain reluctant to share investigative and intelligence information. And all governments face significant hurdles in combating money-laundering, whether tied to organized crime or to terrorist networks.

Domestic political factors are influencing the debate in some countries over terrorism, and raising concerns over religious and ethnic tolerance. Several European societies, such as Italy, Denmark, Austria, and the Netherlands, have popular currents increasingly wary of or hostile to immigration. Some political parties in these countries are using fear of terrorism to brand Moslems as extremists, and to restrict their immigration. A version of this sentiment is evident in Bosnia-Herzegovina, already tense and unstable, where some Serbian Orthodox political leaders are seeking to undermine the legitimacy of Bosniak (Moslem) organizations involved in building civic institutions.

Resources available to governments play an important role in the anti-terrorism effort. For example, some government officials interviewed by CRS voice a desire to strengthen airline security through improved technologies and more personnel, or to increase capabilities for inspection at ports to prevent the movement of weapons

of mass destruction in container vessels. Budget constraints are in many cases preventing them from doing so.

Since early 2002, a number of European governments, while not reducing their domestic law-enforcement efforts, have begun to distance themselves from U.S. leadership in the international conflict against terrorism. Broader issues of foreign policy are at play. Many NATO allies are uneasy with the Bush Administration's strong support for the Sharon government in Israel and its treatment of the Palestinians. They do not share the Administration's view that Prime Minister Sharon's use of robust military force contributes to weakening terrorism, or even that his policy has much in common with the war on terrorism; they believe instead that the Sharon government's policies may be fueling terrorism. They bristle at suggestions from some journalists in the United States that their criticism of Israel is evidence of anti-Semitism.¹

Similarly, some governments view President Bush's reference to Iran, Iraq, and North Korea as an "axis of evil" as an indication that the United States is using the issue of terrorism to garner support for "pre-emptive" military measures intended to eliminate threats that most European governments today regard as unproven. The threat from the production of weapons of mass destruction in Iraq, for possible use against the United States or other countries, falls into this category. Key allies believe that any near-term conflict with Iraq could greatly undermine the international coalition against terrorism and further inflame the Arab-Israeli conflict. In general, most European governments continue to believe that Iran and Iraq, for example, should presently be dealt with through diplomatic, political, and economic measures. The European Union is pursuing an initiative to engage Iran through a policy of trade and investment.

While European governments may wish to implement stronger efforts at home to quell terrorism, several do not wish to be seen as following an American plan for doing so, above all if that plan is linked to a broader U.S. policy for militarily confronting Middle Eastern countries or political entities that the Administration believes to be supporting terrorist networks.

¹See, for example, John Lloyd, "Rowing Alone," *Financial Times*, section II. Aug. 3-4, 2002.

Albania*

Foreign Islamic extremists may have infiltrated Albania over the past decade, but the Albanian government has been working with the United States to remove their presence. A majority of the Albanian population is nominally Muslim, but secular. In the aftermath of the collapse of communism in Albania in 1991, several Islamic humanitarian and cultural organizations established themselves in Albania. Osama bin Laden is reported to have visited Albania in 1994.² At the same time, the post-communist leadership in Albania and Albanians in general have remained staunchly pro-American and not receptive to radical Islamic fundamentalism. Following the September 11, 2001 attacks, the Albanian government announced that it would put all of Albania's assets and facilities (including airspace, ports, and airports) at the disposal of the United States and allied countries in their fight against global terrorism.

Albania's close cooperation with the United States in counter-terrorism efforts pre-dates the September 11 attacks by some years. Reportedly working in close contact with and even at the behest of the Federal Bureau of Investigation (FBI) and U.S. intelligence services, Albania's Socialist government authorities have captured and extradited over one dozen suspected Islamic terrorists (from Egypt, Iraq, Jordan, Syria, and elsewhere in the Middle East and Africa) since 1998.³ Terrorist threats in the past have caused the temporary closure of the U.S. embassy in Albania and the cancellation of planned visits to Albania by senior U.S. officials.

For the past several years, the State Department has reported that Albania's state of development – especially its poor internal security, lax border controls, and high rates of crime – has produced an environment conducive to terrorist activity and attractive to Islamic extremist groups. Some foreign Islamic extremists used Albania as a safe haven and even gained Albanian citizenship. Some former Albanian officials were thought to maintain links with these foreign extremists.⁴ The State Department has charged that various Islamic non-governmental organizations which support terrorist groups and their activities continue to maintain a presence in Albania. In addition, ethnic Albanian extremist groups, whose memberships and support structures cross regional borders, have conducted insurgent attacks in southern Serbia and in Macedonia in recent years.

In the aftermath of September 11, some international media and even political leaders from neighboring states have alleged that ethnic Albanian "terrorists"

²"Bin Laden and the Balkans: the Politics of Anti-Terrorism," International Crisis Group Balkans Report No. 119, November 9, 2001, p. 5.

³*Asian Wall Street Journal*, November 22, 2001; *Associated Press*, September 21, 2001.

⁴*Associated Press*, September 21, 2001.

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continue to maintain links with Islamic terrorist groups such as al-Qaeda.⁵ The Albanian government has strenuously denied that Albanian territory has been used for training camps or bases for either ethnic Albanian extremist forces or Islamic terrorist groups. It has sought to portray Albania as a staunch supporter of the United States and no longer a safe haven for Islamic extremists. In late 2001, Albanian authorities launched four raids on Islamic-based groups and deported several of their principal officers. At the same time, neighboring states, such as Italy, complain about the steady stream of illegal immigrants from Albania, many of whom are linked with organized crime and engaged in illegal activities.

In addition to expelling suspected Islamic extremists, a major focus of Albania's counter-terrorism efforts has been to limit terrorists' ability to use Albania to launder money by blocking financial and other assets of persons and groups operating in Albania with suspected links to terrorists. The United States has reportedly provided Albania's authorities with a list of 300 companies in Tirana that are suspected of money laundering for terrorists or otherwise having links with terrorist groups. Albania's main action to date on this front has been to freeze the accounts and assets of Jasin Kadi, a Saudi businessman who owned several companies in Albania and was the main shareholder of a large building construction project in Tirana (and whose assets have also been frozen in the United States). Kadi is thought to support Al Qaeda and have links with Saudi suspected terrorist Abdel Latifi, who was extradited from Albania in November 1999.⁶ The bank assets of two Islamic organizations have also been blocked.

In December 2001, the Albanian government signed the international Convention for the Suppression of Terrorist Financing (which has yet to be ratified by the Albanian Assembly). In January 2002, the Albanian government approved a National Plan of Action against Terrorism that outlined a broad array of tasks for the governmental ministries and new structures to fight against internal and foreign terrorism. In an address before parliament in January, former Prime Minister Meta announced that the government's Prosecutor's Office was investigating several Islamic organizations and foreign residents operating in Albania and suspected of having links with international criminal and terrorist groups.

Other problem areas include notoriously lax security at the border and a generally weak law-and-order system. Arms smuggling and other illegal cross-border activity flourished during the years of conflict in the former Yugoslavia (especially the recent ethnic Albanian rebel insurgencies in southern Serbia and Macedonia), and during the 1997 civil unrest and insurgency in Albania. The government's efforts to remedy this problem are undermined by limited resources to equip and train an effective border police. The government is also focusing attention

⁵“Lord Robertson addresses NATO prospects for Albania,” Tirana Koha Jone, *Foreign Broadcast Information Service*, January 17, 2002.

⁶FBIS-EEU, February 8, 2002.

on closing loopholes in its citizenship laws that may have allowed Islamic terrorists to gain Albanian citizenship.⁷

Testifying before the Senate Foreign Relations Committee in June 2002, U.S. Ambassador-designate Mr. James Jeffrey claimed that Albania “has done everything that we have asked” in the campaign to counter terrorism. He cited good intelligence cooperation with the Albanian government on possible threats against U.S. interests in Albania, cooperative measures to close down Islamic fundamentalist groups with suspected connections to the Al Qaeda network, and action taken against an individual with possible financial links with Al Qaeda.

⁷International Crisis Group report, p. 8.

Belgium*

Background

The Belgian government, though aware that terrorism poses a threat to Belgium and other European countries as well as to the United States, has had a somewhat problematic record of cooperation with Washington in the war on terrorism. One U.S. government official has characterized Belgium's political will to cooperate as "fairly strong," chiefly because it is linked to Belgium's self-interest: the Belgians do not want any terrorist activity to occur on their territory. Because the European Union and NATO are headquartered in their country, he added, the Belgians are sensitized to the terrorist threat; but they are anxious over whether they have sufficient resources to protect personnel at the two institutions. Immediately after the attacks on the United States, Belgium tightened security around EU, NATO and U.S. facilities throughout the country. In addition, the Belgians' ability to deliver on their promises is somewhat challenged – any type of "coordination" is problematic in Belgium's federated system of government, in which policies must navigate the shoals of several levels of government and three official languages. In addition, Belgium's domestic political dynamics act as something of a constraint on their ability to cooperate; the ethnic mistrust between the Dutch-speaking Flemings and the French-speaking Walloons complicates matters. Finally, their government tends to place a great deal of emphasis on process, and is slow and bureaucratic.

International Cooperation

Belgium has shown some leadership in coordinating international counter-terrorist activities. On September 17, police and anti-terrorist officials from Germany, the Netherlands, and France met with their Belgian counterparts in Brussels to discuss efforts to share information and coordinate counter-terrorist strategy. In addition, Belgium, which held the revolving EU presidency between July and December of 2001, pushed for acceptance of EU-wide fast-track extradition procedures for serious crimes. Like other EU countries, however, Belgium has refused to deport suspected terrorists to countries where they might face the death penalty; in fact, the law prohibits extradition of Belgian nationals. In June 2002, the U.S. and Belgian governments initialed an agreement that will permit U.S. Customs agents to be stationed in the seaport of Antwerp, where they will work with Belgian officials to screen freight containers to be loaded on vessels bound for the United States. The accord is part of the Bush Administration's Container Security Initiative, under which foreign ports will be checked to prevent shipment to the United States of weapons of mass destruction.⁸

However, in a swipe at the United States in mid-July, Belgian Prime Minister Guy Verhofstadt circulated among EU members a letter calling for the transformation

⁸U.S. Enters Agreement With Belgium To Inspect Cargo Shipped From Antwerp. By Jeannine Aversa. *AP*. June 26, 2002.

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of the European Security and Defense Policy into a true military force that could operate independently of NATO. A press summary of the letter indicated that Verhofstadt had argued that “NATO was becoming a ‘toolbox’ of Washington, which was using it as a prop to build coalitions for its war against terrorism.”⁹

Counterterrorism Actions

Belgian authorities made numerous arrests in the days and months following 9/11, but they have not always cooperated with the United States in a timely fashion. Three days after the attacks on the United States, Brussels police, acting on a tip to the Belgian State Security Service, arrested Nizar Trabelsi and Abdelkrim el-Hadouti, North African members of a radical Islamic movement. During a house search, the police found Uzi machine pistols, along with false Dutch identity papers and other documents. Belgian Justice Minister Marc Verwilghen stated that authorities were investigating whether the two were linked to Al Qaeda. It was later revealed that the two may have been planning an assault on the U.S. Paris embassy. Two of the suspects’ associates were taken into custody a week later, but were released conditionally on October 16, although investigations into their activities continued. In mid-October, U.S. law enforcement officials reportedly objected that Belgian authorities had hampered investigations into terrorist activities by denying timely access to information on the case, and refusing to permit the two suspects to be questioned by the Americans. The *New York Times* quoted a U.S. official as saying “[t]he Belgians have not taken up the other models of cooperation. ... this has hurt us.”¹⁰ After the article was published, Belgian officials expressed surprise, arguing that Brussels “had been cooperating with U.S. authorities at the highest level”¹¹ They provided the requested file, saying the United States had failed to follow “proper procedures” for information exchange.

Belgium’s laws on security-related matters have proved controversial in the past. The two suicide bombers who assassinated former Afghan Northern Alliance leader Ahmed Shah Massoud on September 9, 2001, were found to be carrying Belgian passports. Until 1998, Belgian passports were issued by municipal officials, and an estimated 3,500 passports were stolen annually from poorly-guarded city halls. After the United States applied pressure, even indicating that it might begin requiring visas for Belgians, the country centralized its passport issuance.¹² More recently, the press has criticized Belgium for having “some of the weakest antiterrorism laws in the European Union[,] ... making it popular among terrorists as a place to hide out and plan attacks.”¹³ Citing Belgian sources, the article

⁹Belgium Seeks New European Defence Alliance. By Judy Dempsey. *The Financial Times*. July 25, 2002. p. 5.

¹⁰Belgium Is Hindering Investigation, U.S. Says. By Chris Hedges. *New York Times*. October 17, 2001.

¹¹Belgians Overcome Problems In Information Exchange With U.S. On Terror Suspects. *AP*. October 17, 2001.

¹²Not Only Masood Killers Had Stolen Belgian Passport. *Reuters*. September 17, 2001.

¹³‘Back Office’ For Terrorism? Belgium Scrambles To Close Loopholes In Security Laws. (continued...)

maintained that, because Belgium had not suffered directly from terrorist acts in the recent past, Brussels largely relegated the terrorism issue to a back burner in the 1980s. In an editorial a week later, the newspaper singled out Belgium as “simply the only country whose elected officials have failed to ensure that the bureaucracy does not provide an obstruction to broader interests.”¹⁴

Belgian law enforcement authorities in December arrested Tunisian-born Tarek Maaroufi, suspected of being a member of Osama bin Laden’s European network, and of recruiting for Al Qaeda. Because “Belgian legislation does not actually speak of any ‘terrorist offence,’”¹⁵ Maaroufi was picked up on a variety of criminal charges, including one based on a 1979 law prohibiting recruitment for foreign military forces. Maaroufi, regarded by European police as a kingpin among militant Muslim groups, had been connected to Islamic militants in Belgium as early as 1995, and was also wanted in Italy for plotting an attack on the U.S. embassy in Rome.¹⁶ An associate of Maaroufi, Ahmed Ellattah, was arrested in October 2002.

In January, Belgian police announced that they were seeking the arrest of one Victor Bout on charges of money-laundering. According to UN and other reports, the Tajik-born Bout, a former officer in the Soviet air force, has long been suspected of trafficking weapons to Al Qaeda and the Taliban, as well as to various African countries. The alleged arms trafficker is believed to have used an air field in northern Belgium as one of his bases of operation. Two days after the international arrest warrant was issued, Bout came to ground in Moscow. Belgium has sought his extradition, but, according to some, “he appears to be enjoying official protection” in Russia.¹⁷

The revelations that people associated with terrorism such as Trabelsi, Maaroufi, and Bout had been active in Belgium received added weight in June, when a British newspaper stated that a leaked Belgian parliamentary intelligence committee report had concluded that Belgium “had become ‘a logistical base’ for terrorist groups ...

¹³(...continued)

By Dan Bilefsky and Philip Shishkin. *Wall Street Journal*. October 9, 2001. p. A19.

¹⁴Belgium’s War Effort. Editorial. *Wall Street Journal*. October 8, 2001.

¹⁵United Nations Security Council. Note Verbale dated 21 December 2001 from the Permanent Mission of Belgium to the United Nations addressed to the Chairman of the Security Council Committee established pursuant to resolution 1373 (2001) concerning counter terrorism. December 27, 2001. p. 3.

¹⁶Arrests In Belgium Highlight Its Role As A Militants’ Base. By John Tagliabue. *New York Times*. December 20, 2001. European Probe – Belgium, Britain Hold 10 Terror Suspects. *Los Angeles Times*. December 20, 2001. p. A-10.

¹⁷Belgium Seeks Arms Dealer With Suspected Al Qaeda Ties. By Donald G. McNeil, Jr. *New York Times*. February 26, 2002. Russian Wanted On International Arrest Warrant For Arms Shipments Resurfaces Near Kremlin. By Vladimir Isachenkov. *AP*. February 28, 2002. Moscow Should Hand Over Fugitive Weapons Trafficker. By William F. Wechsler and Lee S. Wolosky. *Los Angeles Times*. July 23, 2002. p. B-13.

.”¹⁸ The article quoted the president of the Belgian senate as saying that “[a] lot of these extreme groups are attempting to ‘re-Islamise’ Belgium’s Muslim population in the most radical fashion.” The disclosure is believed to have prompted the subsequent resignation of the head of Belgium’s national security service, whose management had been criticized in the parliamentary report.

¹⁸Belgium Is ‘Launch Pad For Terrorists.’ By Ambrose Evans-Pritchard. *London Daily Telegraph*. June 4, 2002.

Bosnia and Hercegovina*

Background

Like other countries in Europe, Bosnia has been a significant haven for Al Qaeda and other terrorist groups. After the breakup of Communist Yugoslavia, Bosnia and Hercegovina was torn apart by a civil war between Bosniaks (Bosnian Muslims), Serbs and Croats. A U.S.-brokered peace agreement in 1995 divided the country into two semi-autonomous “entities,” one dominated by the Serbs, the other by the Bosniaks and Croats, with a weak central government. Most powers, including domestic powers to fight terrorism, are vested in the entities. The central government deals with international efforts to fight terror.

Several thousand Muslim fundamentalist fighters fought for the Bosniak army during the 1992-1995 civil war. Most left Bosnia at U.S. insistence after the deployment of the NATO-led Stabilization Force (SFOR) in December 1995. However, a few stayed, and become Bosnian citizens by marrying Bosnian women. Perhaps more troublesome has been the uncovering Al Qaeda ties among some Islamic charities and humanitarian organizations that proliferated during and after the war. Al Qaeda used a few of them for planning attacks in Bosnia and elsewhere. According to U.S. officials, the U.S. embassy in Sarajevo and U.S. military bases in Bosnia have been subject to several terrorist threats since September 11, causing the temporary closure of the U.S. embassy on two occasions. Some Al Qaeda operatives in Bosnia reportedly have connections to members of Bosnia’s intelligence service, another legacy of Bosniak wartime cooperation with Islamic militants.

The issue of terrorism has been politicized in Bosnia to some extent, as each ethnic group has used the label “terrorist” to define its adversaries. Some Bosnian Serb officials have at times taken the opportunity to criticize the Bosniaks for allegedly harboring Islamic terrorists. Bosnian Croats have reportedly engaged in petty obstruction within the Federation government at times, perhaps to cast the Bosniaks in a bad light. Several Bosniak political leaders have expressed concern that Bosnian police raids on Islamic charities may have a negative impact on the legitimate activities of the majority of charities, which are not linked with Al Qaeda. In July 2002, the deputy chairman of Bosnia’s anti-terrorism commission resigned, saying that NATO should do a better job of capturing indicted war criminals Radovan Karadzic and Ratko Mladic, who many Bosniaks see as “terrorists.” The seizure of five suspected terrorists in January 2002 was criticized by some Bosnian legal experts as a violation of the rule of law.¹⁹

However, it should be stressed that, despite this political sniping, Bosnian opposition to terrorism has been remarkably broad, despite the still-deep ethnic divide in the country. The United States still enjoys a strong reservoir of support in

¹⁹Daniel Williams, “Hand-Over of Terrorism Suspects to U.S. Angers Many in Bosnia,” Washington Post, January 31, 2002.

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Bosnia, especially among Bosniaks, for bringing peace to the country and providing post-war aid. In addition, Bosniaks are known in the Muslim world as particularly secular and European in outlook. This has often caused friction between foreign Islamic extremists and many ordinary Bosniaks. Efforts by the Islamists to recruit Bosniaks into their organizations have met with limited success.²⁰ Some Bosniaks also fear that the terrorists will give Bosnia a bad name in Europe, thereby hindering their ability to travel there, and setting back Bosnian efforts to join European institutions in the long run.

Anti-Terror Policy: Implementation

U.S. officials have lauded Bosnia's efforts in the fight against terrorism. In his 2002 State of the Union Address, President Bush singled out Bosnia specifically for praise for its cooperation with the United States. Bosnia set up an anti-terrorist government working group within hours of the September 11 attacks. In January 2002, Bosnia handed over to the United States Bensayah Belkacem, reportedly a high-ranking figure in Al Qaeda, as well as five other suspects. In cooperation with U.S. investigators, Bosnian authorities are investigating several Islamic charities suspected of having ties with Bin Laden. In March 2002, Bosnian police raided Bosnian offices of Benevolence International Foundation, which is headquartered in Illinois. Police found weapons, military manuals, a fraudulent passport, photographs of Bin Laden, and other items. BIF's leader, Enaam Arnaout, has been charged by the U.S. government with financing terrorist operations.²¹ A Bosnian raid on another group, the local branch of Saudi-based Al-Haramain Islamic Foundation, uncovered tapes calling for attacks on peacekeepers in Bosnia. Another raid, this time on the Sarajevo office of the Saudi High Commission for Relief, netted anti-Semitic and anti-American materials, as well as photos of U.S. military installations.²²

The United States and Bosnia worked to improve the country's ability to fight money laundering well before September 11. In January 2001, the U.S. Treasury Department began a study of the Bosnian Financial Police to recommend ways of improving its effectiveness. The report of findings was submitted in May 2001 and adopted by Bosnia in July 2001. In September 2001, the Prime Minister held a meeting of his cabinet to form a task force to implement the findings of the study and set a timetable for action items to be accomplished.²³ According to the State Department's 2001 Patterns of Global Terrorism Report, Bosnian banking authorities have worked diligently to identify and freeze suspected terrorist assets in the financial sector. This occurred despite the fact that the legislative basis for asset seizure was not fully in place at the time.

However, despite good intentions, Bosnian efforts to fight terrorism are sometimes hampered by the weakness and inefficiency of its government institutions,

²⁰Discussions with U.S. officials.

²¹FBI Affidavit in Support of Complaint Against Benevolence International Foundation, Inc, and Enaam M. Arnaout, State of Illinois, County of Cook, April 29, 2002, 10.

²²Andrew Purvis, "Money Trouble," "Time Magazine Europe, July 1, 2002.

²³International Narcotics Control Strategy Report, March 2002, p. xii-40

which have created an environment in which crime and corruption have flourished. For example, Bosnia has planned to tighten its citizenship law, but passage has been stymied by legislative gridlock, a key feature of Bosnian politics since the end of the war in 1995 that is not directly related to the terrorism issue. Also, with help from the EU and United States, Bosnia deployed a new State Border Service throughout virtually all of the country's territory last year. However, the Bosnian budget provided insufficient funding for the force, requiring foreign donors to step in to provide temporary funding.²⁴

However, mitigating these problems is the presence of SFOR and other international officials on Bosnia's territory. NATO troops and intelligence services can work with their Bosnian counterparts and independently track down and arrest suspected terrorists. The Office of the High Representative, which is the leading international civilian body in Bosnia, has the power to impose laws on Bosnia, as needed, but often employs more indirect means to influence the Bosnian government. The powerful influence exercised by international officials in Bosnia gives the United States more freedom to arrest and deport terrorists than in many European countries, which might object on civil liberties or other grounds.

²⁴Discussions with U.S. officials.

Bulgaria*

Although Bulgaria has not appeared to represent a target destination for international terrorist groups, its “crossroad location” between western Europe and the still unstable west Balkans and the Caucasus make it an attractive environment and transit point for illegal cross-border trafficking, organized crime, and international terrorism.²⁵ Some media sources have reported on an alleged Al Qaeda planning meeting in Sofia in early 2002 and the possible transit of Al Qaeda and Taliban members from Bulgaria across western Europe, but these stories have not been officially confirmed.²⁶

Bulgaria is seeking accession into NATO and the European Union. In particular, Bulgaria wishes to be among the countries invited to join NATO at the alliance’s November 2002 summit in Prague. Following the September 11, 2001 terrorist attacks on the United States, the Bulgarian government and parliament pledged full cooperation with the global coalition to fight terrorism and declared that Bulgaria would act as a *de facto* NATO ally. Bulgaria became a non-permanent member of the U.N. Security Council in January 2002, and thus plays a role in developing further international policies on counter-terrorism. The Bulgarian government and parliament agreed to U.S. requests for overflight privileges and use by U.S. aircraft and personnel of a Bulgarian airbase near the Black Sea base of Burgas for support operations in Afghanistan. Under a standing agreement with NATO on transit passage of NATO forces, Bulgaria is committed to provide additional transit and logistic support to NATO personnel in possible future missions.

In December 2001, the Bulgarian government issued a decree on the implementation of U.N. Security Council Resolution 1373. The decree called for the blocking of financial assets of terrorists and terrorist groups, and financial contributions or other assistance to these groups, and banning the sale, supply, or transfer to them of armaments and other equipment related to the commission of terrorist acts.

Establishing and implementing mechanisms to prevent and block access by terrorists and terrorist groups to financing from Bulgarian territory has been a major area of focus. The Financial Intelligence Bureau, under the Ministry of Finance, oversees investigations and actions to counter the financing of terrorists or terrorist groups, in cooperation with foreign organizations. In December 2001, the Bulgarian government approved the international Convention for the Suppression of Terrorist Financing; parliament is expected to ratify the convention soon. In June 2002, the government approved a draft bill on the Suppression of Terrorism that will empower the Interior Ministry to block and confiscate assets of persons and groups linked with terrorism. Such persons and groups will be identified on a list approved by the

²⁵Report from Bulgaria to the U.N. Counter-Terrorism Committee, S/2001/1273, December 27, 2001, p. 3.

²⁶*The Times* (UK), May 23, 2002; Sofia 24 Chasa in FBIS-EEU, March 26, 2002.

*Prepared by (name redacted), Specialist in ~~Internal~~ Relations, Foreign Affairs, Defense, and Trade Division, CRS. July 25, 2002.

government and updated semi-annually. In July, the government prepared a draft law against terrorist financing to impose fines and other sanctions against persons and institutions providing financial services to terrorists.

Another target issue area concerns the export of Bulgarian arms to countries subject to international arms embargoes. During the past decade, Bulgaria has been implicated in numerous reported cases of illegal armaments shipments to black-listed countries such as Sudan, Angola, and Iraq.²⁷ The Bulgarian government, while actively seeking to promote the Bulgarian defense industry and legitimate export markets, has endeavored to crack down on illegal arms exports by enhancing the legal basis for controls. In addition, the Bulgarian media and non-governmental organizations have focused substantial attention on this issue. In January 2002, the government approved amendments to the law on Foreign Trade in Arms and in Potential Dual-Use Goods and Technologies Control, which received final approval in parliament on July 18, in order to strengthen existing mechanisms for controls. In April, the government installed an automated software system, granted by the United States, to track information relating to armaments trade.²⁸

Bulgaria is the last former Warsaw Pact country still possessing Soviet-era SS-23 medium-range missile systems. The United States has maintained that these systems may be attractive to terrorists and has pressed for their destruction. In late 2001, the Bulgarian government and parliament approved plans to dismantle the SS-23 and other missiles by the end of October 2002. In May 2002, Bulgaria and the United States signed a bilateral agreement on the destruction of Bulgaria's SS-23, Scud, and FROG missiles. The United States is providing technical assistance and financial compensation for their destruction by the late October deadline.

Lax border controls for goods and people represent another major problem. Cross-border smuggling of goods continues to evade tax and fee collection, and may be attributable to ineffective or corrupt customs systems and border police monitoring. According to the Bulgarian government, all persons and vehicles passing through the country's borders are subject to control, and border checkpoints have established links to databases in the Foreign and Interior Ministries, but skeptics question the effectiveness of these resources.²⁹ Bulgarian authorities contend that they have stepped up efforts to detain illegal immigrants. In June, two policemen and two immigration officers were charged with running a human-smuggling operation for foreign migrants.³⁰ Most of the reported illegal border crossings in 2001 involved persons from Romania, Afghanistan, and Iraq.³¹

²⁷See "Bulgaria, Money Talks: Arms Dealing with Human Rights Abusers," Human Rights Watch Report, Vol. 11, No. 4, April 1999.

²⁸BBC Monitoring, April 2, 2002.

²⁹S/2001/1273, December 27, 2001, p.13.

³⁰"Stream of refugees crossing into Europe may include terrorists," *Wall Street Journal Europe*, July 5, 2002.

³¹Sofia BTA news agency, in FBIS-EEU, January 29, 2002.

A growing number of foreigners have sought asylum in Bulgaria. In May 2002, the Bulgarian parliament passed a new asylum and refugee bill that is intended to streamline and accelerate processing of asylum claims, which may help prevent terrorists from seeking and obtaining asylum status in Bulgaria.

Croatia*

Croatia condemned the September 11 attacks on the United States and has vowed to support the war on terrorism. Croatia has not been known as a haven for terrorists. There is broad Croatian public support for the war on terrorism. Croatia's key foreign policy goal is eventual membership in the European Union and NATO.

Although these objectives are unlikely to be achieved in the foreseeable future, Croatia wants close relations with the United States and other Western countries, including on the issue of terrorism. Croatians also have concerns about Islamic fundamentalism and terrorist threats in Croatia and elsewhere in the region, particularly possible spillover effects from neighboring Bosnia.³²

After the September 11 attacks, the Croatian government established a Permanent Co-ordination Task Force for the implementation of Security Council resolution 1373 (2001), which dealt with the international response to terrorism. Croatia has reviewed its laws in order to decide what amendments are needed to fight more effectively against terror. Amendments are planned to laws on the movement and residence of foreigners; the criminal code; laws on Croatia's intelligence service; asylum legislation, money laundering laws, and international legal assistance and extradition laws, among others.

The 2001 State Department International Narcotics Control Strategy Report said that Croatia is "neither a regional financial nor a money laundering center." A 1997 law criminalized money laundering and required banks and non-bank financial institutions to report transactions that exceed U.S. \$17,500, as well as any suspicious cash transactions.³³ After September 11, the Croatian Finance Ministry formed a task force to coordinate Croatia's efforts to fight money laundering. Croatia has also established an Office for Combating Corruption and Organized Crime, which has as part of its mandate the prevention of financing of terrorism. Croatia is working with Germany, Austria and Slovenia under the auspices of the Stability Pact to bring control of its borders closer to EU standards, including in its asylum and migration policy.³⁴

³²Discussions with U.S. officials.

³³U.S. State Department, International Narcotics Control Strategy Report, March 2002, p. xii-105.

³⁴Reports of the Republic of Croatia on the Implementation of Security Council Resolution 1373, U.N. Security Council Document S/2001/1271, December 2001 and U.N. Security Council Document S/2002/727.

*Prepared by (name redacted), Specialist in European Affairs, Foreign Affairs, Defense, and Trade Division, CRS. August 28, 2002.

Cyprus*

Background

The greatest concern about the willingness of Cyprus to combat terror is in the area of money-laundering. Cyprus' low corporate tax rate attracts many offshore companies from Europe and the United States; the total number of such companies is estimated at over 50,000. Cyprus traditionally provided little monitoring of these businesses, whose activities were far from transparent. This earned Cyprus a reputation as a money-laundering haven and some businesses used bank accounts established on the island for what may be regarded as nefarious purposes.

Largely because Cyprus hopes to become a member of the European Union by 2004, it has been trying to improve its performance in this area.³⁵ It is considering raising the corporate tax rate. Cyprus also plans to improve enforcement of laws, including its anti-money laundering law, and to demand greater transparency in business operations. It has withdrawn permits from offshore companies failing to meet disclosure and other requirements. In 2000, the Organization for Economic Cooperation and Development's Financial Action Task Force found that Cyprus had a comprehensive anti-money laundering system. The government took some steps in 2001 to address the Task Force's concerns about identification of owners of beneficial accounts; the reforms apply to new, not existing, accounts. In 2001, the International Monetary Fund concluded that Cyprus's anti-money laundering framework was adequate; although it too noted areas for improvement in identification and in the reporting of suspicious transactions.³⁶

A State Department report issued in March 2002 found that Cyprus "remains vulnerable to international money laundering activities."³⁷ It recommends additional steps that the government of Cyprus could take to enhance enforcement of anti-money laundering laws, including authorizing its Unit for Combating Money Laundering to conduct unannounced inspections and examine suspicious activity reports filed with the Central Bank.³⁸

In recent weeks, allegations resurfaced that the regime of former Yugoslav President and accused war criminal Slobodan Milosevic had used Cyprus to launder

³⁵Cyprus has provisionally closed 28 out of 30 chapters of rules and regulations to enable it to conform to European Union standards, and it is in the forefront of countries seeking admittance to the EU.

³⁶U.S. Department of State, Bureau of International Narcotics and Law Enforcement Affairs, *International Narcotics Control Strategy Report*, p.XII-105.

³⁷ *International Narcotics Control Strategy Report*, p.XII-105-108.

³⁸ Ibid. p. XII-108. Cyprus established the Unit for Combating Money Laundering in 1997 with representatives from the Attorney General's Office, Customs, law enforcement, and support staff.

*Prepared by (name redacted), Specialist in Middle Eastern Affairs, Foreign Affairs, Defense, and Trade Division, CRS. August 19, 2002.

large amounts of funds. The UN War Crimes Tribunal in The Hague disclosed that the Milosevic regime had diverted over \$1.23 billion in cash through eight registered off-shore companies on Cyprus to banks on the island between 1992 and 2000.³⁹ An estimated 250 bank accounts have been identified as belonging to Serb offshore companies based in Cyprus. Testimony by Yugoslav couriers in The Hague has included vivid accounts of hundreds of thousands of dollars regularly flown to Cyprus by private plane. Sources associated with The Hague court have claimed that Cypriot banks had knowingly allowed the Yugoslav front companies to operate and supply Yugoslavia with fuel, raw materials, spare parts, and weapons in defiance of U.N. sanctions.⁴⁰

These accusations have resurrected Cyprus' reputation as a prime money-laundering haven, raised questions about the commitment of the Central Bank and the government to implement fully anti-money laundering practices that meet international standards. The charges also embarrassed the government. In rebuttal, the Central Bank has claimed that most Yugoslav money arrived on the island after U.N. sanctions were lifted in 1995. It also said that, during the period of sanctions, it had been satisfied that the Yugoslav money was not used for prohibited transactions. The Attorney General of Cyprus, Alecos Markides, maintains that he is "fully cooperating with the prosecutor's office of the International Criminal Tribunal for former Yugoslavia."⁴¹ Despite the government's promise of full cooperation with the U.N. Tribunal, it "has stopped short of ordering an investigation into whether the Central Bank and the commercial banks violated international rules against money-laundering in the case of the Milosevic funds."⁴² Even a Cypriot newspaper finds that the authorities' credibility has been tested by their evolving explanations for the Yugoslav money.⁴³

³⁹Kerin Hope, UN Report links Cypriot Bank with Milosevic Arms Purchases, *Financial Times*, June 18, 2002. Elias Hazou, Government seeks to play down Sanctions Busting claims, *Cyprus Mail*, July 30 2002. Other estimates of the amount of money illegally transferred out of Yugoslavia and through Cyprus range as high as \$4 billion. *International Narcotics Control Strategy Report*, March 2002, p.XII-106.

⁴⁰Kerin Hope and Stefan Wagstyl, Defiant Cyprus Bank that helped fund Two Wars, *Financial Times*, July 25, 2002; Cyprus Bank denies it knew of Yugo Sanctions-Busting, Reuters, July 27, 2002.

⁴¹Cypriot Bank refutes Newspaper Allegations of Money-Laundering, Cypriot News Agency, July 27, 2002, carried by BBC Monitoring-Political, July 27, 2002, Letter to the Editor from Alecos Markides, *Financial Times*, July 29, 2002.

⁴²*Financial Times*, op.cit, July 25, 2002.

⁴³We're running out of credibility, *Cyprus Mail*, July 30, 2002.

Counterterrorism Since 9/11⁴⁴

Foreign Minister Ioannis Kasoulides declared on October 8, 2001 that Cyprus has a three-fold role in the fight against terrorism: to combat the financing of terrorism, reinforce security measures at airports and ports, and secure cooperation with the security services of other countries.⁴⁵

Between September 2001 and January 2002, the Central Bank of Cyprus issued a number of circulars to banks requesting the freezing of funds belonging to persons, organizations, or entities associated with Osama bin Laden and the Taliban. The circulars include the list of persons designated by the Security Council and President Bush's Executive Order 13224 of September 23, 2001 on blocking assets of terrorists and terrorist organizations. The Central Bank of Cyprus reported early that it had searched for assets or accounts of 165 groups or individuals suspected of links with Bin Laden, but it did not find any suspect accounts.

In October 2001, Cyprus sold to the United States government nuclear reactor plant equipment and six packages of zirconium (a dual-use product) that had been seized and confiscated by Cypriot authorities in 1995. It considers the sale part of its anti-terrorism activity.

On November 22, 2001, the Cyprus Parliament ratified the UN Convention on the Suppression of the Financing of Terrorism. The government set up a subunit to focus on the financing of terrorism within its Unit for Combating Money-Laundering. The State Department reports that the government of Cyprus has cooperated with the United States to investigate terrorist financing.⁴⁶

On September 18, 2002, the United States and Cyprus ratified a Mutual Legal Assistance Treaty to "promote closer coordination between the countries to transfer persons in custody, execute searches and seizures, share documents, records and intelligence, identify persons or items of interest to authorities, and to take other measures designed to assist in the prosecution of a wide range of criminal offenses."⁴⁷

⁴⁴Some of this information is from the Report of the Republic of Cyprus Concerning the Requirements of Resolution 1390 (2002) on Measures against Terrorism, 15 April 2002.

⁴⁵Cyprus Embassy Newsletter, October 2001.

⁴⁶*International Narcotics Control Strategy Report*, p. XII-106.

⁴⁷MS2 Presswire, September 19, 2002.

Denmark*

Background

One U.S. government official has characterized Denmark's political will to cooperate with the United States in the war on terrorism as "extremely strong." Although this assessment applied to the previous government, which was ousted in November 2001 elections, it is particularly true of the current government, which, the official said, has been criticized by other European countries for its enthusiastic support of the United States. On October 10, 2001, U.S. Secretary of State Colin Powell wrote to Poul Nyrup Rasmussen, then Denmark's prime minister, thanking him for "strong statements and actions in support of the fight against terrorism."⁴⁸ Among the signs of support, Powell mentioned Denmark's immediate backing for the invocation of NATO's Article 5, the offer of military assistance, the pledge of aid to Afghanistan, and the signing of the UN Convention on Combating Financing of Terrorism. Shortly after the November national elections, the new Prime Minister, Fogh Rasmussen (no relation), strongly echoed his predecessor's commitment to the war on terrorism.

Immigration has been an issue of growing concern in Denmark, where there were increasing signs of anti-immigrant sentiments – especially towards Muslims – well before 9/11; those feelings intensified afterward. Immigration figured as a major issue in Denmark's November 2001 parliamentary elections. The Liberal Party (conservatives) pledged to curb immigration, cut welfare benefits to immigrants, and restrict family reunification. On election day, Danish voters ejected the ruling Socialists and replaced them with a Liberal-led government with the largest majority in 80 years.⁴⁹ In mid-January, the new government made good its campaign pledge by announcing proposed legislation that would place restrictions on rules governing political asylum, refugee status, welfare benefits, spousal reunification, and obtaining citizenship. According to Bertel Haarder, Minister for Refugees, Immigration and Integration, the legislation is intended to help wean the immigrant community – half of whom are on welfare – off the public dole.⁵⁰

Counterterrorism Initiatives

In mid-November, the government announced that Danish banks had searched their databases and had forwarded to the national police a list of 30 names of individuals with possible links to terrorist groups; subsequent investigations showed none of the individuals had been linked to terrorism. In late January, Prime Minister Rasmussen declared that Denmark's intelligence service had determined that the

⁴⁸Powell Thanks Denmark For Support. *AFP*. October 10, 2001.

⁴⁹ Although Pia Kjaersgaard's anti-foreigner Danish People's Party won 12% of the vote, it was not invited to help form the governing coalition.

⁵⁰A Turn From Tolerance. By Peter Finn. *Washington Post*. March 29, 2002. p. A1.

country did not harbor members or supporters of Al Qaeda, nor did it have information indicating that terrorist groups had raised money in Denmark.⁵¹

Unlike some European countries, Denmark was not quick to criticize the living conditions of detainees held by the United States at its naval base in Guantanamo Bay, Cuba. In March 2002, a small delegation of Danish officials traveled to meet with a Danish national who had been captured in Afghanistan and was being held at Camp X-Ray. After interviewing the detainee, whose situation was likened to the John Walker Lindh case in the United States, the group reported to Foreign Minister Per Stig Møller, who stated that “under the circumstances, he’s doing just fine.”⁵²

For a country its size, Denmark has made a significant military contribution to the conflict in Afghanistan, and has experienced casualties; in early March, three Danish soldiers were killed and three wounded while defusing Soviet-era ordnance.⁵³ Copenhagen has also pledged \$93 million in humanitarian assistance and reconstruction.

Denmark has been actively engaged in the war on terrorism both bilaterally in cooperation with the United States, and through various international organizations. At the end of January, OSCE Chairman Jaime Gama of Portugal named Danish Defense Minister Jan Troejborg to be in charge of counter-terrorism activities. In addition, a major goal of the Danish EU presidency, which began in July, is to highlight and strengthen the transatlantic relationship, and the Danes have solicited suggestions from the United States on how this might be done.⁵⁴ In a July 3 speech in Washington D.C., Foreign Minister Møller pledged that “[d]uring our Presidency, we will push for cooperation among our police and justice organizations and we will also increase the efforts against financing of terrorism. Work will be carried forward on major extradition and mutual legal assistance agreements as well.”⁵⁵ Also in July, Copenhagen hosted a meeting of EU and Asian finance ministers who discussed methods to curb money laundering and fundraising activities of terrorist groups.

In a March speech in Hampden-Sydney Virginia, Prime Minister Rasmussen called for the United States and Europe to join together in a “Global Deal” to promote greater economic development, arguing that “[t]he fight against poverty and misery in the developing countries has a direct link to the prevention of conflict and terrorism.” Among other things, the plan would involve an arrangement under which

⁵¹Denmark Not Haven For Terrorists Linked To bin Laden: Danish PM. AFP. January 23, 2002.

⁵²Danish Delegation To Guantanamo Says Detainee Is “Feeling Fine.” AP. March 16, 2002.

⁵³Prime Minister: Danish Casualties in Afghanistan Won’t Change Commitment To Terror War. AP. March 6, 2002.

⁵⁴CRS interview with U.S. government official. July 15, 2002.

⁵⁵United We Stand, Divided We Fall. Speech by Dr. Per Stig Møller at the American Enterprise Institute. Washington, D.C. July 3, 2002. p. 5.

developing countries would provide greater market access in exchange for improved governance on the part of developing countries.⁵⁶

At the end of May, the Danish parliament passed anti-terrorism legislation providing for stiffer sentences for hijacking and other offences, enhanced police search and wiretapping authority, extradition of Danish citizens, and restrictions on political asylum. The measure was criticized by journalists, human rights groups, and the opposition Social Democrats.⁵⁷ Mona Sahlin, Sweden's Minister for Immigration, also denounced the law, arguing that it would divert political asylees to neighboring countries. Some observers, however, argue that Denmark, which had the highest acceptance rate of asylum seekers in Europe, had simply brought its definition of political asylum in line with that of the United Nations.

⁵⁶Denmark's Prime Minister Pitches 'Global Deal' At Virginia College. *AP*. March 26, 2002. Denmark's 'Global Deal.' By James Morrison. *The Washington Times*. March 28, 2002. p. A12.

⁵⁷Telephone Tapping, House Searches in Draconian Danish Anti-Terror Law. *AFP*. May 31, 2002.

Estonia*

Estonia strongly condemned the September 11 attacks. Estonia has not been a haven of terrorists or a center of terrorist activity. There is a political consensus in Estonia in support of the fight against terrorism, in part because Estonia is seeking membership in NATO and the European Union. Estonians are aware that Western nations are evaluating their candidacies in light of their response to the terrorist threat. As a prospective member of the European Union, Estonia has been working to adopt EU standards in many fields, including in the fight against terrorism. In most cases, Estonians do not perceive the resources used by Estonia in the war on terror as particularly burdensome, given the fact that they would likely be needed anyway for other preparations for EU and NATO membership.⁵⁸

On September 24, 2001, the Estonian government adopted a national action plan of domestic measures to fight terrorism. The plan calls for implementation of international treaties on terrorism; support for other international efforts; enhanced border control; suppression of the financing of terrorism; enhanced international cooperation in police and judicial matters, including information exchange; and assessment of domestic security requirements and legislation.

An important focus of Estonia's anti-terrorist efforts is improving its ability to fight money laundering. Estonia has one of the most developed banking systems of former Soviet countries. Russian organized crime groups have reportedly used financial institutions in Estonia and the other Baltic countries to launder money. In 1999, anti-money laundering legislation was approved that requires financial institutions to report suspicious or unusual transactions. However, the 2001 State Department Control Strategy Report noted that Estonia has no formal system for ensuring that financial institutions comply with the reporting requirements, and that the Estonian government lacked authority to compel banks to disclose additional information.⁵⁹ Later this year, an International Sanctions Act is scheduled to enter into force that will permit the government to prohibit any financial transactions with and seize the assets of terrorists and terrorist organizations. In January 2002, Estonia merged several different government departments with responsibility in this area to form a united Estonian Financial Supervision Authority. It has signed agreements with Finland, Lithuania, Germany and Sweden to cooperate in the fight against money laundering.

On October 10, 2001, Estonia signed a co-operation treaty with Europol. This treaty is aimed at increasing the exchange of information and enhance cooperation between the police forces of Estonia and EU states. To date, Estonian authorities have uncovered no examples of terrorists using Estonian financial institutions for

⁵⁸Discussions with Estonian and U.S. officials.

⁵⁹U.S. State Department, International Narcotics Control Strategy Report, March 2002, p. xii-116.

*Prepared by (name redacted), Specialist in European Affairs, Foreign Affairs, Defense, and Trade Division, CRS. August 28, 2002.

money laundering. Estonia has also adopted a common plan of action with its Baltic neighbors Latvia and Estonia to fight terrorism.⁶⁰

⁶⁰“Estonia’s Actions in the Fight Against International Terrorism, Estonian government fact sheet, Report of the Republic of Estonia on the Implementation of Security Council Resolution 1373, U.N. Security Council Document S/2001/1315, January 2002, and Supplementary Report of the Republic of Slovenia on the Implementation of Security Council Resolution 1373, U.N. Security Council Document S/2002/870, August 2002.

Federal Republic of Yugoslavia*

The Federal Republic of Yugoslavia (FRY), composed of the two republics of Serbia and Montenegro, has supported the war on terrorism. The FRY government has responsibility for international anti-terror efforts, and the republics are responsible for most police and judicial functions. Kosovo, nominally a province of Serbia, has been controlled since 1999 by a U.N. civil administration, dubbed UNMIK and a NATO-led peacekeeping force, KFOR since June 1999. FRY leaders and some Western observers have called on UNMIK and KFOR to do a better job of uncovering criminal activity among former fighters of the Kosovo Liberation Army (KLA) and their possible connections with terrorist groups.

The FRY is not known as a terrorist stronghold. Indeed, during the reign of Slobodan Milosevic, Serbian leaders portrayed themselves as fighting the forces of “terrorism” and Islamic fundamentalism in Bosnia and Kosovo. The new democratic leaders of Serbia and Montenegro have also expressed concerns about terrorism, but unlike Milosevic, they have sought closer links with the West, including cooperation against terrorist groups.⁶¹ The FRY has set up a National Coordination Body for Fighting Terrorism, headed by Federal Minister for Internal Affairs Zoran Zivkovic, to develop and implement national strategy for fighting terrorism.

However, the FRY continues to have serious problems with organized crime, including money laundering networks that could be used by terrorists. FRY leaders view fighting organized crime as one of its key priorities. In March 2001, the U.S. Treasury Department began a program to bolster the capabilities of the FRY to fight money laundering, including providing training for Yugoslav investigators and reviewing a new money laundering law.⁶² The FRY passed and put into effect a law on preventing money laundering on July 6, 2002. Among other provisions, the law provides for a Federal Commission for the Prevention of Money Laundering, which is charged with monitoring all transactions over 5000 Euros.⁶³ In June 2002, the Montenegrin government, reportedly at U.S. urging, closed down the republic’s lucrative offshore banking system.⁶⁴ The FRY authorities say they have tightened the monitoring of the country’s borders, as well as the guarding of foreign embassies, airports and other possible terrorist targets.

⁶¹Discussions with FRY officials.

⁶²U.S. State Department, International Narcotics Control Strategy Report, March 2002, p. xii-40.

⁶³FRY government fact sheet on support for the war on terror, August 2002.

⁶⁴“Montenegro: U.S. Pressure Led to Offshore Bank Blow,” IPWR Balkan Crisis Report, July 19, 2002.

*Prepared by (name redacted), Specialist in European Affairs, Foreign Affairs, Defense, and Trade Division CRS. August 28, 2002.

France*

Background

Many U.S. and French officials believe that bilateral cooperation between the United States and France in law-enforcement efforts to combat terrorism since September 11 has been strong, but at the same time a range of political factors is complicating the relationship. France has long experience in combating terrorism, a tightly centralized system of law enforcement, and a far-reaching network that gathers information on extremist groups. A range of issues, such as control of immigration and money laundering, are evident in French policy. At the same time, limits on resources and important social and political issues constrain elements of its anti-terrorism policies.

A History of Combating Terrorism

Violent radical groups have been active in France for a century or more, and strong state action has been used to respond to them. The greatest challenge from terrorists came in the 1960s, when extremists carried out assassination attempts and bombings against institutional, private, and governmental targets. Many of these individuals were of domestic origin; some were members of or had connections with the French armed services. They were seeking to maintain Algeria as a colony, and to overthrow the government of President de Gaulle, then in the process of dismantling France's colonial empire. Others were Algerian nationalists seeking an end to French rule.

Since the 1960s, terrorists have repeatedly struck French targets. Since the late 1970s, France has captured a number of members of the Basque terrorist group, the ETA, and extradited them to Spain. In recent years, a violent Corsican separatist group has carried out assassinations and bombings in France. In the past half century, France has created a number of intelligence agencies and specialized police forces to combat such groups, usually in a successful manner. In 1994, French police thwarted a hijacking at the Marseilles airport; terrorists had reportedly intended to crash the plane into the Eiffel Tower. In a notable instance, in September 1995, an Algerian terrorist organization, the Armed Islamic Group (GIA), carried out bombings in the Paris subway that killed a number of French citizens. The reaction of the French government, according to U.S. and French officials, was swift, ruthless, and effective,⁶⁵ and the bombings ceased.

⁶⁵The details of this operation are not in the public domain. Elements of the GIA are now reportedly linked to Al Qaeda.

Legislative and Political Responses after September 11

The French government has asserted strong solidarity with the United States since September 11, including the dispatch of military forces to the Afghan theater. In France, the government has taken several steps to increase existing efforts to combat terrorism.

On September 12, 2001, France revived an existing law enforcement measure, *Vigipirate*, that enhances the ability of the government to ensure order. The government established *Vigipirate* in 1978; without legislative action, the government may activate the system. The system provides for greater surveillance of public places, government authority to cancel holidays or public gatherings that could be the target of terrorist attacks, the activation of elements of the military to secure infrastructure, and tighter security at airports, train stations, embassies, religious institutions, nuclear sites, and other locations that may come under threat. Upon activation of *Vigipirate* in September 2001, the government called 35,000 men from the police and military to enforce such measures; it assigned 4,000 men alone to the Paris subway system.

The French government has practices long in existence in its effort to subdue terrorism and protect its population. The government does not require national identity cards, but they have become a virtual, and accepted, necessity for citizens who wish to obtain a driver's license, use a credit card, open a bank account, obtain a loan, or undertake a wide array of other casual activities. Foreign students in France must obtain a visitor's identity card, obtained at a local police station, that describes the purpose of one's stay and indicates the student's place of residence in France; in times of tension, the police may check to ensure a foreign student's whereabouts and that his papers are in order. Similarly, a citizen's papers may be requested in public places by police for examination.⁶⁶

The French government has made regulations and passed new legislation in an effort to disrupt terrorist networks and operations. On September 26, 2001, due to concern over bio-terrorism, the government instituted a regulation limiting and controlling the sale, transport, storage, and research on a wide range of pathogens and toxins, such as plague, anthrax, and botulism.

On November 1, 2001, the Socialist government of then Prime Minister Lionel Jospin introduced a bill, which ultimately became law, to strengthen law enforcement agencies. The law, which expires at the end of 2003, provides prosecutors and police greater authority to intercept messages sent on the Internet, to explore possible credit card fraud, to search vehicles, and to search an individual's belongings at airports and in other public places, such as stadiums. The Socialists and the center-right supported the legislation in parliamentary debates; the Greens and Communist Party opposed

⁶⁶For example, during the student riots of 1968, police in university towns made active efforts to visit or contact foreign students at their domiciles or on campuses; and in 1978, when the kidnaped former Italian Prime Minister Aldo Moro was rumored briefly to be held in France, the police routinely stopped selected individuals on the street and asked for their papers.

it, and contended that it would exacerbate existing tensions between French citizens of North African origin and other citizens, given a perception that such measures would be carried out mostly against French people of Arab background.⁶⁷ While some Socialist deputies seemed uneasy with the law, virtually all voted in favor of it. Robert Badinter, a former Socialist Minister of Justice and widely respected internationally as a defender of civil liberties, endorsed the legislation.

In January 2002, the French and U.S. governments signed an agreement allowing the U.S. Customs Service to send inspectors to the major port of Le Havre. There, the U.S. inspectors have joined French counterparts to inspect sea cargo containers for the possible presence of weapons of mass destruction intended for shipment to U.S. ports.

Al Qaeda and France

France's current concerns over terrorism do not stem solely from Al Qaeda attacks on the United States because Al Qaeda as well as other similarly-minded terrorist groups, have been active against French targets as well. In 2000, French and German police and intelligence agencies uncovered, and thwarted, a plan to blow up the cathedral in Strasbourg, a major historic and cultural landmark. On September 21, 2001, French police arrested seven men of Algerian background, and charged them with planning to blow up the U.S. Embassy in Paris. Richard Reid, the alleged "shoebomber" arrested in December 2001 for attempting to bomb an airplane, appears to have relied in part upon a network of support in France. He spent a period of time in Paris before his departure for the United States.

Al Qaeda has carried out at least one successful attack against France. On May 6, 2002, Al Qaeda operatives exploded a car bomb in Karachi, Pakistan, that killed 11 French naval personnel. The French navy had sent men to Karachi as part of a contract to supply submarines to the Pakistani government. French officials have stated that their personnel were a target because of France's military role in the conflict against the Taliban and Al Qaeda in Afghanistan.

French and U.S. officials have also described the apparent bombing of a French oil tanker, the *Limburg*, off the coast of Yemen on October 6, 2002, as an act of terrorism.

French officials also have a strong interest in the case of Zacarias Moussaoui, a French citizen of Moroccan background, arrested in the United States in August 2001, and a professed member of Al Qaeda. The Moussaoui case is discussed below.

⁶⁷"Les députés se prononcent sur le dispositif antiterroriste du gouvernement," *Le Monde* (henceforth *LM*), Nov. 1, 2001, p. 8. There is a measure of "profiling" in France, as North African Arabs and Africans appear more likely to be stopped in such places as subway and train stations than other individuals. At the same time, individuals of all races are routinely subjected to extensive searches by the police of their baggage in airports, before departure and upon arrival.

Active Steps of Policy Implementation

The French government has taken an array of active steps in its effort to subdue terrorism since September 11, 2001. These steps include dedication of resources to law enforcement agencies, arrests of suspected terrorists, extradition of suspected terrorists, and enhanced efforts to stem money laundering and illegal migration. At the same time, constraints on resources have limited measures contemplated by the government.

Law Enforcement. At a time of great budget strictures, France is in the process of allocating money for the hiring and training of more police. In July 2002, the new government, appointed by President Chirac, introduced into parliament a bill that will allocate \$5.6 billion for the period 2003-2007 to hire 7,000 more police with national and investigative authority (*gendarmes*) and 6,500 more police for localities. The *gendarmes* and local *agents*, in the view of many critics, have long maintained a rivalry and have failed to establish sufficient cooperation. The parliament's bill seeks to remedy this shortcoming by forming an agency that will supply a joint command and technology to share information. The new agency will answer directly to the newly created *Conseil de Sécurité Intérieure* (Internal Security Council), headed by President Chirac. While treated politically as an effort to provide security in a perceived environment of rising crime, the key issue in the legislative and presidential elections of May-June 2002, some of the police will also be used to combat terrorism. Three hundred of the new *gendarmes* and 300 of the new *agents* will concentrate on combating terrorism and organized crime. The bill, once it becomes law, will also create a reserve force of retired *agents* who can be recalled "in the event of exceptional circumstances or crises." Such a reserve force already exists for the *gendarmes*.⁶⁸

French authorities have made a number of high-profile arrests since September 11. In February 2002, French police arrested Yacine Aknouche, a French citizen of Algerian origin, as a key figure in the plot to bomb the Strasbourg cathedral; he has reportedly supplied information on Moussaoui, Reid, and Abu Zubaydah, the purported military operations chief of Al Qaeda, all held by the United States. In June 2002, French authorities arrested another participant in the Strasbourg plot. In May 2002, after the bombing of naval personnel in Karachi, France sent a team of special police investigators of terrorism to work with Pakistani police to solve the case. In the Reid case, France has arrested at least five Pakistanis, who have been charged with logistical support of a terrorist.⁶⁹

⁶⁸"Le projet de loi sur la sécurité réorganise police et gendarmerie," *LM*, July 11, 2002, p. 10. The substantial majority enjoyed by Chirac's electoral coalition of parties in Parliament means that the bill is certain to pass, according to French officials.

⁶⁹"Des centaines d'islamistes arrêtés au Pakistan...," *LM*, May 8, 2002, p. 2; "Face au terrorisme, M. Chirac prend seul la tête de l'exécutif," *LM*, May 10, 2002, p. 1; "French investigators getting an earful on Al Qaeda," *Washington Post* (henceforth *WP*), Feb. 12, 2002, p. A14; and "Cinq personnes interpellées dans l'enquête sur Richard Reid," *LM*, June 13, 2002, p. 13.

The Moussaoui Case. France has played a key role in the Moussaoui case, although aspects of this role are in dispute, and are controversial. On August 16, 2001, U.S. officials arrested Moussaoui on a visa violation after he raised suspicions in his efforts to learn to fly a Boeing 747 at an American flight school. The FBI, through the U.S. embassy in Paris, sought information from French internal intelligence authorities because Moussaoui is a French citizen. In response, on August 29 and 30, 2001, the French government gave the FBI two notes that described Moussaoui as having terrorist connections, according to a French journalist who apparently examined, but was not permitted to copy, the notes. The journalist has written that the notes state that Moussaoui attempted to recruit Islamic extremists in London for training in Afghanistan; that he encouraged Algerian terrorists in their activities; and that France wanted him extradited to Paris for charges relating to terrorism. The reporter did not write that the notes described Moussaoui as a member of Al Qaeda.⁷⁰ An FBI agent in the United States contends that the information supplied by France was sufficient to identify Moussaoui as a terrorist, but the agent's efforts before September 11 to obtain a warrant to search his computer hard drive in the United States were unsuccessful.

Although France has protested U.S. intentions to give Moussaoui the death penalty, Paris has reportedly continued to give the U.S. government information on him, with the provision that this information in and of itself not lead to his conviction on charges resulting in his execution. In addition, Paris has allowed U.S. officials to interview witnesses in France, including Moussaoui's family. Some French officials, possibly seeking to defuse a dispute with the United States over the death penalty, have reportedly explored extradition of Moussaoui to France for prosecution on terrorist charges, after his U.S. trial,⁷¹ with the implication that he could serve a prison sentence in France rather than be executed in the United States.

There has been some sparring in the French press that the United States has been too "soft" on terrorism, that the CIA is "too white and too Protestant" and unwilling to hire foreign agents who know the Islamic world and who can serve "as informers, smoking a joint or having a drink with low-lives" to obtain information abroad.⁷² In this view, French police and intelligence officials, in contrast, are not afraid to take such steps, and have individuals of Middle Eastern origin in key intelligence positions. More indirectly, French officials reject any notion that France has not given a full effort in the conflict against terrorism; some French observers say that there was ample basic evidence available in the Moussaoui case to have prevented September 11.

⁷⁰"Moussaoui: ce que la DST a transmis au FBI," *L'Express*, June 11, 2002.

⁷¹In contrast to information in the *L'Express* article, another report states that French officials contend that they told the FBI in August 2001 that Moussaoui was a member of Al Qaeda; the FBI contends that it did not receive such information. "French suspect Moussaoui in post 9-11 plot," *New York Times*, July 28, 2002, p. 20; "Paris 'regrette' la décision de John Ashcroft," *LM*, March 30, 2002, p. 4.

⁷²See, for example, Jean Guisnel, "Les Américains ne connaissent pas les islamistes," *LM*, June 18, 2002. Guisnel is a journalist, and a frequent critic of U.S. intelligence.

Extradition Cases: France and Algeria. In two recent instances, France has expelled to Algeria individuals who are reportedly subject to the death penalty in Algiers. Nacer Hamani, convicted in France of attempting to bomb a train in 1995, was sent to Algeria by the French government in October 2001 even though a French court had sought to block his extradition on the grounds that he was a GIA member, and as such would receive harsh treatment from the Algerian government. French officials contended that he was not a political militant and would not therefore be subject to the death penalty in Algeria, although he had been condemned in France as a terrorist. In November 2001, the French government expelled Mohamed Chalabi to Algeria, and said that he was not the object of judicial action in Algiers. French authorities had previously described Chalabi as a member of the GIA; a French court convicted him in 1999 of the crime of belonging to a terrorist group. Upon his extradition to Algeria, the French government admitted that it had made a mistake, and that it had been misled by Algiers, which in fact had an international warrant out for Chalabi's arrest.⁷³ Some observers in France contend that there have for many years been strong links between French and Algerian intelligence, and that, in the renewed political climate against terrorism after September 11, Paris was sending to Algiers two men over whom the Algerian government had long sought control.

Money Laundering. More broadly, France has taken other steps to fight terrorism, one of which is an increased effort to combat money laundering. The U.S. State Department has described France as attractive to money launderers because it has a large economy, a stable currency, and a sophisticated financial system. In France, money launderers use bank deposits, gold bullion transactions, casinos, and purchases of real estate, for example, to conceal the origins of money gained from, or to be used for, criminal purposes. At the same time, the State Department has stated that France has "a comprehensive anti-money laundering regime."

For instance, French officials have worked closely with the United States in a high-profile case against Russian organized crime. On June 10, 2002, French and Italian police arrested 50 individuals in France and Italy who controlled a criminal web that had laundered several hundred million dollars in recent years. The French and Italian governments in part used information reportedly supplied by the FBI. At the same time, in France, as in other countries with developed economies, including the United States, authorities believe that there are severe limits to combating money laundering. In such countries, complex legal economies and integrated financial systems make difficult most efforts to seize money and trace it back to an illegal source, especially after it has found its way into a legal investment, such as a casino or hotel; the integration of financial systems throughout the European Union has further complicated the task for authorities. In this view, current French law may place too great a burden, for example, on bank or insurance officials by requiring

⁷³"Le Conseil d'Etat autorise l'expulsion vers l'Algérie de l'islamiste Nacer Hamani," *LM*, Oct. 17, 2001, p. 14; "Les autorités françaises embarrassées après l'expulsion vers l'Algérie de Mohamed Chalabi," *LM*, Nov. 22, 2001, p. 38.

them to uncover the origins of many investments because they lack the investigative skills and resources to do so.⁷⁴

Immigration Policy. Issues in immigration and asylum policy in France have moved increasingly into the EU arena for decision-making.⁷⁵ Migration policy is controversial in France in part because the country has for many years accepted immigrants from regions in turmoil, and in part because it has 5-6 million inhabitants of Muslim background. Restrictions on immigration therefore have political implications, discussed more fully in the next section. France played an integral part in recent EU decisions on migration policy. Paris endorsed measures to strengthen external EU border controls, while still observing the Schengen rules; to establish a common EU visa format, with digital photographs to deter fraud; to create an EU database listing all visas turned down throughout the Union, to prevent “visa-shopping,” in which visa applicants denied in one country go to another to re-apply; and to build another database of fingerprints of asylum-seekers to ensure that if turned away in one EU country, they will be turned away in another.

On a bilateral basis, France and Italy have established a joint border patrol to prevent migrants with a valid visa in one country from moving to another. Similarly, joint patrols are being established with the United Kingdom and Belgium. The internal security bill introduced in parliament in July 2002 will supply funds for 700 border police assigned to border patrol and to control illegal immigration.

The French government requires that visa-holders inform the police of their domicile; enforcement of such a requirement is difficult because France, as is true in many EU countries, lacks the resources to monitor the movements of all immigrants. As in most EU countries, the issue of asylum has generated intense political debate. While many in the French political elite wish to preserve France’s longstanding position as a place of asylum for those in danger of persecution in their home countries, there is widespread belief that the system is frequently abused by those who are in no danger. Approximately 15% of requests for asylum are approved, and in the 18 to 24 months usually required to resolve a request, many of those asking asylum disappear into the underground economy and become illegal immigrants, sometimes moving on to other EU countries. In July 2002 President Chirac promised to dedicate resources to make the system more efficient by having decisions made on asylum requests within one month. This time frame would place less burden on authorities to monitor applicants and ensure that those refused asylum leave the country and, under new EU procedures, be refused asylum in other Union member states.

At Seville, France and several other countries blocked an effort by some EU members to reduce aid to developing countries that fail to act to curb illegal

⁷⁴U.S. Dept. of State, *International Narcotics Control Strategy Report*, March 2002, p. XII-116-117; “Arrestations en France et en Italie...,” *LM*, June 12, 2002, p. 4; “La lutte contre le blanchiment,” *LM*, Nov. 4-5, 2001, p. 18.

⁷⁵Incorporated as part of this report, for detail, see (name redacted) (CRS consultant), *Europe and Counterterrorism: Strengthening Police and Judicial Cooperation*, CRS RL31509, p. 4-5, 10-11, 24.

emigration to the Union. Paris saw the effort as a potentially punitive policy that would not solve the problem, and, in fact, might exacerbate it by limiting developmental assistance to countries needing to strengthen their economies, an objective that would ostensibly reduce the desire of individuals to emigrate. An additional consideration was France's concern that its Muslim population might see such a policy as aimed at the Maghreb, a region that supplies a large percentage of immigrants to France.

Resources. Resources are a significant problem in successful implementation of many law-enforcement policies. While to some extent resources are a reflection of political will, competing priorities play a major role in final choices made. Already noted is the difficulty in tracking visa-holders. Some French officials wish to upgrade imaging equipment at airports and seaports, and believe that the financial costs of such a step could be undertaken only if there were a terrorist attack of major proportions on French soil. Others cite the joint effort with the United States to examine cargoes at Le Havre. In January 2002, France agreed to invite a team of U.S. officials to inspect containers for possible smuggling of weapons of mass destruction, and other contraband. Considerable resources are necessary for this task. In June 2001 alone, for example, 108,300 sea cargo containers entered the United States from Le Havre; France simply lacks the personnel and equipment to inspect any but a small proportion of such containers.⁷⁶

Domestic and Foreign Policies and the Conflict Against Terrorism

France has long experience in managing recurrent surges in terrorism; its officials do not believe that terrorism can be eradicated or subdued in a foreseeable time frame. French officials tend to say that the United States is "obsessed" with terrorism, and that U.S. officials must put the issue in perspective. While the French government views terrorism as a significant threat, Paris has shaped its anti-terrorism policy in a context that French officials believe to be broader, and more realistic, than U.S. policy.

France's long, intertwined history with the Middle East influences its policy debate on terrorism. While the French government supports key U.S. objectives in dismantling Al Qaeda, there is great political sensitivity in France to any issue that involves the Muslim world. A legacy of the French colonial empire is the presence of 5 to 6 million Muslims, mostly north Africans, living in France, a population that successive governments have found difficult to integrate into French society. There is considerable tension in the French population between those of Caucasian background and those of north African origin. In a recent poll, 33% of those contacted stated that north Africans "cannot be integrated" into French society; 56%

⁷⁶"Le Havre joins U.S. customs anti-terror security initiative," Dept. of State, July 1, 2002. Resources are also a significant problem in U.S. ports. In June 2002, CRS analysts visited a major U.S. east-coast port. There, they found that the U.S. government has only a small number of inspectors available, resulting in only a very limited sampling of containers being examined. In 2001, an estimated 5.7 million containers entered U.S. ports from abroad.

said that “there are too many immigrants in France.”⁷⁷ Jean-Marie Le Pen, the presidential candidate for the racist National Front in the May-June 2002 elections, appealed to such sentiments with an anti-crime platform that described “the suburbs,” where most poor north Africans live, as a breeding ground for crime and terrorism. During the debate in fall 2001 over the bill to give the government more law enforcement authority to fight terrorism, several deputies contended that the same conditions spawning crime in the suburbs also were spawning terrorism; in their view, legislation that enhanced the government’s ability to fight crime served the cause of fighting terrorism. Officials in the Jospin government criticized such thinking as evidence of prejudice against north Africans,⁷⁸ and President Chirac also has disavowed such a link. But the point remains that the issue of terrorism immediately causes a debate over sensitive social issues.

Events in the Middle East have an immediate reverberative effect in France. The intensification of the Israeli-Palestinian conflict since Ariel Sharon has become prime minister in Israel has led to increased street violence in France between young people of north African origin and French Jews. While it is likely true, according to an EU study, that most discrimination in employment and through general social exclusion is against north Africans, most violent acts that qualify as hate crimes in France are against Jews, and are reportedly committed by young men of north African origin.⁷⁹

The presence of a large Muslim population in France plays a strong role in shaping French policy towards Israel and the Arab states. French officials, and their counterparts in many EU states, are privately extremely critical of the Bush Administration’s policy that, in their view, unduly favors Israel and supports an aggressive Israeli policy towards the Palestinians. They sharply disagree with the Administration’s view that the Sharon government, in using military force against the Palestinians, is striking a blow against terrorism; in contrast, they believe that the Sharon government’s policy is fueling a terrorist reaction. After a meeting with the heads of state of six other EU governments in November 2001, President Chirac said that the group was unanimous in thinking that, while the Middle East conflict was not causing terrorism, “it is true that it makes it easier and creates a climate that... is favorable to Muslim extremists and fundamentalists, notably bin Laden.”⁸⁰

Other U.S. policies in the conflict against terrorism have also led France to distance itself from elements of the Bush Administration’s leadership. Some French officials believe that the United States squandered an opportunity in September and

⁷⁷Ariane Chebel D’Appollonia, “The National Front and anti-Semitism in France,” Center on the United States and France, Brookings Institution, July 2002. The same poll found that 10% believe that “there are too many Jews in France.”

⁷⁸“Les députés se prononcent...,” *LM*, Nov. 1, 2002, p. 8.

⁷⁹“Les Juifs premières victimes des violences racistes,” *Le Nouvel Observateur*, Jan. 24-30, 2002, p. 6ff; “Anti-Islamic reactions in the EU after the terrorist acts against the USA,” European Monitoring Center on Racism and Xenophobia (an EU body), May 23, 2002.

⁸⁰“Les dirigeants européens soulignent les limites de l’action militaire,” *LM*, Nov. 6, 2001, p. 4.

October 2001 to lay the groundwork for a concerted, joint alliance against terrorism when the Administration decided to use U.S. forces almost exclusively in Afghanistan against Al Qaeda and the Taliban. President Bush's use of the phrase "Axis of Evil" to describe Iraq, Iran, and North Korea led many French officials to question the Administration's judgment, as has the current policy of threatening conflict with Iraq. A French government official said in October 2002 that French Intelligence Services have found no link between Al Qaeda and Iraq, in contrast to the views of the Bush Administration.⁸¹ The French government, while frequently critical of Saddam Hussein's regime, believes that a range of political measures must be exhausted before resorting to war with Iraq. French officials, like their European counterparts, believe that war with Iraq, at a time when the Middle East is unsettled by the Israeli-Palestinian conflict, could lead to the destabilization of moderate Arab governments, and further tension in European cities where there are sizable Muslim populations.⁸² In addition, France has supported an EU initiative to engage Iran through agreements that encourage trade and investment.

While France has taken steps since September 11 to build cooperation with the United States in law enforcement in the conflict against terrorism, broader issues of foreign and domestic policy have resulted in the French government shaping its own actions at home and in the European Union, with a careful and reserved reference to U.S. initiatives.

⁸¹"No Iraqi link with Al Qaeda,' says France" *FT*, October 7, 2002, p.2.

⁸²Interviews; Jean Daniel, "L'Amérique, hélas," *Le Nouvel Observateur*, Feb. 14-20, 2002, p. 28-29.

Germany*

Introduction

The German response to the 9/11 terrorist attacks against the United States was immediate and unprecedented in scope for that country. Setting aside its post-World War II prohibition against deploying forces outside of Europe and overcoming pacifist leanings of at least one faction of the ruling coalition, Germany quickly offered military and other assistance to the United States. Opinion polls showed that the government had broad popular backing for its decisions at the time. German efforts in the fight against terrorism have expanded across a wide spectrum. Germany's role is particularly important given the number of Al Qaeda members and 9/11 plotters who lived in Germany, taking advantage of liberal asylum policies and low surveillance.

As in the case of other U.S. allies, some differences in perspective over how to pursue the campaign against terrorism have emerged in the ensuing months, especially as the debate over next steps has moved beyond Afghanistan to other parts of the world. While Germany was at the height of its political campaign in advance of federal elections on September 22, 2002, some of these differences were magnified.

A certain degree of irritation has arisen over how the United States has handled its allies. The wide-spread view exists that the United States has not adequately consulted them, listened to their concerns, or included them in decision-making. Germans do not look at terrorism as the top priority among issues facing them, as they believe that the United States does. Given their own considerable experience with terrorism in recent decades, many Germans feel that the United States is not taking a balanced long term view of the problem and may be overreacting. Many Germans also feel that the United States is relying too heavily on military solutions and even object to the use of the term "war" to describe the anti-terrorist campaign. As time has elapsed since 9/11, German public enthusiasm for the war on terrorism seems to have waned. Many are now concerned over the economic costs of the war and that German and allied forces could become bogged down in an endless campaign.

On the U.S. side there has been some impatience with the slow pace of German arrests of suspected terrorists. Additionally, U.S. officials have expressed annoyance over German criticism of U.S. policies and actions, especially with regard to a possible strike against Iraq.

*Prepared by (name redacted), Specialist in International Relations, Foreign Affairs, Defense, and Trade Division, CRS. October 17, 2002.

Germany's Own Experience with Terrorism

Over the past three decades, Germany has experienced terrorist attacks at home and against its citizens abroad. During the 1970s and 1980s, West Germany faced numerous attacks by domestic terrorists associated with the extreme leftist Baader-Meinhof Gang and the Red Army Faction (RAF). Other terrorist acts in Germany involved foreign groups. The most notorious was the attack on Israeli athletes at the 1972 Munich Olympics, carried out by Palestinian terrorists. A 1986 Berlin disco bombing that killed American soldiers was attributed to Palestinians, allegedly working with Libyan agents. Prior to 1995, the Kurdistan Workers' Party (PKK) carried out a number attacks, mainly against Turkish citizens on German soil. A group calling itself the Anti-Imperialist Cell claimed responsibility for a number of bombings targeting conservative politicians in 1995. After the arrests of two people in conjunction with the bombings, no further incidents were reported involving this group. Most terrorist incidents in Germany in recent years have involved hate crimes by "skin head" and other right wing groups against immigrants and foreigners, especially in the former East Germany. Germany continues to track down and prosecute members of the earlier terrorist groups.⁸³

Eleven Germans are believed to have died in the World Trade Center attack. The bombing of a Tunisian synagogue in April 2002, reportedly linked to Al Qaeda, killed 21 people, including 14 Germans. U.S. and German authorities have been concerned over mounting evidence that Germany was a key center for the planning of the attacks of 9/11 and that terrorist cells for some time, even before 9/11, saw Germany as one of the easier places in Europe from which to operate. Key figures in the attacks were part of a Hamburg cell. Terrorists were able to take advantage of Germany's liberal asylum laws, as well as strong privacy protections, and rights of religious expression which in the past shielded activities in Islamic Mosques from surveillance by authorities.

Response to 9/11

Immediately after the September 11 attacks, German Chancellor Gerhard Schroeder expressed Germany's "unlimited solidarity" with the United States. Germany, along with other NATO countries, invoked Article V of the North Atlantic Treaty on September 12, 2001. Chancellor Schroeder formally offered military forces to the United States after the German Bundestag agreed to the deployment of troops on November 16.

To respond militarily to 9/11, Germany had to overcome deeply held opposition to committing its forces to foreign wars. German views about the role of its military are influenced by the legacy World War II. Following the Second World War, Germany's constitution was interpreted as strictly limiting deployment of its forces outside of the NATO area. This interpretation was challenged in the early 1990s and the Constitutional Court ruled in July 1994 that German troops could take part in U.N. peacekeeping missions, but the Bundestag had to approve any deployment by a simple majority. The Court's decision specified that Germany could assign forces

⁸³U.S. Department of State. Patterns of Global Terrorism, 2001.

to NATO operations directed at implementing resolutions of the U.N. Security Council. Committing German forces also required overcoming the pacifist leanings of at least part of the governing coalition.⁸⁴ The current German government consists of a coalition between Schroeder's center-left Social Democrats and the environmentalist Greens. The leading Green politician, Joschka Fischer, serves as Vice Chancellor and Foreign Minister. Countering arguments from others in his party that Germany cannot and should not commit itself to an armed conflict, the Foreign Minister said: "We can't duck our heads and expect we will be spared. Germany is too close to what's happening. This was an attack on global society."⁸⁵

Among U.S. allies, Germany is most eager to build a multilateral response to the threat of terrorism through the United Nations, NATO, and the European Union. German officials view such multilateralism as helping to create and sustain the broadest possible international legitimacy for any U.S.-led response.

In addition to providing troops, Germany has taken a number of non-military steps in the campaign against terrorism. On the diplomatic front, Germany hosted the international conference to decide on an interim government and future political arrangements for Afghanistan, resulting in the December 2001 Bonn Agreement. In 2001, Germany provided \$46.2 million in humanitarian and development assistance to Afghanistan. At the Tokyo meeting of aid donors, Germany pledged \$69.4 million in 2002 and a total of \$278 million over four years for the post-war reconstruction of Afghanistan. Germany also committed \$1.7 million to the Afghanistan Interim Authority Fund. Germany is leading efforts to build an Afghan police force and police academy and has contributed \$8.7 million to the effort.⁸⁶

Domestic Actions

The German government has taken extensive domestic measures against terrorism since 9/11, in the legal, law enforcement, financial, and security realms. The first step taken was to identify weaknesses in the laws that allowed some of the terrorists to live and plot in Germany largely unnoticed. After 9/11, Germany adopted two major anti-terrorism packages in 2001. Once implemented, these were to remain in force for five years. The first package targeted loopholes in German law that permitted terrorists to live and raise money in Germany. The second was aimed at improving the effectiveness and communication of intelligence and law enforcement agencies at the federal and state levels. Some \$1.3 billion in funding was also provided.⁸⁷

New laws provided the German intelligence community much greater latitude to carry out operations. Legislation governing private associations was tightened to

⁸⁴Financial Times, November 26, 2001.

⁸⁵"Germany warns its people: 'We're in for very bitter times,'" *DPA*, Sept. 17, 2001.

⁸⁶German Embassy Press Office. Fact Sheet. Germany's Contribution to the Coalition Against Terrorism. May 10, 2002.

⁸⁷German Embassy Press Office. Fact Sheet. Germany's Contribution to the Coalition Against Terrorism. May 10, 2002.

allow the government greater freedom to act against extremist groups. The immunity of religious groups and charities from investigation or surveillance by authorities was revoked, as were their special privileges under right of assembly laws. The criminal code was changed to allow prosecution of terrorists in Germany, even if they committed terrorist acts abroad. More authority was granted to the Federal Office for the Protection of the Constitution, the Military Counterintelligence Service, the Federal Intelligence Service, the Federal Criminal Police Office and the Federal Border Police, specifically in the gathering and evaluating information. Communication and sharing of information among these agencies and with law enforcement authorities at the state level was facilitated. Border controls were tightened. Steps were also taken to tighten air traffic security, including the creation of a federal air marshal program.

Given that key members of the group carrying out the 9/11 attack had been living in Germany, the government launched a major effort to identify and eliminate terrorist cells. More than 500 officers of the Federal Criminal Police Force were assigned to investigating the September 11 attacks. The Public Prosecutor General began 17 investigative proceedings against Islamic-fundamentalist terrorists. Arrest warrants were issued for three terror suspects who fled the country. One other suspect was arrested. In their investigations, German authorities worked closely with the FBI and CIA, whose agents also participated in a liaison capacity in the Hamburg investigations. The Federal Criminal Police Office assigned two permanent liaison officers to Washington and sent two officers from its special commission to the FBI.

In the financial area, new measures against money laundering were announced in October 2001. A new office within the Ministry of Interior was charged with collecting and analyzing information contained in financial disclosures. Procedures were set up to better enforce asset seizure and forfeiture laws.⁸⁸ German authorities were given wider latitude in accessing financial data of terrorist groups. Steps were taken to curb international money laundering and improve bank customer screening procedures. The Federal Criminal Police Office set up an independent unit responsible for the surveillance of suspicious financial flows. Measures to prevent money laundering include the checking of electronic data processing systems to ensure that banks are properly screening their clients' business relationships and following the requirement to set up internal security systems. More than 200 bank accounts containing some \$4 million total have been frozen as part of financial sanctions against terrorist networks.

Political Issues and Differences

While U.S.-German cooperation against terrorism has been solid, occasional differences and sources of friction have been evident. Critics have questioned whether Germany is cooperating to the maximum extent possible, given that so many of the 9/11 plotters appear to have been based in Germany. Defenders of the German record argue that Germany's insistence on maintaining the rule of law and protecting

⁸⁸U.S. Department of State. Bureau for International Narcotics and Law Enforcement Affairs. International Narcotics Control Strategy Report, March 2002. Chapter 12, p.117-119.

civil liberties should not be interpreted as a lack of political will to go after the terrorists. Germany's own history during the Nazi era provides ample reason for German authorities to resist pressure to exceed what the law permits for the sake of temporary expediency and makes the protection of civil liberties a paramount interest.

As a result of the emphasis on guarding civil liberties, the German law enforcement and intelligence communities face more bureaucratic hurdles, stricter constraints, and closer oversight than those in many other countries, even after 9/11 and the passage of new legislation to improve their effectiveness. They are required to operate with greater transparency. Privacy rights of individuals and the protection of personal data are given prominent attention. These protections are extended to non-citizens residing in Germany as well. Police are prohibited from collecting intelligence and can only begin an investigation when there is probable cause that a crime has been committed. In turn, intelligence agencies cannot make arrests and information collected covertly cannot be used in court.

Some media criticism of the German handling of 9/11 has suggested that, given the amount of information that was available, German authorities should have dug deeper and done more to unravel what the Hamburg cell was up to before the attacks. Some lapses have been identified. For example, federal intelligence authorities requested surveillance of the Hamburg apartment of suspected terrorists, including hijackers Mohamed Atta, Ziad Jarrah, and Marwan Al Shhehi, in 2000 but the request was not acted on by Hamburg police, due to poor communication.⁸⁹ Recent evidence suggests that the Hamburg Al Qaeda cell was planning the World Trade Center attack as early as the spring of 2000.⁹⁰ Some of the recent changes in law were designed to address the communications problems.

The evidentiary bar is set very high in Germany. As a result, German authorities have arrested, interviewed, and searched the homes of a number of suspects but released them for lack of evidence. For example, the United States has been pressing for the arrest of Syrian national Mahmoud Darkazani who is reported to have held power of attorney for terrorists involved in 9/11. While German authorities are keeping him under surveillance, they have been unable to arrest him for lack of evidence.⁹¹ Other prime U.S. suspects who have been detained but released for lack of evidence include Abdulrahman S. Kouja and Mohammed Belfas, who are believed to have been connected to the Hamburg cell.⁹² German authorities also detained seven suspects involved in extremist activities associated with the Al Qud mosque in Hamburg and who are likely to have had connections with the Al Qaeda hijack plotters. These included Abdelghania Mzoudi, a classmate of Mohamed Atta who acted as his witness when he signed his will. They too were released for lack of evidence although Mzoudi was subsequently arrested and charged with membership in the 9/11 plot. He and Mounir Motassadeq, who also witnessed the signing of

⁸⁹Wall Street Journal, November 14, 2001.

⁹⁰Associated Press, August 29, 2002.

⁹¹The New York Times, July 11, 2002.

⁹²Wall Street Journal, July 8, 2002.

Mohamed Atta's will and is charged with aiding the terrorists by wiring them money while in flight school in the United States are the two in custody. International arrest warrants have been issued for three other suspects who fled Germany shortly after the attacks and are thought to have been involved. They are Said Bahaji, Ramzi (also known as Ramzi Omar) Ramzi Bilashibh, and Zakaria Eabar.⁹³ Ramzi Bilashibh has since been arrested in Pakistan. German authorities have decided to forego extradition, to give precedence to U.S. claims against him. Similarly, the number of asset seizures and forfeitures in Germany has remained relatively low because of the high burden of proof that is required.⁹⁴

On the other side, critics of U.S. policy have complained that the United States expects but does not readily share information and intelligence itself. One example cited concerns regarding the case of a Syrian born German suspect, Mohamed Heidar Zammar, who left Germany and was seized in Morocco. He was immediately expelled from Morocco and sent to Syria where he was allegedly arrested and secretly held upon U.S. request. U.S. authorities reportedly believed that he was a central figure in the 9/11 plot and were frustrated by Germany's inability or unwillingness to arrest him or another key figure, Mahmoud Darkazani for lack of evidence. U.S. officials did not inform German officials of Zammar's capture.⁹⁵ In fact, German authorities did not know that he had left the country until they received a missing persons report from his family and they did not know his whereabouts for several months.

A significant bilateral information sharing issue has arisen related to captured terrorists. Germany, like all EU member countries, has abolished the death penalty. German law does not allow extradition of a person wanted by another country if there is a possibility that the person might be executed if found guilty. In previous cases, Germany extradited suspects only after it had received assurances that the death penalty would not be imposed. In 1998, Germany arrested and extradited a key suspect in the 1998 U.S. Embassy bombings in Africa, after U.S. prosecutors agreed to waive the death penalty. Germany has interpreted its laws to forbid even provision of evidence relating to such a case, if that information might lead to the imposition of a death sentence. The United States has been seeking to obtain documents from Germany related to the case of Zacarias Moussaoui, the so-called 20th hijacker, thus far unsuccessfully. The German government at first indicated that it would provide the information sought only if it received assurances that U.S. prosecutors would not seek the death penalty for Moussaoui, a French citizen. Subsequently, German officials indicated that they might provide the documents even without such assurances, if the United States would agree not to seek the death penalty solely based on the evidence gained from Germany, a position similar to that of France in

⁹³Los Angeles Times, September 22, 2001.

⁹⁴U.S. Department of State. Bureau for International Narcotics and Law Enforcement Affairs. International Narcotics Control Strategy Report, March 2002. Chapter 12, p.117-119.

⁹⁵The New York Times, July 11, 2002.

other such instances. Recent government statements suggest that the issue may be close to resolution.⁹⁶

Germany and the United States also differ on the question of the status of prisoners, particularly the Al Qaeda and Taliban detainees in Guantánamo Bay. Germany's Foreign Minister Joschka Fischer and other politicians have argued that all detainees should be granted formal status as prisoners of war. Germans, like other Europeans, have also criticized U.S. plans to use military tribunals to try at least some of the terrorist suspects. Such tribunals are seen as unnecessary and counterproductive. They were not used by Germany and other European countries in their long campaigns to eradicate terrorism. Some question has been raised whether terrorist suspects would be extradited by Germany and other EU countries, if they were likely to face a military tribunal.⁹⁷

As the war on terrorism has expanded beyond Afghanistan, German officials seem uncertain over the direction of U.S. policy. Germans have become increasingly worried that the United States is taking a unilateralist approach in the fight against terrorism and that German views and concerns might not be taken into account even though Berlin has placed its own forces on the line. These concerns have reportedly weakened public support for the war. President Bush's references to an Iraqi, Iranian, and North Korean "axis of evil" received a negative reaction from German officials and commentators, fearing a backlash in their relations with these countries and a widening war. Since 2000, Germany has sought to improve its relations with Iran. Regarding Iraq, the German government has emphasized that it favors political pressure over military action.

The prospect of war against Iraq has highlighted differences of perspective between the two countries. From the beginning Chancellor Schroeder stressed that Berlin rejected what he termed military "adventures" and warned against a "fixation on exclusively military measures."⁹⁸ In August, as the September 22, 2002, German elections grew nearer, Chancellor Schroeder sharpened his criticism of U.S. policy, leading U.S. Ambassador Daniel Coats to the highly unusual step among such close allies of delivering a message to the Chancellery protesting his remarks. Mr. Schroeder warned that an attack on Iraq would not be widely accepted as a defensive measure and might destroy the coalition against terrorism. He signaled that Germany would neither participate in nor help pay for such a war but would pursue its own interests.⁹⁹

As elsewhere in Europe, the treatment of Germany's large Muslim population and relations with Islamic countries remain sensitive issues influencing anti-terror policies. The country has a strong record of tolerance and protecting Muslim religious freedoms. However, that record could allow the German government to

⁹⁶Washington Post, June 11, 2002.

⁹⁷The Wall Street Journal, November 28, 2001.

⁹⁸"Germany may give U.S. military aid but rejects 'adventures,' says Schroeder," *Deutsche Presse-Agentur (DPA)*, Sept. 19, 2001.

⁹⁹International Herald Tribune, August 17-18, 2002.

feel in a stronger position to go after Muslim extremists than some of its European neighbors, should it decide to do so. Profiling is considered an acceptable means for identifying likely terrorists in Germany.

Greece*

Background

A number of factors have contributed to and complicated the Greek approach to dealing with international terrorism. During the military junta, 1967-1974, the police were responsible for serious human rights violations. In reaction, Greeks perceived the police and government as a greater threat to their safety than terrorists. And post-junta, democratic governments almost systematically weakened the police. Police were notoriously ill-paid and chronically understaffed, and they lacked the technology and other advanced tools to do their job. Thus, they were ineffective in countering terrorism. Moreover, public sympathies often seemed to reside more with perpetrators rather than with terror victims, who were seen as mostly government or business elite, rich, or foreign.

A strain of anti-Americanism afflicts public attitudes in Greece and stems primarily from U.S. support for the junta. In recent years, antipathy toward the United States has worsened due to the Greeks' sympathy for their co-religionists and historic allies, the Serbs, during the U.S. campaign in Kosovo and against Yugoslav leader Slobodan Milosevic. Many Greeks view U.S. demands to counter terrorism as an infringement on Greek sovereignty and interference in their internal affairs, i.e., an effort to control the Greek government or transform it once again into a police state. Analysts argue that, at times, these attitudes have detracted from the government's willingness to cooperate with or accept assistance from the United States in countering terror. U.S. assistance that was accepted often failed to achieve its objective. For example, Greek police officers who received counterterrorism training in the United States were not assigned counterterrorism duties on their return home.¹⁰⁰ This led the U.S. to suspend the training in 1998.

Revolutionary Organization 17 November

Until mid-2002, the Greek record in countering terrorism was regarded as dismal by a number of commentators. Since 1975, the leftist, nationalist 17 November terrorist group, in particular, was seen to be acting with impunity. The U.S. State Department's annual report *Patterns of Global Terrorism* designates Revolutionary Organization 17 November as a Foreign Terrorist Organization (FTO). The group claims responsibility for killing 23 people, including 4 Americans. Its first victim in 1975 was the CIA station chief in Athens, Richard Welch. 17

¹⁰⁰Lambros Papanoniou, Interview with U.S. Ambassador Patrick Theros, *Elevtheros Tipos*, June 20, 2000, entered into Foreign Broadcast Information Service (FBIS) online, June 22, 2000. Former U.S. Ambassador to Greece Thomas Niles on 60 Minutes, January 6, 2002. In January 2000, Greek Public Order Minister Michalis Khrisokhoidhis denied to a visiting U.S. delegation (in which the author of this analysis participated) that such assignment problems were happening on his watch.

*Prepared by (name redacted), Specialist in Middle Eastern Affairs, Foreign Affairs, Defense, and Trade Division, CRS. October 8, 2002.

November also bombed U.S. property or businesses in Athens, such as American Express, IBM, and Citibank.

Former U.S. officials, including former CIA Director James Woolsey and former U.S. Ambassador to Greece (1993-1997) Thomas Niles, have strongly implied that links between the ruling Pan-Hellenic Socialist Movement (PASOK) party or its antecedents and 17 November were responsible for Greece's lack of success against 17 November.¹⁰¹ Niles stated that, while he was ambassador, he had given Greek authorities a list of 17 November suspects, but there was no follow up.¹⁰² The Greek government declared that Niles' claims were "lies," although Niles had said he doubted that members of the current PASOK Prime Minister Costas Simitis' government had contacts with 17 November.¹⁰³

In 2000, Greece's performance in fighting terrorism was criticized not only in *Patterns of Global Terrorism*, but in a Congressionally-mandated Report of the National Commission on Terrorism, *Countering the Changing Threat of International Terrorism*. The Commission observed that "Greece has been disturbingly passive in response to terrorist activities," and noted that the Department of State had identified it as "one of the weakest links in Europe's effort against terrorism." The Commission suggested that Greece was a candidate for designation as a "not fully cooperating" country under Sec. 40A of the Arms Export Control Act as amended, and that the President should consider imposing sanctions on it. Then Secretary of State Madeleine Albright said that the Administration was not considering sanctions.

On June 8, 2000, just days after the Commission's report was issued, 17 November assassinated the British military attache in Athens, Brigadier General Stephen Saunders, because of what it (mistakenly) claimed was his role in planning air raids on Yugoslavia.¹⁰⁴ The Saunders' murder may have marked a turning point in Greek attitudes toward 17 November and toward counterterrorism. Saunders' widow's heartrending appeal to the Greek people to bring her husband's killers to justice elicited public sympathy. International media coverage of the attack and of Greece's counterterrorism record also prompted government concern about possible harm to Greece's national image as it prepared to host the 2004 Olympics in Athens. On July 12, 2000, the government called for a minute of silence and issued an anti-terrorism message to sensitize the public to the problem.¹⁰⁵ The government

¹⁰¹Lambros Papandoniou, The former CIA Director James Woolsey Talks to 'To Pondiki,' To Pondiki, June 8, 2000, translation entered into FBIS online, June 8, 2000.

¹⁰²Papakhelas' 'Files' Program on Mega TV Discusses 17 November, Terrorism, November 6, 2001, translation entered into FBIS online, November 8, 2001.

¹⁰³A Former U.S. Envoy Links Greek Politicians to Assassin Group, *The New York Times*, November 8, 2001.

¹⁰⁴"17 November Proclamation Following British Diplomat's Murder in Athens," *Eleftherotipia*, June 9, 2000.

¹⁰⁵The message said, "Terrorism shows contempt for the sanctity of human life, undermines social cohesion and political stability and therefore is an insult to Greeks. It is a threat to (continued...)"

increased the reward for the arrest of members of 17 November to \$4.25 million and opened confidential telephone lines for potential informers. Greece and Scotland Yard began to cooperate to solve the murder.

Counterterrorism Efforts

On September 8, 2000, Greek Minister of Public Order Michalis Khrisokhoidhis and U.S. Attorney General Janet Reno signed a long-planned Memorandum on Police Cooperation between the Greek police and the Federal Bureau of Investigation (FBI). It provides for a range of cooperation “in the prevention, suppression, detection, disclosure and investigation of crimes” in particular, organized crime; acts of terrorism; illegal trafficking in weapons, explosives, nuclear materials, poisons; illegal international actions such as money laundering; counterfeiting; trafficking in works of art, items of historical heritage; serious crimes against human life and property; and computer crime. It also provides for cooperation in training and research in crime prevention.

The Greek government proposed comprehensive legislation to put teeth into its counterterror effort, and parliament eventually passed it on June 27, 2001. The law mandates trial by judges or magistrates instead of by jury. Juries had proven susceptible to intimidation. It sanctions police undercover operations, authorizes DNA testing without consent and the use of DNA as evidence in court, permits electronic surveillance beyond wiretaps, and provides for witness protection and amnesty programs. The law also allows sentencing of members of terrorist groups for membership alone for up to 10 years no matter when they perpetrated the crimes. This provision works around a 20-year statute of limitations for the crime of murder and a 15-year statute of limitations for attempted murder, robberies, and bombings which might enable 17 November terrorists to escape punishment for crimes committed years ago. Greece, like other European Union members, does not have the death penalty. Finally, the law allows for suspending sentences in exchange for cooperation.

Despite the new anti-terrorism law and improvements in policing, Greece still failed to apprehend 17 November terrorists. Then, on June 29, 2002 in Piraeus, a bomb exploded prematurely in the hands of Savvas Xiros, who was not killed. His capture produced statements which opened a trail to other 17 November terrorists, safe houses, weapons, and documents. As of this date, 17 alleged members and leaders have been apprehended. Many may have confessed to obtain leniency, although the alleged leader and ideologist, 58-year old Professor Alexandros Giotopoulos (aka Mikhail Ikonou and Lambros), has denied all charges against him.

¹⁰⁵(...continued)

contemporary Greece. It is something foreign to the philosophy and logic of Greece; foreign to all our traditions. The fight against terrorism is a priority; a priority, not only for the state, but for the Greek people and their political culture. It is the government’s commitment and society’s not to stop the effort to root out terrorism; by any means. We owe this to the victims of terrorism. We owe it to democracy and its human values. We owe it to Greece.” Reuters, July 12, 2000.

U.S. Ambassador to Greece Thomas Miller has characterized Greece's cooperation in combating terrorism as "excellent" and noted "an incredible change in Greek public opinion," which now sees 17 November as a group of common criminals and thieves.¹⁰⁶ However, Miller was also quoted as saying, "The arrests are not enough. There must also be convictions."¹⁰⁷ The record of the Greek judiciary in trials of other terrorists leads some observers to question whether convictions can be won.¹⁰⁸ It also remains to be seen how thorough the authorities' crackdown on 17 November will be. Since the arrests, two proclamations have been issued in the name of the group. One, on July 31, insisted that 17 November was still alive and threatened to take hostages to exchange for imprisoned comrades. The second proclamation claimed credit for the theft of weapons from a military arsenal on the island of Kos, which was discovered on August 2.¹⁰⁹ Dora Bakoyianni, the opposition New Democracy party candidate for mayor of Athens and widow of a 17 November victim, has said that many questions about 17 November remain. She wants to know more about the group's decision making.¹¹⁰ It's possible that Bakoyianni is implying the same conspiracies as Woolsey and Niles, above.

¹⁰⁶Greece: A News Review from the Embassy of Greece, Press and Information Office, Vol. 8, No. 7, July 2002.

¹⁰⁷A. Marathias, Embarrassment by the Intervention of U.S. Ambassador Thomas Miller, *Elevtheros Tipos*, August 9, 2002, translation entered on FBIS online, August 11, 2002. President Bush congratulated Prime Minister Simitis on the arrests of key members of 17 November. He said that they "underline the important contribution of Greece to the global war against terrorism." Karolos Grohmann, Bush praises capture of Greek N17 guerrillas, Reuters, August 13, 2002.

¹⁰⁸In 2001, a long-sought, high-profile Greek terrorist, (not apparently tied to 17 November) Avraam Lesperoglou was acquitted on appeal after being found guilty in a trial for the murder of a public prosecutor, the robbery of an armored bank van during which two security guards were killed, and the killing of three policemen during a shoot-out. Paraskevi Biskini, The Verdict on the Front Page, *Ta Nea*, December 3, 2001, translation entered into FBIS online, December 7, 2001. The Greek Supreme Court eventually granted the prosecution's request to cancel the acquittal and Lesperoglou was rearrested in August 2002, but was acquitted again in September after a new trial. Other suspected terrorists have had their sentences reduced.

¹⁰⁹The authenticity of the first proclamation has not been established, and Prime Minister Simitis, Public Order Minister Khrisokhoidhis, and other government spokesmen have voiced skepticism as to authorship. Simitis: It is not Genuine, *Ta Nea*, August 1, 2002, translation entered into FBIS online, August 6, 2002. Regarding the arms theft, a government spokesman said, "We should not connect everything with terrorism.... There have been such thefts in the past and evidence has shown that they were committed only to sell the weapons." Karolos Grohmann, Greece Plays Down Army Camp Weapons Theft, Reuters, August 3, 2002.

¹¹⁰Steven Erlanger, Greek Hopes Arrests Earn It Europe's Embrace, *The New York Times*, August 5, 2002.

Counterterrorism Since 9/11

Public Order Minister Khristokhoidhis has said that the Greek police were participating in the global effort to identify and locate individuals responsible for the September 11 attacks, but nothing emerged from the Greek investigations.¹¹¹ Greece has also said that it is cooperating in intelligence sharing and in the investigation of suspect bank accounts which might be linked to terrorists. Greece has refused to allow U.S. agencies to board ships in its territorial waters for inspection, although it said that Greek officials could carry out searches based on information supplied by the United States.

The Greek government reports that it has increased security at airports, ports, power plants, and dams. It suspended flights by small private planes. The Civil Defense Secretariat has established working groups to draw up emergency plans to guard against a chemical or biological attack. The armed forces have also established a section on nuclear, biological, and chemical defense.

Other measures have been proposed or drafted, partly by the European Union of which Greece is a member, but not yet implemented. These include laws to make financing of terrorism a crime and strengthening anti-money laundering laws that are already on the books.¹¹² Again, concern for civil liberties, a legacy of the junta period, may affect the speed with which Greek legislators address these issues. Greece has informed its EU partners that it has constitutional impediments to proposed changes that would ease extradition to the United States. Greek citizens, including those who perpetrate terrorist acts against Americans, cannot be extradited to the United States for trial.

Other

No progress has been reported in efforts to apprehend the Revolutionary Nuclei, also on the U.S. list of Foreign Terrorist Organizations, which was implicated in arson attacks on and bombings of U.S., Greek and European targets in Greece. Some press reports suggest that Revolutionary Nuclei may have connections to 17 November.¹¹³ Revolutionary Nuclei is believed to have been formed in 1996 by members of the Revolutionary Popular Struggle (ELA), which was responsible for arson attacks and bombings from 1975-1995. U.S. government sites and businesses were among ELA's targets. Greece's record against ELA also is poor.

¹¹¹Yeoryios Marnellos, The List of 300 Names is Useless: Second part of two-part interview with Greek Public Order Minister Khristokhoidis, *Elevtherotipia*, September 24, 2001, translation entered into FBIS online, September 25, 2001.

¹¹²Reply of the Hellenic Republic to Security Council Resolution 1373 (2001) (fight against terrorism), 9 January 2002.

¹¹³Dhora Andoniou, ELA, 1st May to Follow Next: 17 November Thread leads back to Theory of Communicating Vessels, *I Kathimerini tis Kirakis*, July 28, 2002, translation entered on FBIS online, July 29, 2002.

According to U.S. government sources and others, Greece assisted or sympathized with Turkish terrorist groups, for some time. Greeks notably favored the Kurdistan Workers Party (PKK), a Turkish-Kurdish terrorist group that waged a 15-year insurgency mainly in southeast Turkey from 1984-1999 and that is on the U.S. list of Foreign Terrorist Organizations. Many Greeks view the PKK as freedom fighters waging a liberation struggle. They do not agree that the PKK insurgency was terrorism, although it took the lives of many innocent civilians. Greek parliamentarians gave moral support by visiting PKK camps. The PKK allegedly had offices in Athens and trained at refugee camps nearby. In 1999, PKK leader Abdullah Ocalan was captured by Turkish commandos acting on a U.S. tip after leaving the Greek embassy in Kenya. During his search for a safe haven, Ocalan had landed in Greece and was not apprehended; instead he was assisted there by “senior government officials.”¹¹⁴ The Greek foreign, interior, and public order ministers were forced to resign after this fiasco was revealed.

The Ocalan affair led to a change in Greek activity in the spring of 1999, when new Greek Foreign Minister, George Papandreou launched a policy of rapprochement with Turkey. The Turkish Foreign Ministry has said that there is now a “sincere and functional dialogue” with Greek officials concerning 17 November attacks on Turks.¹¹⁵ Turkey also is now seeking information about possible ties between 17 November and the Turkish Revolutionary People’s Liberation Party Front (DHKP-C), which is on the U.S. list of Foreign Terrorist Organizations. Because of the experience with the PKK and Ocalan, some Turks continue to doubt Greece’s good will in aiding the apprehension of Turkish terrorists. For example, in July 2002, Turkey alleged that Dursun Karatas, head of the DHKP-C, was in Athens.¹¹⁶ Turkish newspapers reported that the two groups had exchanged weapons and that some of the weapons that 17 November stole from the Greek army were subsequently found in Turkey. The Greek charge d’affaires in Ankara said that Greece had no information about Karatas and Greece said that it has not obtained any information from 17 November prisoners about the DHKP-C.¹¹⁷

Illegal Immigration/Border Controls

Greece is a transit country for illegal immigrants seeking to reach Europe from the Middle East, South Asia, and Africa. Alone, and in cooperation with Turkey, with which Greece has signed a bilateral agreement, Greek police have detained many illegal migrants. After September 11, Greece increased security at entry points and strengthened border controls.

¹¹⁴U.S. Department of State, *Patterns of Global Terrorism*, 1999.

¹¹⁵“Sincere” dialogue with Greece on rebel group’s operations - spokesman, Anatolia News Agency, August 14, 2002, text transmitted by BBC Monitoring Europe, August 14, 2002.

¹¹⁶Turkey complains to Greece about guerrilla leader’s alleged presence, Anatolia News Agency, text transmitted by BBC Monitoring Newsfile, July 23, 2002.

¹¹⁷Turkish Police Spokesman Discusses Ties Between 17 November, DHKP-C, TRT 2 Television, July 26, 2002, translations entered on FBIS online, July 26, 2002.

Greece also planned to institute centralized control of more secure passports, i.e., to transfer issuing authority from multiple prefectures to police in one or two offices nationwide. Although the decision was made in 2001, it had still not been implemented as of August 2002 because of a freeze on public hiring. Greece also says that it is planning to supply all passport control checkpoints with more advanced forgery and counterfeiting detection devices. The lack of such devices is one of the reasons that Greece has been excluded from the U.S. visa waiver regime.

Ireland*

Overview

The events of September 11 generated sincere sympathy in the Republic of Ireland for the United States. A number of Irish citizens died in the terrorist attacks, as did many Irish-Americans. Irish officials claim that Ireland has been a solid U.S. partner in combating terrorism; despite Ireland's long-held policy of neutrality, Dublin granted the United States overflight rights and the use of Irish aircraft facilities during the military campaign in Afghanistan. In addition, Irish law enforcement authorities have been working closely with U.S. counterparts on September 11-related investigations. Nevertheless, critics contend that Dublin has been slow to devote resources and attention to countering terrorist groups beyond those associated with the conflict in Northern Ireland. They worry that international terrorists have been able to take advantage of Ireland's liberal immigration and asylum policies, and that law enforcement efforts to root these individuals out are constrained by Ireland's historical legacy and political considerations.

Legal Responses and Cooperation Against Terrorism

Although Irish law does not yet define terrorism as a crime, Irish officials assert that their long experience with domestic terrorist groups has resulted in a large body of laws applicable to terrorist activities. For example, Irish criminal law covers terrorist acts such as murder or hijacking; the Offenses Against the State Acts 1939-1998 prohibits membership in and financing of unlawful organizations; and the Criminal Justice Act of 1994 bans money laundering. Since September 11, Dublin has sought to implement various U.N. and European Union (EU) initiatives to bolster Ireland's legal provisions against terrorism. In October 2001, Ireland signed the 1999 U.N. Convention for the Suppression of the Financing of Terrorism; the government is preparing legislation to give it and a number of other U.N. treaties against terrorism effect in Irish law.¹¹⁸ Dublin also hopes to introduce legislation by the end of this year to implement the EU's Framework Decision on Combating Terrorism—which calls for establishing a common definition of terrorism and standardized penalties—and is considering how to comply with the EU's enhanced directive against money laundering.¹¹⁹ In addition, the government has pledged to reform Irish laws relating to charities in order to protect against fraud and prevent such organizations from being used to finance terrorism.

Irish police and intelligence services have been cooperating with U.S. counterparts to track down and keep tabs on a number of individuals in Ireland who

¹¹⁸To date, Ireland has ratified five of the 12 U.N. conventions against terrorism.

¹¹⁹For a detailed account of EU initiatives to better combat terrorism, see CRS Report RL31509, *Europe and Counterterrorism: Strengthening Police and Judicial Cooperation*, July 23, 2002.

*Prepared by (name redacted), Consultant in European Affairs, Foreign Affairs, Defense, and Trade Division, CRS. August 21, 2002.

may have connections to Al Qaeda, but no charges have yet been filed. Media reports suggest that Irish authorities have known about the existence of a suspected Al Qaeda cell in Dublin since at least early 2000 when the FBI discovered that an Algerian-born naturalized Irish citizen, Hamid Aich, had ties to Ahmed Ressam, convicted last year in the United States on charges of conspiring to blow up Los Angeles Airport (LAX).¹²⁰ The Dublin cell is believed to have numbered between 30 to 40 members at most; it allegedly provided false identification documents such as passports and visas, and arranged small financial transactions to facilitate the movement of Al Qaeda members.

Although Aich and several others were arrested during a raid in December 2000 in connection with the LAX bombing plot investigation, they were released shortly thereafter because Irish authorities claimed sufficient evidence was lacking to hold or extradite them on conspiracy charges. Section 30 of the Offenses Against the State Acts permits detention without charges for a maximum of 72 hours. U.S. investigators were reportedly concerned with Aich's release, and surprised that the seized documents, which included a diagram of an electrical switch identical to one found in Ressam's apartment, were not enough to bring charges. Irish officials countered that the switch could be used to repair a tea kettle as well as trigger a bomb. Aich disappeared from Dublin six weeks before September 11 and has not been heard from since; the FBI continues to seek him for questioning.¹²¹ Some press reports have also suggested that Aich may have been in contact with members of the Real IRA, a hard-line splinter group that broke from the Irish Republican Army in 1998.¹²²

In October 2001, Irish police arrested three Libyans and one Algerian suspected of having ties to Al Qaeda as part of the investigation into September 11, and seized about \$13,000 in cash as well as numerous documents and financial records. The four were held for two days, but also released because of a lack of evidence. Irish law enforcement authorities say all of these suspects remain under close police surveillance, as do about 30 others in and around Dublin with potential Al Qaeda connections. One of the Libyans originally arrested in October was briefly arrested and released again this past July on credit card fraud suspicions. Several of these individuals have been linked to the Dublin-registered branch of the charity Mercy International Relief Agency (MIRA), which U.S. authorities believe is one of Bin Laden's money-laundering fronts. Two other Islamic charities in Ireland—Islamic Relief and Blessed Relief—are also suspected Al Qaeda fronts.

¹²⁰Jim Cusack, "FBI turns spotlight on Al Qaeda's Dublin operations," *Irish Times*, July 31, 2002.

¹²¹In July 2002, the FBI revealed that travel documents seized during the December 2000 raid on Aich's office can be linked to Zacarias Moussaoui, accused by the United States of being the "20th" September 11 hijacker. Jim Cusack, "Documents found in Dublin are linked to Al Qaeda," *Irish Times*, July 30, 2002; Jim Cusack, "Charges are unlikely in detention of Arab men," *Irish Times*, October 10, 2001.

¹²²Damien Lane and Deirdre Tynan, "Bin Laden gave terrorists bomb cash," *The Mirror*, October 17, 2002.

Irish officials say they are doing everything possible to support U.S. investigations, but some observers contend that Dublin was slow to address the dangers posed by Al Qaeda prior to September 11. Although the counter-terrorist Special Branch of the Garda Síochána (national police) was aware of the Dublin Al Qaeda cell for several years and had worked with U.S. law enforcement authorities on the LAX bombing plot probe, the Special Branch remained primarily focused on domestic Irish terrorist groups related to Northern Ireland. After September 11, however, a Middle Eastern section was established within the Special Branch. U.S. officials note that Irish authorities appear increasingly concerned that Ireland could become a “soft target,” and are anxious to avoid Dublin being the site of an embassy bombing.

Some analysts also view Irish history and civil liberty concerns as factors that may limit Dublin’s freedom of action in responding to terrorism. Extradition, for example, has always been a sensitive political issue in Ireland. Many in the Irish Republic viewed Northern Irish “terrorists” as “freedom fighters;” consequently, those engaged in the conflict in Northern Ireland sometimes found safe haven with sympathizers in the Republic. Irish judicial authorities have been traditionally cautious in considering extradition requests—especially for those wanted on conspiracy or terrorism-related charges—to ensure that individuals are not extradited for political offenses, which Irish law prohibits. Others suggest that Ireland may also be less enthusiastic than other EU member states about concluding a possible U.S.-EU extradition accord, which Washington hopes would permit the extradition of EU nationals. Ireland firmly supports the EU redline that individuals extradited to the United States under an eventual agreement must not face the death penalty.

Immigration, Asylum, and Border Controls

The Irish government also claims it is stepping up efforts to stem illegal immigration, keep better track of foreign nationals, and prevent asylum abuse. Many illegal immigrants enter Ireland on tourist or student visas, or by claiming asylum, but then remain after their visas have expired or disappear while their refugee applications are being processed. The Irish Department of Justice estimates that 40 percent of asylum seekers do not show up for their interviews and about 2,600 rejected applicants are on the run.¹²³ Irish officials note that many measures to improve immigration controls pre-date September 11, and stem from rising concerns about the growing number of illegal migrants—as well as criminal human traffickers—attracted by Ireland’s booming economy over the last decade. Some analysts also attribute Ireland’s recent popularity as a destination country to Irish citizenship laws. Unlike other EU states, the Irish Constitution grants citizenship to any child born in Ireland, and a 1990 Supreme Court judgement gave foreign national parents and families of Irish-born children residency rights on humanitarian grounds. About 2,500 asylum-seekers were allowed to remain in Ireland in 2001 on this basis, up from 1,200 in 1999.¹²⁴ The majority of asylum-seekers in Ireland are from Nigeria and Romania.

¹²³Elaine Edwards, “War on refugees,” *Daily Mirror* (London), July 17, 2002; Nuala Haughey, “Crackdown fills illegal immigrants with fear,” *Irish Times*, July 20, 2002.

¹²⁴Nuala Haughey, “Unique attitude to Irish citizens,” *Irish Times*, February 21, 2002.

To help enhance law enforcement capabilities to address problems arising from immigration and asylum issues, Irish officials point out that the Garda National Immigration Bureau (GNIB) was established within the Garda Síochána in May 2000 to help improve border controls, carry out deportation orders, and work as liaisons with immigration counterparts in other states. In September 2001, the GNIB introduced a new computer information system and electronically-generated cards with digital photos for certain foreign nationals residing in Ireland in an attempt to prevent counterfeiting of identification cards and promote more accurate record-keeping.¹²⁵ The system also contains information on deported foreign nationals. The GNIB hopes to give immigration officials at all entry points and border crossings access to the system within a year. In the last few years, Dublin has also sought to reform its asylum procedures to reduce a backlog of about 13,000 cases—built up since 1997—and speed processing times. In November 2000, the government began finger-printing all asylum-seekers, as called for by the Refugee Act of 1996.

Some analysts assert that September 11 has reinforced Dublin's commitment to curb illegal immigration and tighten asylum controls to prevent terrorists from abusing Irish laws. Media reports suggest that two of the Libyans and the Algerian detained by Irish authorities last October were asylum-seekers.¹²⁶ Aich and the other Libyan arrested in October reportedly gained Irish citizenship through the birth of their children in Ireland. The Irish government is thus increasingly keen to close this legal loophole, and the Justice Department has begun challenging the precedent established in the 1990 judgement granting residency to foreign national parents of Irish-born children. In April 2002, Ireland's High Court upheld the government's decision to order the deportations of several asylum-seekers—a Czech couple and a Nigerian man—even though their children hold Irish citizenship.¹²⁷ This past July, about 40 individuals who had either overstayed their visas or were under deportation orders were arrested in Operation Hyphen, a series of coordinated raids on more than 100 addresses in Dublin. Observers noted that this sting was the first of its kind in Ireland to target illegal immigrants. New Justice Minister Michael McDowell has pledged more such crackdowns in the future.

Although U.S. officials assess that Dublin's political will to reform its immigration and asylum policies is currently strong, they point out that border crossing posts are still behind the technological curve. Many ports of entry in Ireland lack computer systems, and hence the ability to keep track of the comings and goings of foreign nationals efficiently. The Republic's land border with Northern Ireland also poses a monitoring problem for border control authorities; many asylum-seekers rejected by the UK are taking domestic ferries to Northern Ireland, from where they then head south. Others note that despite the GNIB's mandate to carry out deportation orders, enforcement difficulties remain. Almost 4,000 deportation orders

¹²⁵All foreign nationals staying in Ireland over 90 days who are not citizens of the European Economic Area (the 15 members of the EU, plus Iceland, Norway, and Liechtenstein) must register with Garda authorities.

¹²⁶Shawn Pogatchnik, "Police arrest three Libyans, one Algerian on suspicion of supporting terrorist groups," AP, October 9, 2001.

¹²⁷The decision of the High Court will likely be appealed to Ireland's Supreme Court. Paul Cullen, "What's to befall these Irish children?," *Irish Times*, April 9, 2002.

of illegal immigrants or failed asylum-seekers have been issued since the GNIB was formed, but only about 18 percent of these have been enforced. Some attribute this poor record to insufficient personnel resources; media reports indicate that GNIB may be beefed up from 120 to 130 officers to help ameliorate this problem.¹²⁸

Refugee advocates and civil liberty groups may also inhibit the government's plans to crack down on illegal immigrants and deport those who have overstayed their welcome. They strongly criticized the way Operation Hyphen was conducted, and publicly appealed to the Irish populace for support, claiming that "Ireland's experience of emigration should make it a flagship for humanitarian treatment."¹²⁹ As for closing citizenship loopholes, the government hopes that its court challenges will prove successful because it does not view reforming Ireland's nationality laws as a viable option. Doing so would entail changing the Constitution, whose citizenship provisions were strengthened in 1998 as part of the Good Friday Peace Agreement for Northern Ireland. Hence, Dublin is reluctant to reopen the issue.

¹²⁸Andrew Bushe, "2,600 asylum seekers on the run in Ireland," *Sunday Mirror* (London), July 7, 2002.

¹²⁹Frank McNally, "Support groups react angrily after arrests," *Irish Times*, July 17, 2002.

Italy*

Background

The Italian government has a long history of combating domestic and international terrorism. Over the past quarter century, Italy has developed a stronger judicial mechanism for dealing with terrorism. For some months after September 11, Italian officials seemed to believe that Al Qaeda posed a minimal threat to Italy, a view that affected the government's law enforcement efforts. Recognition in late 2001 and early 2002 that Al Qaeda had developed a strong logistics network in Italy led to a more vigorous response to disrupting the terrorists' network. Politics has intruded into the anti-terror debate in Italy; the government has within it senior officials who have strong anti-immigrant views, which are coloring the debate over how to combat Al Qaeda. Broader international factors, such as the Israeli-Palestinian conflict in the Middle East and consideration by the Bush Administration of a military campaign to replace the Iraqi government, are also affecting the debate in Italy over terrorism.

A History of Combating Terrorism

Italy has grappled with a terrorist threat for many years. The Red Brigades, a far left group, carried out numerous acts of violence in the 1970s and early 1980s against Italian political leaders, judges, and business leaders; most notable was the kidnapping and murder of Aldo Moro, a former prime minister, in 1978. Foreign terrorist groups have also been active. Abu Nidal's extremist Palestinian faction murdered U.S., European, and Israeli nationals in attacks on airliners and airports in Italy in the 1970s and 1980s.

The Italian government responded to the terrorist attacks of the 1970s and 1980s with new law enforcement measures. Special police and prosecutors, stiffer sentences, prison isolation cells, authority for police for emergency searches without warrants, and more secure public buildings were but some of these measures. By the early 1980s, these measures contributed to a sharp decrease in terrorist crimes, and many remain in force today.

The Berlusconi government did not initially make a strong response in law enforcement to the events of September 11. When U.S. officials warned of possible terrorist attacks in several Italian cities in late 2001, Italian officials said that the threat was overstated, and worried about the effect on tourism. A terrorist attack on a consultant to the current government of rightist Prime Minister Silvio Berlusconi, however, appears to have given energy to the government's anti-terrorist efforts. In March 2002, Marco Biagi, an economist advising the government on labor law, was murdered by domestic, leftist extremists opposed to Berlusconi's policy to weaken some rights of Italian workers. In spring 2002, apparent threats (some likely by Al Qaeda) against the Vatican and cultural monuments in Venice also raised public and

*Prepared by (name redacted), Specialist in European Affairs, Foreign Affairs, Defense, and Trade Division, CRS. August 22, 2002.

political consciousness about terrorism. Since that time, Italian efforts to apprehend terrorists have increased.

Legislative and Political Responses after September 11

Elements of Italy's law enforcement response to the events of September 11 have been colored by internal political factors. Prime Minister Berlusconi has in the past been charged with crimes, such as tax evasion and bribery; he has at times responded with claims that Italy's judiciary, which is independent of the executive, is manipulated by political opponents.

In the wake of September 11, an element of Berlusconi's fractious relationship with the judicial system was evident in the EU debate over an arrest warrant able to reach into every Union state. EU proponents of the arrest warrant sought to use it to bring terrorists to justice, and to pursue a wide variety of other criminals. Berlusconi's government initially argued that the warrant proposal was an inefficient catch-all, touching on too wide a variety of crimes to be effective. The government particularly opposed having warrant authority include corruption and fraud, and sought to have it concentrate more on such high-profile crimes as terrorism and money-laundering. The prime minister's critics responded that a Spanish tax evasion case against Fininvest, the company at the core of his financial empire, was the motivation for his wishing to eliminate certain crimes within the warrant's reach. In the end, his government relented, and accepted broader warrant authority.¹³⁰

Prime Minister Berlusconi's government includes a strongly anti-immigrant party, the Northern League, led by Umberto Bossi. Bossi has made statements against immigrants from Albania and the Middle East and is widely criticized in Italy as racist. Berlusconi himself made remarks criticized as intemperate that have affected the debate over terrorism, and served in some minds to link discussions over terrorism to those over immigration. Shortly after the terrorist attacks of September 11, he said that "We have to be aware of the superiority of our civilization.... [Christian society is destined] to westernize and conquer" certain populations, such as the Arab world and communist countries.¹³¹ He later apologized for the statement.

Bossi and Gianfranco Fini, leader of the National Alliance (formerly, the Fascist Party), hold senior positions in the Berlusconi government. They have presented legislation to curb and control immigration to Italy. Italy has long been seen as a major point of entry for illegal immigrants in Europe; other EU governments have complained that immigrants on tourist or student visas arrive in Italy, then move on to other member states with expired papers. A study by an Italian official in fall 2001 examined the key issues in the debate over immigration in Italy. The study noted the population decline in Italy and the country's aging work force; it concluded that immigration, targeted to encourage workers able to fill specific labor needs, was necessary to strengthen Italy's economic future. The author noted that Italy was on a "migratory fault line," given its location. As a means to control immigration, the

¹³⁰"Italy accepts EU warrant," *Washington Post* (henceforth *WP*), Dec. 12, 2001, p. A30.

¹³¹"Italian Premier attacked for Islam comments," *Financial Times*, Sept. 27, 2001, p. 3.

government has negotiated “Readmission Agreements” with a range of developing countries. The agreements set out the quota of immigrants from these countries; give priority of admission to individuals trained to fill economic needs in Italy; and establish a database of those trained for those needs in Italy’s job market. The study proposes a similar system for the European Union.¹³²

The Bossi-Fini bill captures some of the elements of this discussion by requiring that an applicant for a work visa in Italy have a job before his visa could be approved. Part of the purpose of the bill is to establish a system that would admit only those on their way to a job. Critics of the bill, including many prospective employers, say that it sets the bar too high, and that employers prefer having a job applicant sitting in front of them for an interview before offering a job; some employers say that the existing system of giving an immigrant a job, and then a visa, is preferable because it gives employers a wider pool of qualified individuals from whom to choose. The bill would also require that non-EU residents be fingerprinted (including U.S. citizens), provide for more border patrols, and make easier the deportation of illegal immigrants.

Italy’s broader political record on immigration and tolerance is mixed. A spring 2002 EU study found few acts of violence against Muslim immigrants since September 11, but cited a poll in which 43% of those responding found Islam “intolerant.” The study indicated that Italian media may in part be responsible for the public’s critical view of Islam. The study found that Italian media are inflaming public opinion towards Muslims by bringing before their audiences “a disproportionately high presence... of radical Muslim leaders who cannot be considered representative of the Muslim community at the national level.” Prime Minister Berlusconi, a media magnate, owns several of the television stations that have featured such clerics. At the same time, the study complimented the Catholic Church for urging toleration of, and education about, Islam.¹³³

The Italian government supported the range of EU measures taken since September 11 that tighten control and monitoring of visa applicants intended to prevent “visa-shopping” in different EU countries and the movement of illegal aliens across the borders of EU states.¹³⁴ In addition, Italy and France have established a joint border patrol, also aimed at reducing illegal immigration and interdicting drugs and counterfeit money and documents.

¹³²Stefano Ronca, “From emigration to immigration: What lessons learned from Italy?” Wilton Park paper, Nov. 20, 2001. The author is a highly respected Italian diplomat.

¹³³“Italy,” *Anti-Islamic reactions in the EU after the terrorist acts against the USA*, European Monitoring Center on Racism and Xenophobia (an EU body), May 23, 2002. p. 10-12.

¹³⁴Incorporated as part of this report, for detail, see (name redacted) (CRS consultant), *Europe and Counterterrorism: Strengthening Police and Judicial Cooperation*, CRS RL31509, p. 4-5, 10-11, 24.

Al Qaeda and Italy

Al Qaeda is active in Italy, primarily through cells that make and supply false documentation to members of the Al Qaeda network. A focal point of activity has been the Islamic Cultural Institute in Milan, where false passports, drivers' licenses, and other identification papers were manufactured.

Italian authorities, sometimes acting on information reportedly supplied by the United States, may have thwarted several planned attacks by Al Qaeda. In February 2002, in Rome, they disrupted an apparent plot to put cyanide in the U.S. embassy's water supply. In the spring and summer of 2002, Italian authorities took measures to enhance the security of the Vatican, a church in Venice, and the Jewish quarter in Rome after receipt of information concerning possible attacks.

Italian authorities have also expressed concern that the country's prison population, 27% of which is Muslim, may become a breeding ground for recruitment by Al Qaeda.¹³⁵

Active Steps of Policy Implementation

Investigations and Arrests. Italian authorities have made a number of arrests of terrorists evidently part of the Al Qaeda network. Essid Sami Ben Khemais, a Tunisian thought by some to be Bin Laden's logistics chief in Europe, was arrested in April 2001. Ben Khemais spent two years in Afghanistan and became a recruiter for Al Qaeda. Italian officials believe that he was planning an attack on the U.S. embassy in Rome in January 2001. His cell appears to have been planning to use poison gas in some of their attacks. An Italian court, using a fast-track trial system, convicted Ben Khemais in February 2002 of arms smuggling and preparation of false documents, and sentenced him to eight years in prison; he may be charged with other crimes. Ben Khemais is believed to have been head of Al Qaeda operations in Italy, and he worked out of that city's Islamic Cultural Institute.¹³⁶

In April 2001, police wiretaps led to the arrest of twelve Tunisians, part of the Algerian "Salafist" wing of Al Qaeda; they were reportedly planning to bomb a French target. In February 2002, Italian police arrested nine Moroccans and charged them with plotting to poison the U.S. embassy's water supply; the men reportedly had approximately 100 false work permits in their possession. During the spring and summer of 2002, the police made other arrests in Milan, Rome, Bologna, and Palermo of suspected members of Al Qaeda; authorities charged most of them with the manufacture of false documents, and some of them with the manufacture of explosives. The trials of most of these individuals are also on a fast-track status, and in some instances have already begun or will begin in autumn 2002. As of June

¹³⁵"Italian magistrates in USA for terrorism probe," Italian News Agency (ANSA), June 18, 2002.

¹³⁶U.S. Dept. of State, *Patterns of Global Terrorism*, May 2002, p. 36-38.

2002, the Italian government said that it was investigating approximately 500 people for possible links to Al Qaeda.¹³⁷

Three thousand men from the armed forces and civilian law enforcement agencies have been assigned to protect sensitive infrastructure in the country.

The Italian government has worked with other governments to weaken terrorist networks since the September 11 attacks. U.S. State Department officials and the FBI are reportedly working closely with Italian police and intelligence authorities. Press reports indicate that the Italian government has given the United States access to wiretap information on Al Qaeda operatives. In December 2001 the two countries reactivated an existing committee that coordinates the sharing of information on criminal investigations, used often in the past for cases involving organized crime. The United States and Italy have reportedly exchanged information gained by each country's interrogators of the Al Qaeda detainees in Guantanamo. The record of cooperation, however, is less than ideal. The prosecutor in Milan contends that the United States often presses him for information from investigations, but that Washington is at times reluctant to share useful information with him.¹³⁸

Money Laundering and Illegal Assets. Part of Italian-French law enforcement cooperation has been in weakening money-laundering. In June 2002, 160 Italian and French police arrested 50 men who were part of a Russian organized crime money-laundering ring. Rome has also made efforts to disrupt Al Qaeda's financial network.¹³⁹ Using the UN list of individuals and organizations named as supporting terrorist networks, the Italian government had seized approximately \$4.2 million in property as of March 2002.¹⁴⁰

The Italian government estimates that criminals laundered \$50 billion in Italy in 2001, equivalent to 4.2% of the country's GDP. According to the U.S. State Department, much of this money is washed by organized crime, and consists of profits from narcotics and the smuggling of illegal aliens. The money is often laundered through banks, real estate, casinos, the gold market, and non-state financial institutions. In common with many countries, an impediment to Italy's efforts to combat money-laundering is a requirement that financial institutions, often lacking

¹³⁷"A l'intérieur d'Al-Qaida," *Nouvel Observateur*, April 29-Dec. 5, 2001, p. 4-12. This article is an extensive printing of telephone conversations wiretapped by Italian police. "Italy expands its probe for links to terrorists," *WP*, June 20, 2002, p. A14; "U.S. experts join Italians in investigating possible plot against embassy," *New York Times* (henceforth *NYT*), Feb. 26, 2002, p. A10.

¹³⁸"Italian magistrates in USA for terror probe," *op. cit.*; "FBI monitored militants in Italy before 9/11," *WP*, May 31, 2002; "Italy probing source of false documents," *WP*, July 13, 2002, p. A14; and "Milan prosecutor seeks more cooperation from US," *NYT*, Dec. 14, 2001, p. B6.

¹³⁹"Arrestations en France et en Italie...," *Le Monde* (henceforth *LM*), June 12, 2002, p. 4; "Four Tunisians convicted of terror charges," *WP*, Feb. 23, 2002, p. A16.

¹⁴⁰Ministry of Foreign Affairs, "Report by Italy to the Sanctions Committee of the United Nations Security Council," undated doc. (but probably late spring 2002), Rome, p. 1-6.

in investigative resources, are expected to uncover the source of suspicious financial transactions.¹⁴¹

Illegal Immigration. The Bossi-Fini bill that passed the Italian Parliament in June 2002 aroused considerable controversy. Elements of the center-left vigorously opposed aspects of the bill, especially the stipulation for fingerprinting, as signaling to immigrants that they were unwanted. Bossi contended that a rising crime rate was due to immigration (In fact, Italy's crime rate has been declining.). After September 11, Bossi increased his attacks on immigrants and underscored what he viewed as immigration's link to crime and terrorism. Some see the system of linking visas to job offers as excessively rigid, especially given the many small specialty industries in Italy that require highly skilled workers.¹⁴² The bill passed the Chamber of Deputies, 279-203, in June 2002, and the Senate, 146-89, in July.

During the spring 2002 EU debate over how to stem illegal immigration from the developing world, the Berlusconi government was a principal proponent of cutting aid to countries that failed to reduce the flow of such immigrants. Several other EU states blocked this position, and contended that such a policy, far from curbing illegal immigration, might actually increase it by further weakening the economies of targeted countries, given that aid is intended to build economic development and reduce the incentive of inhabitants to leave their native country.

Broad Factors Affecting Italian Policy

The Berlusconi government has voiced strong support for the U.S. effort in Afghanistan that overthrew the Taliban government and that has weakened Al Qaeda. Italy sent military forces to the Afghan theater in fall 2001, and has forces in the international security force in Kabul. Broader issues, however, affect Italy's overall policy towards terrorism.

Many Italian officials are uneasy with the Bush Administration's tendency to describe Israeli Prime Minister Sharon's policy towards the Palestinians as an effort to subdue terrorism. Over the past several years, Italian governments have provided substantial financial aid to the Palestinian Authority. Several important city governments in Italy have programs that assist Palestinian hospitals and schools. The center-left as well as elements of the center-right are quietly critical of U.S. support for Israel, which they view as detrimental to the Middle East peace process. They believe Sharon's settlements policy on the West Bank and the use of heavy military

¹⁴¹U.S. Dept. of State, "International Narcotics Control Strategy Report," March 2002, p. XII-139-140.

¹⁴²"L'Italie veut les empreintes digitales de tous ses étrangers," *LM*, May 31, 2002, p. 6; "En Italie, la nouvelle loi sur l'immigration inquiète les PME," *LM*, June 22, 2002, p. 3. Identification cards for citizens are not required, but are issued to those who want them; new versions include fingerprints as well as a retinal scan.

force in Palestinian cities are excessive, and unlikely to bring peace. In their view, these policies exacerbate tensions and may promote further terrorism.¹⁴³

Italian governments have not shared general U.S. policy on state-sponsored terrorism. For several years, Italy has attempted to improve bilateral relations with Iran. In June 2002, Italy supported an EU initiative to open formal trade and cooperation negotiations with Iran without reference to discussion of Tehran's human rights record or support for terrorism. The EU will seek separate discussion and agreements on counterterrorism with Iran.

Beyond these considerations, the Italian government has been reticent to voice its support for possible military action by the Bush Administration against Iraq. Across the political spectrum, there is a clear preference to exhaust political measures, above all through the UN, to curb or halt Iraq's WMD programs. Some Italian political figures believe that the United States is using the attacks of September 11 to garner support for foreign policy initiatives not directly tied to terrorism. Italian leaders are likely to continue to place the conflict against terrorism in a broad context that emphasizes social and economic as well as political and military measures to resolve the tensions that contribute to terrorist movements.

¹⁴³Interviews; "Les dirigeants européens soulignent les limites de l'action militaire," *LM*, Nov.6, 2001, p. 4.

Latvia*

In the wake of the September 11 attacks, Latvian officials expressed their support for the war against terrorism. While Latvia is generally not viewed as a target for terrorists, it has been eager to cooperate with the United States and other countries in fighting terrorism, in part because its key foreign policy goal is integration into NATO and the European Union, and in part because Latvians view terrorism as an attack on Western values that they espouse. Latvians understand that their prospects for joining Western institutions are heavily influenced by their participation in the fight against terror.¹⁴⁴

The Latvian government outlined an anti-terrorist Action Plan on October 16, 2001. One important focus of Latvia's efforts is the fight against money laundering. The 2001 State Department International Narcotics Control Strategy Report Money said that "money laundering is a major concern in Latvia in spite of compliance with legislative norms." Latvia's money laundering laws require the reporting of large cash transactions and suspicious transactions to its money laundering agency.¹⁴⁵ In February 2002, Latvia amended its money laundering law to permit the seizure of property directly or indirectly controlled by a person on the terrorist watch list. The government drafted regulations requiring financial institutions to report any transactions by persons on the watch list. So far, however, Latvian authorities have uncovered no financial transaction between persons on the watch list and Latvian financial institutions.¹⁴⁶ The government is drafting legislation that makes terrorism and any support for terrorist organizations a predicate criminal offence.

Since September 11, Latvia has strengthened monitoring of its borders, including the improvement of its visa information system, especially with regard to citizens of countries considered supporters of terrorism. Latvia is also strengthening its export, import and transit control regime, including by increasing penalties for violations and tightening licensing procedures. Six of the 12 major international conventions against terrorism are already in force in Latvia. The International Convention for the Suppression of the Financing of Terrorism was signed by Latvia in December 2001, and the government has started the legislative process of the ratification of five remaining international conventions on combating terrorism.¹⁴⁷ Latvia has developed joint anti-terrorist measures with its Baltic neighbors Lithuania and Estonia, as well as with other Central and Eastern European countries.

¹⁴⁴Discussions with U.S. and Latvian officials.

¹⁴⁵U.S. State Department, International Narcotics Control Strategy Report, March 2002, p. xii-148.

¹⁴⁶"Latvia's Activities in Fighting International Terrorism," Latvian government fact sheet, July 2002.

¹⁴⁷Report of the Republic of Latvia on the Implementation of Security Council Resolution 1373, U.N. Security Council Document S/2002/9, January 2002.

*Prepared by (name redacted), Specialist in European Affairs, Foreign Affairs, Defense, and Trade Division, CRS. August 27, 2002.

Lithuania*

Since the September 11 attacks, Lithuania has expressed its strong support for the war against terror. Lithuania has not been known to harbor terrorists. There is broad political support in Lithuania for the war on terrorism. Most Lithuanians view terrorism as an attack on Western values, with which they identify. In addition, Lithuania's effective participation in the struggle is perceived as a key condition for NATO and EU membership, a goal which has widespread public support. As with other candidates for European Union membership, Lithuania's key domestic task is to align its laws and administration with EU standards, including in the fight against terrorism and the security of its borders.¹⁴⁸ In most cases, Lithuanians do not perceive the resources used in the war on terror as particularly burdensome, given the fact that they would likely be needed anyway for other preparations for EU and NATO membership. Lithuania adopted a detailed national anti-terrorism program in January 2002. It addresses the measures requiring a medium or long-term answer over the next two years covering a range of legal, criminal, financial, and intelligence issues.

The 2001 International Narcotics Control Strategy Report noted that "illegal activities such as smuggling, narcotics-trafficking, capital flight, profit concealment, and tax evasion make Lithuania vulnerable to money laundering. Russian organized crime groups reportedly have used financial institutions in the Baltics to launder money." A 1998 law on money laundering required the reporting of suspicious transactions and the identification of customers whose transactions exceeded approximately \$12,500 to banks.¹⁴⁹ Lithuania plans to amend its money laundering law to prevent terrorist financing. The Lithuanian government is improving its financial surveillance system to uncover and track possible terrorist funds, including by requiring more detailed reporting on assets by depositors and financial institutions and improving links with other countries.

Lithuania is also taking other measures to fight terrorism. Lithuania is planning to amend its criminal law to expand the concept of a terrorist act to include biological, radioactive or chemical weapons. In addition, the law will also be changed to criminalize not only terrorist acts, but also the establishment and financing of a terrorist group, in line with international anti-terrorist conventions. The national anti-terrorism program calls for efforts to strengthening border controls and to clarify rules for refugee asylum. Lithuania is signatory to 8 of the 12 international conventions related to counter-terrorist activities and has ratified 7 of the eight signed. Efforts are underway to accede to the remaining four.¹⁵⁰

¹⁴⁸Discussions with Lithuanian and U.S. officials.

¹⁴⁹U.S. State Department, International Narcotics Control Strategy Report, March 2002, p. xii-154.

¹⁵⁰Report of the Republic of Lithuania on the Implementation of Security Council Resolution 1373, U.N. Security Council Document S/2002/2, January 2002.

*Prepared by (name redacted), Specialist in European Affairs, Foreign Affairs, Defense, and Trade Division, CRS. August 28, 2002.

Luxembourg*

Background

One U.S. government official has stated that within its means,¹⁵¹ Luxembourg has sought to cooperate with the United States, especially on the money-laundering issue. He noted that the large number of immigrants, who now constitute more than a third of Luxembourg's population, and the large number of people who commute from neighboring countries (about one-fourth of the work force), complicate Luxembourg's ability to detect the presence of terrorists or terrorist activity.¹⁵²

A Gallup poll taken in September showed that 74% of Luxembourgers supported the use of their nation's troops in a NATO military operation against terrorism. On September 19, Luxembourg authorities announced that they had requested banks to scan their records for accounts with possible ties to terrorist groups, focusing particularly on a list of 180 names that had been provided by the United States. Shortly thereafter, authorities prohibited banks from conducting transactions with 27 groups and individuals suspected by the United States of having terrorist connections.

In March, prior to a meeting with President Bush, Luxembourg Prime Minister Jean-Claude Juncker reiterated his country's commitment to cooperate with the United States in the war on terrorism, stating that "the international community has no right to weaken its resolve."¹⁵³

Banking Secrecy and Money Laundering

Luxembourg's banking secrecy and tax practices attract enormous deposits from foreigners (Luxembourg hosts more than 200 banks, employing 21,000 people). But this flow of funds has also aroused controversy outside Luxembourg's borders; Belgium and Germany have charged that Luxembourg has become a tax haven. In April 2000, Luxembourg opposed an OECD recommendation that European countries share information on bank accounts. In February 2001, however, as a tradeoff for maintaining its influence within the EU, Luxembourg agreed "in principle" to relinquish its bank secrecy by 2010 – provided that countries such as Switzerland followed suit. Some observers have also alleged that Luxembourg serves as an international money-laundering center. The government adopted anti-money-laundering legislation in 1989, but critics argue that its laws remain far too lax. A recently released French parliamentary report was scathingly critical of Luxembourg. It described the Grand Duchy as a "financial fortress at the heart of

¹⁵¹Luxembourg has a population of 450,000.

¹⁵²CRS interview of U.S. government official. July 17, 2002.

¹⁵³Luxembourg Offers A Hand Where It Can. By Noura Boustany. *Washington Post*. March 6, 2002. p. A15.

Europe” which “is one of the principal obstacles in the fight against judicial wrongdoing and money laundering.”¹⁵⁴ Luxembourg strongly rejected the report’s findings.

The U.S. government does not appear to be as critical of Luxembourg’s banking practices as the French. According to the U.S. State Department’s *International Narcotics Control Strategy Report*, Luxembourg has strict banking secrecy laws, but it can waive the rules on confidentiality in the case of suspected money laundering, which is a criminal offense. A Financial Intelligence Unit tracks suspicious transactions and reports to the prosecutor. An independent agency created in 1999, the Commission for the Surveillance of the Financial Sector, is charged with implementing the money laundering laws and establishing guidelines for the banking sector, and auditing. The State Department report, dated March 2002, notes that “[t]here have been no arrests or prosecutions for money laundering since January 2001.”¹⁵⁵ It concludes that “[t]he government of Luxembourg has enacted laws and adopted practices that help to prevent the abuse of bank secrecy laws. The presence of bearer shares [stock certificates that are the property of whoever happens to be in possession of them; no record of ownership is maintained by the issuing company] is an area of risk that should be addressed and the government should continue to strengthen enforcement to prevent international criminals from abusing Luxembourg’s financial sector.”¹⁵⁶

After the terrorist attacks on the United States, Luxembourg agreed to cooperate in international efforts to trace and freeze funds of organizations that support terrorists. In October 2001, however, Prime Minister Juncker, who is also Luxembourg’s finance minister, criticized ongoing EU efforts to modify bank secrecy laws, arguing that “confidential banking does not protect the terrorists and criminals.”¹⁵⁷ He also noted that funds belonging to groups associated with Osama bin Laden had been found in countries that did not have such banking secrecy laws. Shortly thereafter, the Luxembourg public prosecutor’s office announced that 6 bank accounts had been frozen. In December, Luxembourg police raided a half-dozen financial institutions that were to be investigated for having links to Al-Baraka, an Islamic investment company. In April, however, courts ordered that the frozen

¹⁵⁴Secret No More. *The Economist*. April 15, 2000. Luxembourg: Political Outlook. *Economist Intelligence Unit*. February 1, 2001. French Report Slams Luxembourg on “Dirty Money.” By Mark John. *Reuters*. January 22, 2002.

¹⁵⁵ On July 8, the Swiss ambassador to Luxembourg was arrested in Bern on money-laundering charges. He is reported to have deposited \$750,000 in a bank account in Luxembourg, whose money-laundering authorities notified the Swiss police. Arrested Swiss Ambassador Withdraws Cooperation in \$750,000 Money Laundering Case. *AP*. July 24, 2002.

¹⁵⁶U.S. Department of State Publication 10926. May, 2002. “Money Laundering and Financial Crimes.” p. XII-186.

¹⁵⁷Luxembourg PM opposed to Clamps on Bank Secrecy. *AFP*. October 7, 2001. Luxembourg Won’t Give Up Bank Secrecy Alone – PM. *Reuters*. October 7, 2001.

accounts be released, citing insufficient evidence.¹⁵⁸ January 2002, U.S. Treasury Secretary O'Neill praised Luxembourg, among a handful of countries, for its cooperation in seizing assets of groups suspected of supporting terrorists.¹⁵⁹ In March, Luxembourg's Justice Minister Luc Frieden stated that the government had frozen 18 suspect accounts.

¹⁵⁸Luxembourg Court Orders Unfreezing Of Suspected Terrorist Funds. *AFP*. April 25, 2002.

¹⁵⁹U.S. Blocks Assets of Two Additional Islamic Charities. By Christopher Cooper and Michael Phillips. *Wall Street Journal*. January 10, 2002.

Macedonia*

Some Macedonian leaders have sought to portray their struggles with an ethnic minority rebellion as part of and consistent with the global campaign against terrorism. Macedonia is a small, landlocked country that is in the process of overcoming a prolonged armed conflict between governmental (mainly Slavic) security forces and rebel forces claiming to represent the country's large ethnic Albanian (secular Muslim) minority. The primary rebel force, the National Liberation Army (NLA) - which included members of the Kosovo Liberation Army (KLA) - conducted armed attacks against Macedonian government forces in 2000 and 2001, but agreed to disarm and formally dissolve on the basis of an internationally-negotiated accord (the Ohrid agreement) from August 2001. The Macedonian government claimed that the rebels were terrorists who had infiltrated the country from abroad, mainly Kosovo. The Ohrid agreement successfully forestalled a full-scale civil war. The international community and Macedonia's parties have since focused mainly on implementing the terms of the agreement to resolve inter-ethnic tensions, which continue to threaten to erupt.

After the September 11 terrorist attacks on the United States, the Macedonian government expressed full support for U.S. - led efforts to counter global terrorism. Prime Minister Georgievski, who is considered to be a hardliner, claimed that both the United States and Macedonia were victims of terrorism. News reports from Macedonia and neighboring states have repeatedly attempted to draw links between ethnic Albanian rebels and Osama bin Laden, while former leaders of rebel group vehemently deny such connections. U.S. officials reportedly dismiss these and other allegations of a bin Laden presence in Macedonia. They have urged Skopje not to exploit the terrorism issue but to focus instead on implementing the Ohrid accords.¹⁶⁰

In early March 2002, Macedonian police ambushed and shot seven foreign men. The Interior Ministry claimed that they were Islamic terrorists plotting attacks on western embassies in Skopje, and carrying weapons and uniforms of the ethnic Albanian guerrillas. However, U.S. and other international representatives publicly rejected the official explanation of the killings and denied that there was any specific threats to an embassy in Macedonia. Subsequent news stories have suggested that the victims were merely illegal Muslim migrants in transit through Macedonia. While many details of the incident remain unclear, some reports speculate that the attack was part of an effort by the government to manufacture an extremist threat tied to the ethnic Albanian minority in Macedonia, and thereby justify renewed hostilities against ethnic Albanian rebel forces.¹⁶¹ Macedonian authorities also made the claim, which they later retracted, that they had transferred to the U.S. embassy two Jordanian and two Bosnian terrorist suspects.

¹⁶⁰See "Bin Laden and the Balkans: the Politics of Anti-Terrorism," International Crisis Group Balkans Report No. 119, November 9, 2001.

¹⁶¹*The Wall Street Journal*, May 28, 2002; March 8, 2002.

Macedonia remains an intensely poor country with extremely limited resources. In its December 2001 report to the United Nations, the Macedonian government stated that it has intensified controls over persons and organizations with links to international terrorist organizations. It is preparing a special law against terrorism as well as amendments to the penal code and other crime-related legislation. The government is intensifying controls of border crossings and airports. As part of its military reforms, the Ministry of Defense is working on the development of special anti-terrorist units with technical assistance and training from the United States and other NATO countries. Special paramilitary units, reporting to hardline political party leaders rather than to government ministers, claim (without evidence) to be working to combat terrorism but have also incited violent incidents leading to the death of numerous civilians over the past year.

The Netherlands*

Background

A U.S. government official commented that, although the Dutch government's political will to cooperate is "reasonably high," Holland has been quite upset by the U.S. rejection of the International Criminal Court, which will be headquartered in The Hague, and by the U.S. Senate's passage of the American Servicemembers' Protection Act.¹⁶² The Dutch, according to the official, may be somewhat naive on the terrorism issue – there have been no major terrorist incidents since 1977, when Moluccans seized hostages on a train – and they may feel themselves to be safe from such threats. He added that, because of the openness of Dutch society and because nearly 10% of the population is foreign-born, the government did not monitor the immigrant population to any great degree before September 11. *The Economist* reported that Holland "dragged its feet over the invocation of NATO's Article 5 after September 11th. It is still suspicious of American military adventurism abroad."¹⁶³

In mid-April 2002, the government of Wim Kok, who had served for 8 years as Prime Minister, stepped down. During the campaign for the May 15 parliamentary elections, Holland was stunned when populist leader Pim Fortuyn was gunned down by a left-wing extremist; Fortuyn gained a great deal of attention – and support – by criticizing the country's liberal immigration policies. A coalition of conservative parties – including the eponymous Pim Fortuyn's List party – will form the new government. Spokespersons for the coalition recently announced that the new government will introduce legislation that, among other things, will restrict immigration.¹⁶⁴ A U.S. government official suggested that the new, rightward-leaning government may lead to even closer cooperation with the United States. According to a Dutch government official, however, it is highly unlikely that the Netherlands would extradite persons who might face the death penalty in another country.

Response to 9/11

Former Dutch Prime Minister Wim Kok reacted swiftly to the attacks of September 11, calling for an international fight against terrorism, and declaring that the United States could "count on the full support of the Dutch government ... there

¹⁶²See also: Dutch Urge US To End International Court Boycott. By Paul Gallagher. *Reuters*. December 19, 2001. And: U.S. Seeks To Ease Dutch Fears Over Court. *Washington Post*. June 13, 2002.

¹⁶³A Survey of the Netherlands. *Economist*. May 4, 2002. p. 17.

¹⁶⁴Dutch Prepare Limits on Immigrants, Drugs. By Keith B. Richburg. *Washington Post*. July 11, 2002. p. A15.

should be no doubt about where the Netherlands stands.”¹⁶⁵ Gerrit Zalm, Holland’s Finance Minister, argued that a military response would not endanger the world economy. On September 17, Dutch government authorities met with officials from neighboring countries to discuss immediate counter-terrorism measures.

In the latter half of September, several Dutch Muslims were assaulted or harassed, and there were numerous attacks on mosques in the Netherlands; Premier Kok met with Islamic leaders and denounced the incidents. Some attributed the vandalism to television footage of young Muslims in Holland celebrating the destruction of the World Trade Center.¹⁶⁶ On September 30, a crowd estimated at 6,000, organized by pacifist groups, demonstrated against the prospect of military action against Afghanistan.

Dutch Counterterrorism Initiatives

On October 3, the government froze the assets of two people suspected of terrorist links. By the end of September, the Netherlands, along with several other countries, had detained nearly two dozen people suspected of belonging to terrorist networks; Dutch police continued to arrest several more people in the ensuing months.¹⁶⁷ The Dutch Internal Security Agency reported in May 2002 that stepped-up investigations had uncovered suspected terrorist cells in the Netherlands, along with evidence that extremist groups had been actively recruiting within the country’s large (5% of the population) Islamic community.¹⁶⁸ In late June, Canada complied with a Dutch extradition request for an Algerian man who was wanted in Holland for plotting with others to bomb the U.S. embassy in Paris. In response to EU guidelines, the Justice Ministry in June unveiled legislation to permit longer prison sentences for terrorist crimes. The government also has announced plans to develop a national register of bank accounts to combat schemes to finance terrorist organizations.

The government also increased spending on anti-terrorism measures by more than \$60 million; the funds were designated for a financial task force, and for technology for immigration officials. In late October, Amsterdam’s Schiphol airport launched a pilot program of using iris scanning devices to screen travelers. In addition, Dutch flight schools passed on to the government suspicious inquiries that they had received.

¹⁶⁵Netherlands Vows Backing for U.S. *Reuters*. September 17, 2002.

¹⁶⁶On September 28, 2001, *Reuters* reported that “polls suggest as many as 10 percent of Muslims in the Netherlands sympathized with the attackers in the United States.”

¹⁶⁷Intelligence Agencies Piece Together Terrorists’ European Connection. By Hugh Scofield. *AFP*. September 27, 2002. Dutch Police Find bin Laden Tapes. By Marcel van de Hoef. *AP Online*. December 17, 2001. Dutch Police Seize Suspected Algerian Militants. *Reuters*. April 24, 2002. Dutch Detain Alleged Terrorist. *AP Online*. June 12, 2002.

¹⁶⁸Militants Recruiting Young Dutch Muslims For Foreign War. By Marlise Simons. *New York Times*. May 31, 2002.

In June 2002, the U.S. and Dutch governments initialed an agreement that will permit U.S. Customs agents to be stationed in Rotterdam – the world’s largest seaport – where they will work with Dutch officials to screen freight containers to be loaded on vessels bound for the United States. The accord is part of the Bush Administration’s Container Security Initiative, under which foreign ports will be checked to prevent shipment to the United States of weapons of mass destruction.¹⁶⁹

In response to a U.S. request, the Dutch government in August froze the assets of (and cut off welfare payments to) Jose Maria Sison, founder of the Communist Party of the Philippines, who had been living in exile in Utrecht. And in a five-city sweep in September, Dutch police arrested 7 men suspected of assisting Al Qaeda.

¹⁶⁹U.S. Tightens Scrutiny Of Sea Cargo, Will Station Inspectors In Rotterdam. By Gary Fields. *Wall Street Journal*. June 25, 2002. Le Havre Joins U.S. Customs Anti-Terror Security Initiative. *Washington File*. U.S. Department of State Information Programs. July 1, 2002.

Romania*

Background

Romania demonstrated enormous sympathy and solidarity with the United States after the terrorist attacks; September 14 was declared a day of national mourning. According to a U.S. government official, the political will of the Romanian government is strong and genuine; he characterized its policy as “entirely forward-leaning,” and added that the government is very serious about cooperation in the war on terrorism and regards it as a long-term commitment. The vocal backing of the United States was not confined to the government; the country’s media also have been supportive.¹⁷⁰ On September 24, the Bucharest daily *Evenimentul Zilei* published an “Ode to America;” the editorial was translated and published in many newspapers in the United States.

The keystone of Romania’s foreign policy is its steadfast pursuit of an invitation to join NATO delivered at the alliance’s Prague Summit in November 2002. The Romanians understand that the United States will play the key role in determining which of the 9 aspirant countries will be asked to join. Some analysts believe that Romania’s post-9/11 cooperation was likely undertaken with an eye toward impressing the United States, thereby likely boosting its prospects at the Prague summit. Government officials made no secret of their belief that cooperation in the war on terrorism would improve chances of joining the alliance. President Ion Iliescu declared that Romania would act as a de facto NATO ally. Romania has sought out opportunities to cooperate with the United States in the war on terrorism, and has not hesitated to publicize its role.¹⁷¹ Romania also has used the war on terrorism to argue its case for NATO membership, maintaining that its location in southeastern Europe is strategically important for the war on terrorism and that the more members NATO has, the more effective it will be in fighting terrorism. Nevertheless, a good deal of Romania’s cooperation may be ascribed to its genuine friendliness toward the United States.

With the exception of the extremist-nationalist opposition party, the appearance of political will among elected leaders has been high. Politicians who have attempted to thwart the efforts to cooperate in the conflict, or to sully the national image, have been ostracized or rebuked. In September 2001, extremist-nationalist Senator Corneliu Vadim Tudor, leader of the opposition Greater Romania Party, alleged that members of Hamas had been trained in Romania. The Romanian senate voted to lift

¹⁷⁰Romania Reasserts Support For U.S. and NATO In Fight Against Terrorism – Press. *Rompres*. October 9, 2001.

¹⁷¹Romania's Prime Minister: Support Of War Against Terror Helps NATO Bid. *AP*. March 22, 2002. Romania To Act As De Facto NATO Member In Terrorism Fight. *Dow Jones*. October 8, 2001. Since 9/11, *Rompres*, the official government news agency, has issued scores of press releases detailing the country’s cooperation with the United States. Romania has even issued a postage stamp honoring the victims of 9/11.

*Prepared by (name redacted), Specialist in International Relations, Foreign Affairs, Defense, and Trade Division, CRS. October 17, 2002.

Tudor's parliamentary immunity. He is to be tried by the supreme court for spreading untrue information.

Corruption, pervasive in both public and private sectors, is one of Romania's most serious problems, and some analysts argue that the country's widespread graft likely makes it a fertile ground for money-laundering. In November 2001, *Agence France Presse*, quoting a leaked Romanian government report published the previous March, wrote that "more than 800 million euros were money-laundered in Romania last year. Some 650 people including 240 foreigners, mostly of Arabic or Turkish origin, were implicated in the operations. Romanian prosecutors have launched investigations into 140 out of 350 'shady' bank transfers reported in 2000."¹⁷² The U.S. State Department's *International Narcotics Control Strategy Report*, while red-flagging several problem areas, concluded that "Romania should continue ... to further improve its anti-money laundering regime and continue its progress on money laundering investigations and prosecutions."¹⁷³ Critics have also argued that the culture of corruption could also extend to border guards, thereby permitting illegal entry and transit of the country. In June 2002, however, the U.S. State Department commended Romania for its progress in preventing human trafficking.¹⁷⁴

Some observers' reservations about Romania's contributions to the war on terrorism are grounded in the country's recent past. Romania was a virtual police state under Nicolae Ceaușescu, the Stalinist dictator who ruled the country from 1965 until his death before a firing squad in 1989. During Ceaușescu's reign, Romania provided sanctuary for Ilich Ramirez Sanchez, also known as Carlos the Jackal, the Venezuelan who carried out several deadly terrorist attacks in the 1970s. Romania still has more than a half-dozen different intelligence services; observers point out that these agencies are still staffed by former members of Ceaușescu's infamous *Securitate*.¹⁷⁵

Another, somewhat more indirect reservation about Romania, according to some analysts, is that there frequently tends to be a disconnect between announced intentions and actual deeds – that is, between what the government says that it is planning to do, and what it actually accomplishes. To cite just one example: over the past decade, Romania has struck six standby loan agreements with the International Monetary Fund, but has failed in all cases to fulfill the conditions of the accords. Notwithstanding these concerns, Romania's military contributions to the war on terrorism have been extensive and, for Romania, expensive, and have matched its verbal commitments. According to a U.S. government official, the Romanians regard this cooperation as their trump card for joining NATO.

¹⁷²Terror Funds Transferred From Romania: Report. *AFP*. November 8, 2001.

¹⁷³U.S. Department of State Publication 10926. May, 2002. p. XII-186.

¹⁷⁴U.S. State Department Report Praises Romanian Efforts To Combat Human Trafficking. *RFE/RL Newslines*. Vol. 6, No. 106, Part II. June 7, 2002.

¹⁷⁵Among NATO Applicants, Romania Draws Particular Scrutiny—Its Communist Police State Was Especially Ruthless; Can Bucharest Be Trusted? By Phillip Shiskin. *Wall Street Journal*. May 3, 2002. p. A9.

The U.S. embassies in Romania and Bulgaria were closed on August 31, 2001 in response to reports of possible terrorist attacks. A U.S. government official said the threats did not appear to be related to the Middle East or to Osama bin Laden. Romanian intelligence agencies reportedly dispatched “dozens” of agents to the embassy area.¹⁷⁶ The U.S. mission in Sofia reopened the following day, but the embassy in Bucharest remained closed a few days. A U.S. official said that the Romanian government had increased the number of police and anti-terrorism personnel around all U.S. posts.

Romanian Counterterrorism Initiatives

Following the attacks of 9/11, there was a flurry of government anti-terrorist activity. For example, Bucharest launched an immediate investigation into whether any elements of Al Qaeda might be present in Romania – in a 1996 interview for a British newspaper, Osama bin Laden had identified Romania as one of 13 countries in which his confederates were organized. Over the past 10 months, Romania appears to have participated actively in the war on terrorism, and actions taken by the government in support of the United States are almost too numerous to list. Some highlights include:

- Four days after the attacks, the Romanian Supreme Defense Council, at the request of NATO, opened the country’s air, land and sea territory to the alliance, and said it also would permit aircraft basing rights and the use of its seaports.
- On September 19, the government announced that it would step up border security to avert the delivery of weapons or the illegal transit of people. It also ordered that security agents accompany flights of Tarom, the national airline, destined for selected locations in Europe and the Middle East (there are many Romanian guest workers in Israel).
- In October, Romania requested the removal of a staff member of the Iraqi embassy; according to a Romanian government spokesperson, the diplomat was asked to leave based on information gathered through the collaboration of Romanian and foreign intelligence agencies.
- In October, the government issued an emergency ordinance under which convicted terrorists could face up to 30 years’ imprisonment.¹⁷⁷

¹⁷⁶U.S. Embassies in Bulgaria and Romania Close Amid Threats. By Norman Kempster. *Los Angeles Times*. August 31, 2001. p. A-3.

¹⁷⁷A U.S. government official noted that some of Romania’s legislative changes have occurred through such emergency ordinances – essentially government decrees, which are as legally binding as laws that have been voted by parliament. The government claims that this method permits greater responsiveness and efficiency, but some observers are concerned that it bypasses the normal legislative process.

- In November, the government announced that the Romanian Intelligence Service and the Foreign Intelligence Service (SRI) would be reorganized to permit them to focus more on terrorism and on cooperation with foreign intelligence agencies. The SRI director announced that 70 persons suspected of having links to terrorists had been deported from Romania in 2002.
- Romania announced in late November that it would intensify cross-border anti-terrorism cooperation with Bulgaria. Over the ensuing months, the government also moved to conclude and ratify counter-terrorism agreements with Austria, Albania, Slovakia, and Poland.
- The government has stressed the need to tackle organized crime, which, Romanian Foreign Minister Mircea Geoana asserted in December 2001, is a major source of funding for terrorists. Romania has emphasized the importance of the work of the 11-nation Southeast European Cooperative Initiative's (SECI) Center for Combating Trans-border Crime, which is headquartered in Bucharest. After September 11, the Center added a terrorism task force.¹⁷⁸
- In December, the government approved an emergency ordinance that requires several government agencies to supply the Finance Ministry with lists of persons suspected of having links to terrorism. In addition, a U.S. government official noted that Romania's Central Bank is working to ensure that there are no linkages between Romanian banks and terrorists.
- Over the past 10 months, Romanian officials participated in numerous international fora on combating terrorism. In December, for example, Romania hosted an OSCE Ministerial Council meeting that adopted a counter-terrorism action plan. In May, a conference on intelligence services in Southeast Europe was held in Bucharest.
- The government announced that it would increase security for nuclear power plants, and has been developing plans to counter possible sabotage at facilities that use radioactive materials.¹⁷⁹

¹⁷⁸Balkans Crime Unit Put To Test – Expands From Smugglers To Terrorists. Anthony M. DeStefano. *Newsday*. October 11, 2001. p. A30.

¹⁷⁹Romania To Boost Nuclear Plant Safety. *AFP*. September 26, 2001. Romania Takes Measures To Thwart Nuclear Terrorism. *Rompres*. May 20, 2002.

Slovakia*

The Slovak government has been eager to demonstrate its commitment to contribute to the global anti-terrorist effort. Slovakia is currently a leading candidate for entry into NATO and the European Union and awaits critical decisions by these institutions on enlargement in the coming months. After September 11, the Slovak government opened Slovak airspace for U.S. and NATO forces, supported NATO's invocation of Article V of the NATO treaty, and supported EU and regional initiatives to counter terrorism. At the same time, a porous eastern border has allowed the illegal transit of goods and persons into Slovakia and western Europe.

Internally, the Interior and Defense Ministries established counter-terrorism units within their ministries to focus on the terrorist threat and preventive measures. In April 2002, the government approved a draft amendment to the penal code. Among other things, it adds terrorism and assistance to terrorist groups to the categories of criminal offenses. The government also issued a decree to enable the freezing of financial and other assets of individuals and groups identified by the U.N. Security Council. In July, the government introduced amendments to the export control act to improve controls over arms exports. Slovakia has signed all international conventions on counter-terrorism, and is expected shortly to ratify the international Convention for the Suppression of Terrorist Financing. Slovakia has also signed other UN Conventions relating to transnational organized crime and illegal trafficking.

In recent months, international media reports have cited growing concerns about suspected Islamic terrorists infiltrating western Europe by posing as refugees and taking advantage of lax border security and open refugee processing in eastern European countries, including Slovakia. An estimated 1,250 undocumented persons a month cross Slovakia's eastern border with Ukraine en route to western Europe. Slovak authorities have reportedly stopped around 8,000 refugees from Afghanistan in the past year and a half. The large numbers of migrants, coupled with the small number of poorly equipped and often corrupt border guards, impede the authorities' ability to check for and detain possible terrorists among them.¹⁸⁰ The Slovak government has given priority to upgrading border controls with neighboring Ukraine.

Once inside Slovakia, migrants who request asylum are transferred to asylum processing centers located in the western part of the country. However, asylum-seekers are not guarded or forcibly detained, and are often able to disappear from further controls. The Slovak government is considering new measures to detain asylum-seekers in Slovakia until their identity is verified.¹⁸¹

¹⁸⁰*The Asian Wall Street Journal*, July 8, 2002.

¹⁸¹Czech News Agency (CTK), July 26, 2002.

A recent case illustrates some of the challenges involved in responding to this problem. In March, Slovak authorities received notice that a group of 30 suspected Al Qaeda and Taliban members had crossed into the country from the east and requested asylum. Information from Interpol reported that the group had paid large sums of money to a human smuggling ring for entry into Slovakia. Slovak police raided several refugee camps near the town of Adamov, but turned up only one suspect, who was detained. Slovak authorities requested assistance from the FBI and other international agencies, but received no evidence linking the Afghan migrant to terrorism, and they eventually released him for lack of evidence.

Slovenia*

Slovenia has strongly condemned terrorism in the wake of the September 11 attacks. There is broad consensus among political leaders and the general public in Slovenia on supporting the war against terrorism. This is partly due to the fact that they generally see the war on terrorism as an integral part of their widely-shared foreign policy goal, membership in NATO and the European Union. Long before the September 11 attacks, Slovene leaders accepted the need to adapt their domestic laws and institutions to EU standards in all areas, including civil liberties and the fight against terrorism. This sentiment has practical as well as political dimensions. For example, in order to be ready for EU membership, Slovenia has been raising the security at its borders to EU standards. It has also increased cooperation with neighboring countries. These actions could of course also contribute to Slovenia's capacity to fight terrorism. Conversely, a minority of Slovene politicians have raised questions about supporting the war on terrorism, suggesting that it really isn't Slovenia's fight, and have been those most vociferously opposed to EU and NATO membership.

However, it should be noted that support for the war on terrorism transcends the issue of Slovenia's membership in NATO and the EU. While public support for NATO and EU membership has been somewhat tepid at times, Slovenes have shown little dissent against the war on terrorism because many see terrorism as a threat to Western values that their country espouses. Some Slovene journalists have questioned alleged U.S. unilateralism on issues such as policy toward Israel and Iraq, but U.S. officials say that this has not had an impact on Slovenia's cooperation with the war on terror.¹⁸²

One focus of Slovenia's national anti-terrorist action plan has been suppressing the financing of terrorism. According to the State Department's 2001 International Narcotics Control Strategy Report, "Slovenia's economic stability and location on the Balkan drug route offer attractive opportunities for money laundering." A 1994 law criminalized money laundering and required all financial institutions to report suspicious transactions and currency transactions above \$22,000. Slovenia's parliament passed a new Money Laundering Act in October 2001 which expanded the sources of financial information available to Slovenia's Office for Money Laundering Prevention (OMLP) and extended its ability to halt suspect transactions.¹⁸³ Slovenia believes its legislation is in compliance with recommendations of the Financial Action Task Force (FATF) and the EU Council directive on money laundering. The Slovenian government also plans to amend its penal code to specifically criminalize the financing of terrorism. The Slovenian government has so far uncovered no cases of the financing of terrorist activities in

¹⁸²Discussions with U.S. and Slovenian officials.

¹⁸³U.S. State Department, International Narcotics Control Strategy Report, March 2002, p. xii-194.

*Prepared by (name redacted), Specialist in European Affairs, Foreign Affairs, Defense, and Trade Division, CRS. August 27, 2002.

Slovenia. The OMLP is starting a bilateral project of establishing a system for money laundering prevention in Montenegro.

Slovenia's police have applied stricter border controls and more stringent verification of visa applicants from countries that have harbored terrorists, but have uncovered no cases of terrorists among legal or illegal immigrants to Slovenia so far. Slovenia has increased its cooperation with INTERPOL and EUROPOL, as well as bilaterally with EU member states and the United States. Slovenia is a party to eight out of twelve international anti-terrorist conventions. It has signed and plans to ratify two others: the International Convention for the Suppression of the Financing of Terrorism and International Convention for the Suppression of Terrorist Bombings. Slovenia plans to sign the remaining two the Convention for the Suppression of Unlawful Acts against the Safety of Maritime Navigation, and Protocol for the Suppression of Unlawful Acts against the Safety of Fixed Platforms Located on the Continental Shelf.¹⁸⁴

¹⁸⁴Slovenian Action Plan in the Fight Against Terrorism, memorandum supplied by Slovenian Embassy, August 2002, and Report of the Republic of Slovenia on the Implementation of Security Council Resolution 1373, U.N. Security Council Document S/2001/1277, January 2002.

Spain*

Background

Spain has been one of the strongest supporters in Europe of the fight against terrorism. However, prior to the September 11 attacks, Spain's emphasis on fighting combating a domestic terror threat may have adversely affected its effort to fight Al Qaeda, according to some Spanish observers.¹⁸⁵ Since 1968, the ETA terrorist group has killed over 800 people in its struggle to secure an independent Basque state in northern Spain. Spanish Prime Minister Jose Maria Aznar has taken a hard line with ETA, flatly refusing to negotiate with them. The Spanish government has made use of a new anti-terrorism law, passed in June 2002, to seek a ban on Batasuna, widely believed to be the political wing of the ETA. The law provides for the Spanish Supreme Court to ban the party, if the Spanish parliament makes the request. On August 26, 2002, Batasuna was suspended for three years by order of Judge Baltazar Garzon. Because of its decades-long battle against ETA, many Spaniards may be more likely to give priority to security issues over possible civil liberties concerns. However, there is not a consensus on the issue. Even the most moderate Basque parties have vigorously condemned the effort to ban Batasuna.¹⁸⁶ Spain possesses strong national police forces and the paramilitary Civil Guard, a legacy of the Franco period.

During its EU Presidency from January to June 2002, Spain succeeded in forging agreement among EU members on new rules that would permit judges to freeze the assets of suspected terrorists and other criminals across the EU. Madrid made good progress on a proposal to give Europol—the EU's fledgling joint police body—a more assertive law enforcement role, and a plan to combat illegal immigration and strengthen external border controls.¹⁸⁷ Madrid sought to extend EU efforts to improve coordination among member states' intelligence services.

Spain, EU and Immigration

The battle to stem illegal immigration has been a long-standing priority of Spanish policy, one which has implications for the battle against terror. Each year, thousands of illegal immigrants attempt to reach Spanish shores, mainly from Morocco. Spain's Muslim population has surged from about 30,000 of a total population of 40 million in the mid-1980s to over 500,000 today.¹⁸⁸ Spanish officials have pressed Morocco to stop the flow of migrants. Spain advocated a common EU policy to restrict immigration. It pushed for EU sanctions against countries that refuse

¹⁸⁵Sam Dillon and Emily Daily, "Spain Pursues Terrorists Among its Muslim Immigrants," New York Times, December 3, 2001.

¹⁸⁶Leslie Crawford, "Divided by Violence," Financial Times, August 25-26, 2002, pg. 4.

¹⁸⁷Under this proposal, Europol would acquire the authority to request national police authorities to launch specific criminal investigations and to participate in eventual joint investigation teams.

¹⁸⁸"Spain Pursues Terrorists Among its Muslim Immigrants," New York Times, December 3, 2001.

*Prepared by (name redacted), Specialist in European Affairs, Foreign Affairs, Defense and Trade Division, CRS. August 27, 2002.

to stop illegal immigration from their countries. However, the proposal was blocked at the June 2002 EU summit by France and Sweden, which feared that the move could destabilize target countries, making the problem worse rather than better.¹⁸⁹

Spain is also seeking to improve its domestic response to illegal immigration. Spain is erecting an electronic barrier on its southern coast, composed of radar, infra-red detectors and video cameras to stem the tide of human and drug trafficking on its shores. When the system is completed in 2004, it will be able to detect small boats six miles from its coasts.¹⁹⁰ The Spanish government has moved to tighten an already strict domestic immigration law that was adopted two years ago. The changes would make it harder for those without proper documentation to legalize their status, limit immigration to reunite families, and increase punishments for human traffickers and those who employ illegal aliens. Efforts to restrict immigration have generally been popular in Spain, but the Spanish Conference of Bishops criticized the proposed changes as a “reduction of the rights of immigrants.”¹⁹¹

While Spain’s position on immigration pre-dates the September 11 attacks, it also has consequences for the fight against terrorism. Many in Spain were disturbed by the use of Spanish territory by those planning the September 11 attacks. Increasing Spanish surveillance of its coasts and scrutiny of foreigners on its territory could hinder the freedom of movement of suspected terrorists.

Spain and Al Qaeda

U.S. officials have praised Spain’s efforts to fight Al Qaeda since the September 11 attacks. During Prime Minister Aznar’s November 2001 visit to the United States, President Bush said Madrid has been “incredibly helpful” in the fight against terror. Evidence uncovered by Spanish authorities has established that Spain was one of Al Qaeda’s main bases for planning attacks and securing funds for them. The leader of the September 11 attack, Mohammed Atta, held a “summit” in Spain in early July 2001 with Ramzi Binalshibh, who Spanish authorities believe to be the main coordinator of the September 11 attacks. Also attending the talks were Marwan Al-Shehi, another September 11 pilot and Said Bahaji, a key Al Qaeda operative. So far, Spanish authorities have traced about \$200,000 in Al Qaeda money transfers through a network of businesses that financed terrorist operations. U.S. officials believe Al Qaeda may have viewed Spain as an “operational safe zone” and held more than a dozen meetings in Spain in the five years before the attack. Spain’s status as a favored base for Al Qaeda may be in part due to the cover provided by its large population of Muslims from North Africa, and proximity to France. The overwhelming majority of Al Qaeda cells in Europe were reportedly formed in the early 1990s by extremists from North Africa, particularly from

¹⁸⁹Irish Times, June 24, 2002, 7.

¹⁹⁰DPA news dispatch, August 23, 2002.

¹⁹¹“Jose Maria Aznar veut ‘blinder’ la porte sud qu’est l’Espagne,” Le Monde, June 14, 2002, 5.

Algeria. These groups carried out attacks in France in the mid-1990s, and began to use Spain as a logistical base at that time.¹⁹²

Anti-Terror Policy: Implementation

Like its EU partners, Spain pledged its full coordination with the United States in the struggle against terrorism. Spain views closer U.S.-EU cooperation in the law enforcement and judicial sphere as essential to help prevent future terrorist acts. In October 2001, Spain and France agreed on measures to ease the extradition of ETA suspects between the two countries and to bolster anti-terrorist cooperation.¹⁹³ The Spanish Presidency was a driving force behind EU efforts to open negotiations with the United States on a judicial cooperation agreement that would address extradition and mutual legal assistance issues. Madrid is adamant, however, that any eventual judicial cooperation accord with the United States respect the EU's opposition to the death penalty. Spanish officials have also expressed concerns about the U.S. plan to possibly try some detainees by military tribunals and not civilian courts.

In its March 2002 International Narcotics Control Strategy Report, the State Department said that Spain "remains committed to combat drug trafficking, terrorism and financial crimes." Spain adopted an anti-money laundering law in 1993. It covers laundering linked to illegal drugs, terrorism, and organized crime. The law requires banks and other financial institutions to identify customers, keep records of transactions, and report suspicious financial transactions. The law also created the Commission for the Prevention of Money Laundering and Monetary Offenses to coordinate the government's anti-money laundering efforts, as well as regulate and train financial institutions.¹⁹⁴

Since September 11, Spain has arrested and is holding 24 persons suspected of having links to Al Qaeda. A report of about 700 pages recently provided to the FBI by Spanish police reportedly provides a very detailed account of the September 11 conspirators activities on Spanish soil. Spanish and U.S. officials have worked closely in Spain to develop leads in the investigation, and the FBI has increased its presence in Spain in recent weeks.¹⁹⁵ A protocol to the U.S.-Spain defense cooperation agreement, signed in April 2002, calls for increased intelligence cooperation between the two countries. In addition to the fight against Al Qaeda, Spain has been interested in increased access to U.S. communications intercepts and other intelligence on ETA. Public opinion in Spain has generally been skeptical of U.S. support for Israel in the current conflict in the West Bank and Gaza, as well as

¹⁹²Brian Whitmore, "Fighting Terror: The Investigation," Boston Globe, August 4, 2002.

¹⁹³U.S. State Department, Patterns of Global Terrorism 2001, May 2002, p.41.

¹⁹⁴U.S. State Department, International Narcotics Control Strategy Report, March 2002, p. XII-194.

¹⁹⁵Jerome Socolovsky, "Clues of 9/11 Plans Found in Spain," Associated Press, August 10, 2002.

on U.S. policy toward Iraq. However, U.S. officials have not noticed a decline in Spain's cooperation with United States as a result of these concerns.¹⁹⁶

¹⁹⁶Discussions with U.S. officials.

Sweden*

Response to 9/11

The September 11 attacks prompted an outpouring of sympathy and concern in Sweden for the United States, and, according to a U.S. government official, there has been no significant shift in public attitudes; perhaps most telling is the fact that the largest anti-U.S. protest occurred the weekend *before* the military campaign in Afghanistan began. In general, the official said, the silent majority of Swedes understand the U.S. response, and approve of the deliberate manner in which it was conducted.

U.S. government officials indicate that Sweden's political will to cooperate with the United States is high. Sweden's Social Democratic Prime Minister, Göran Persson, was unexpectedly vocal on this issue; on September 12, he characterized the actions of the hijackers as an attack on democratic values, and later emphasized the appropriateness of the U.S. military actions. Foreign Minister Anna Lindh, regarded as somewhat to the political left of Persson, has been on-message consistently on the counter-terrorism issue, according to a U.S. government official. When questioned about a possible U.S. military response, she replied that "[i]t goes without saying that [the U.S. government] must have the right to protect the American people .. from a repeat of this."¹⁹⁷ In April 2002, Lindh met with U.S. Treasury Secretary O'Neill to discuss methods to thwart the fundraising activities of organizations linked to terrorists. After 9/11, the Swedish parliament fast-tracked the ratification of the International Convention for the Suppression of the Financing of Terrorism; it went into effect on July 6, 2002.

In addition to political and diplomatic support, the Swedish government offered to share intelligence with the United States, and is participating in the International Security Force (ISAF) in Afghanistan.¹⁹⁸ This cooperation is especially noteworthy given the country's traditional security posture. Sweden maintained a policy of military neutrality from the time of the Napoleonic wars until nearly the end of the 20th century. Since the dissolution of the Soviet Union, however, Sweden has been reevaluating and revising its defense posture. In 1992, a Conservative-led parliament jettisoned the term "neutrality" and redefined the country's foreign policy posture as one of *alliansfrihet*, or non-alignment, a formulation that reserved the right for Sweden to remain neutral, but did not rule out possible engagement. The attacks on

¹⁹⁷Sweden Seen Joining West At Last After U.S. Terror. By Peter Starck. *Reuters*. September 13, 2001. Persson later clarified his government's policy, saying it supported a "proportionate" military response that avoided civilian casualties. Sweden Supports "Proportional" US military Action. *AFP*. October 7, 2001.

¹⁹⁸For more information on Sweden's military contribution, see: *Foreign Support Of the U.S. War On Terrorism*. Coordinated by (name redacted). CRS Rpt.RL31152. Updated July 11, 2002. p. 37. Military Missions In mind As Swedish Minister Visits. By Nora Boustany. *Washington Post*. May 29, 2002. p. A12.

*Prepared by (name redacted), Specialist in International Relations, Foreign Affairs, Defense, and Trade Division, CRS. October 17, 2002.

the United States appear to have nudged the Swedes even further away from their traditional policy. In November, Swedish Deputy Foreign Minister Hans Dahlgren stated that “[j]ust because we have the option of neutrality doesn’t mean we have to be neutral. We are certainly not neutral in the war against terrorism. We are participating in this struggle like any other friend of the United States.”¹⁹⁹ However, during a February 2002 summit in Stockholm, the Network of Progressive Governance—a group of center-left ruling parties, including those from Sweden, France and the UK—issued a statement urging the United States to go beyond military measures in combating terrorism: “Our response is clear: we must be resolute in fighting terrorism and equally resolute in tackling its causes.”²⁰⁰

Despite its past non-committal defense policy, Sweden has long been quite active in world affairs; as a smaller power, it has sought to leverage its influence by acting through the United Nations and other international organizations. Sweden believes strongly in gaining multinational approval prior to taking actions such as economic and diplomatic sanctions and military intervention. The Swedes are keenly interested in areas such as human rights, preventive diplomacy, and disarmament. In the post-9/11 environment, a key point to emerge has been Sweden’s desire to pursue terrorists while at the same time ensuring that the legal rights of groups and individuals are respected.

It is not publicly known whether the United States has made specific requests of the Swedish government for cooperation in the war against terrorism. However, a U.S. government official noted that Sweden has proved to be “extremely helpful” to the United States through its work within the European Union (EU). For example, when Sweden held the revolving EU presidency in the first half of 2001, it helped gain approval of a U.S.-EU legal assistance agreement. More recently, Sweden has pushed for the development of an EU clearinghouse on terrorist organizations. It is unlikely that the United States would be as far as it is without the Swedes’ cooperation, the official said. Also, Sweden announced on February 13, 2001 that it would join with three other Nordic countries to evaluate the freezing of assets of suspected terrorists – in the context of individual legal rights.

Key Legislation

With the exception of two major incidents in the 1970s, Sweden has had comparatively little direct experience with terrorism. Its law on terrorism, which dates from that period, gives the police broad powers of arrest, and allows for the removal from Sweden of people who are considered undesirable; it “allows the authorities to act even before there is full evidence of a crime being planned.”²⁰¹ The

¹⁹⁹Sweden Rethinking Neutrality In the Face of New Global Threats. By Carol J. Williams. *Los Angeles Times*. November 4, 2001. p. A-3.

²⁰⁰Center-Left Leaders Urge U.S. To Look Beyond Military Means. By Kim Gamel. *AP*. February 22, 2002.

²⁰¹UN Security Council. Letter dated 20 December from the Permanent Representative of Sweden to the United Nations addressed to the Chairman of the Committee established (continued...)

Special Control of Foreigners law provides police a different set of ground rules when suspects are not Swedish citizens, residents, or asylum seekers; the target group is therefore limited to people who wind up in the country for a short time. There has been some uncertainty over how the EU's Shengen agreement affects the implementation of this law. With the freedom of movement provided for under the accord, some argue, the Swedish law presumably cannot apply to a German national, but it could apply to an Iraqi or Iranian who arrived in the country. The law has not been changed recently. The Swedes have a great deal of faith in its effectiveness, but some American policymakers remain to be convinced, as it has yet to be tested.

On the other hand, Sweden has one of the most fully developed sets of laws on the protection of civil liberties. Observers have noted that these statutes make it difficult for the police to use surveillance and wiretapping – both activities are severely circumscribed in the case of Swedish citizens.

Recent Actions

In the post-war period, Sweden has had a policy of welcoming refugees. This open door policy has had its problems, however; observers believe that some individuals who have received asylum may have had affiliations, active or past, with major terrorist groups. For example, Algerians living in Sweden were linked to the GIA extremists who were responsible for the 1995 Paris subway bombings, and the 1988 Lockerbie bombing may have had a Swedish connection.²⁰² Also, in late September 2001, it was reported that Sweden's Security Police (SÄPO) had a list of 15-20 individuals who had received training in Afghanistan. SÄPO has been monitoring their activities in Sweden, but, according to a U.S. official, if those individuals are not breaking a law, the authorities cannot act against them. At the end of September, a British television report quoted retired FBI and CIA officials who alleged that Sweden had become a haven for terrorists. Swedish authorities denied the charges.

In the 10 months since the attacks on the United States, Sweden has been involved in five prominent incidents related to the war on terrorism. Three of these illustrate the country's traditional policy of emphasizing safeguards of individual legal rights; the other two, however, suggest a greater willingness to take action against people suspected of having ties to terrorists.

Extradition of Egyptians. In December 2001, Sweden repatriated two Egyptian asylum seekers.²⁰³ One of the two had been convicted *in absentia* by an Egyptian military court in 1999 of having planned and undertaken acts of terrorism.

²⁰¹(...continued)

pursuant to resolution 1373 (2001) concerning counter-terrorism. p. 5.

²⁰²Algerian Militant Accused By France Denies He's A Terrorist. *AFP*. November 11, 1995. Defence Accuses Palestinian Group In Lockerbie Trial. By Kevin McElderry. *AFP*. January 11, 2001.

²⁰³Swedish Government Repatriates Two Suspected Terrorists to Egypt. By Karl Ritter. *AP*. December 20, 2002.

Sweden extradited the two in part because of a new UN resolution that urges countries not to allow terrorists to shield themselves behind countries' refugee status claims. Although Stockholm had received assurances that the two would not face the death penalty, Amnesty International criticized the Swedish government's decision. It was later reported that one of the two Egyptians who had been deported was believed to have been plotting "security threatening activity."²⁰⁴ Observers note that the deportation was a first, not just for Sweden, but for Europe, and assert that it represented a real change in attitude and policy.

Camp X-Ray. In January, 2001, Sweden criticized the living conditions of detainees being held in the U.S. Guantanamo Bay naval base in Cuba.²⁰⁵ Stockholm also requested access to one of the detainees, who was believed to be a Swedish citizen. Government representatives traveled to Cuba, interviewed the detainee, and released a report saying he had not been mistreated (the situation was likened to the John Walker Lindh case in the United States). Sweden has continued to press the United States for a statement of its future intentions toward the detainees, and has criticized America's legal authority to hold the detainees, since they have not been granted normal prisoner-of-war status. Some Swedish analysts maintain that the Geneva Convention requires the use of an external tribunal in such cases.

Somali Swedes. In November, the Swedish government ordered banks to freeze the accounts of three Somali-born Swedes whose names had been placed by the United States on the UN Security Council's sanctions committee's list of people and groups suspected of financing terrorism. The three admitted that they had managed the Swedish branch of a Al-Barakaat, a Somali *hawala* (money-transfer service), but denied that it had had any link to Al Qaeda, as the United States claimed. Sweden did not maintain that the three were innocent, but objected on procedural grounds, and argued that UN sanctions should be open to review and appeal.²⁰⁶ In February 2002, Sweden sought to have the names dropped from the UN list, but its efforts were blocked by the United States, joined by Russia and Great Britain. Early on, Stockholm asked Washington for information about why the three had appeared on the list; in February, Foreign Minister Lindh once more requested evidence that the men had funneled money to al-Qaida. Sweden denied that the information supplied by the United States was sufficient to implicate the Swedish nationals.²⁰⁷ Although the Swedes tended to regard the assets freeze as punishment, Americans view it as a commonly used legal tool, a preventative measure under which assets may be temporarily blocked during ongoing legal investigations.²⁰⁸ The issue strained U.S.-Swedish relations; Jan Eliasson, Sweden's ambassador to the

²⁰⁴Sweden Declassifies Documents On Egyptian Terror Suspects. *AP*. April 11, 2002.

²⁰⁵Sweden Asks UN To Drop Three Nationals From Terror Funding List. *AFP*. January 22, 2002.

²⁰⁶US Stops Sweden Bid To Clear Three On Terror List. By Evelyn Leopold. *Reuters*. January 31, 2002.

²⁰⁷Shunned In Sweden: How Drive To Block Funds For Terrorism Entangled Mr. Aden. By Christopher Cooper. *Wall Street Journal*. May 6, 2002. p. A1.

²⁰⁸Freezing Their Assets In Sweden. By Robert Flint. *Dow Jones Reports*. February 20, 2002.

United States, held “intense and low-key talks” with U.S. officials on the situation.²⁰⁹ There was strong public support for the Somali-Swedes; a private drive for funds raised \$28,000 for the three, who had lost access to their bank accounts. The case was further complicated by the fact that one of the men intended to run for political office—possibly for parliament—in the fall.²¹⁰ On July 15, it was reported that the United States was close to making a decision to de-list the three men, and on July 18 the UN announced that it would revise its guidelines on freezing assets. On August 27, the United States dropped the names from the list.

Arrest of 2 Palestinians. On June 6, Swedish police in Malmö arrested two Palestinians attempting to enter the country. The Justice Ministry refused to release the two, who before coming to Sweden had reportedly met with individuals connected to terrorism, had entered the country with false documentation, and were connected to a terrorism investigation in another country. A SÄPO official three weeks later stated that the two detainees had connections to Hamas. On July 11, the Swedish Justice Ministry announced that the two would be deported.

Armed Airline Passenger. In late August, Kerim Sadok Chatty, a Swede of Tunisian origin, was detained while boarding a London-bound flight at Västerås airport when security personnel discovered a handgun in his luggage. Chatty, 29, a former boxer with a criminal record, had received some flight training in South Carolina in 1996. He denied that he was planning to commandeer the plane. At the end of September, prosecutors released Chatty after concluding it was unlikely he had planned to hijack the aircraft, although investigations continue.

²⁰⁹US Blocks Sweden Bid To Clear Trio on Terror List. By Evelyn Leopold. *Reuters*. February 1, 2002.

²¹⁰Abdirisak Adan did run for parliament, but failed to garner sufficient votes. I Årets Valrörelse Fanns Det Några Som Stack Ut. *Svenska Dagbladet*. September 19, 2002.

Switzerland*

Overview

U.S. officials say they are pleased with Swiss legal and judicial cooperation in the fight against terrorism. U.S. Attorney General John Ashcroft has praised the “constructive conduct of the Swiss government and banking system” in stemming terrorist financing following September 11, and Washington continues to encourage Switzerland to remain vigilant to prevent abuse of its banking system by terrorists and other criminals. Nevertheless, despite the government’s stated strong political commitment to countering terrorism, critics contend that Switzerland still faces some problems enforcing its anti-money laundering laws and Bern remains reluctant to engage in more general international exchanges of financial information.

Combating Terrorist Financing

Despite the persistent stereotype of Switzerland as a haven for international scoundrels and their ill-gotten gains, Switzerland has sought to clean up its financial act over the past decade. Analysts attribute Swiss efforts to clamp down on money laundering to a growing international campaign against financial crime and a series of embarrassing disclosures that corrupt leaders such as the late Philippine President Ferdinand Marcos—as well as drug traffickers and arms dealers—were using Switzerland as a depository for their illegal assets. Swiss policymakers and bankers in the 1990s were also stung by international criticism of their handling of Holocaust victims’ bank accounts, and apparently came to recognize that Switzerland’s reputation was in need of repair.

Swiss authorities assert that Switzerland now has some of the world’s toughest anti-money laundering laws, and that Switzerland’s banking secrecy practices do not protect terrorists. The Swiss Penal Code criminalizes money laundering, which carries a maximum penalty of five years in prison if conducted by a member of a criminal group. The Federal Money Laundering Act of 1997 requires all financial intermediaries—both banks and other non-bank financial intermediaries such as fund managers, insurers, currency exchange houses, and security brokers—to freeze suspected assets immediately for up to five business days, and to inform the Money Laundering Reporting Office (MLRO).²¹¹ The MLRO then investigates and determines whether the suspicions are warranted and whether the assets should remain blocked. Swiss law enforcement authorities may also freeze financial assets and seize corresponding documents in the course of a criminal investigation, or in response to judicial assistance requests from foreign prosecuting officials. In addition, Swiss banks must abide by “know your customer” rules that require them to verify identities before accepting funds for deposit.

²¹¹The 1997 Act took effect on April 1, 1998.

Following September 11, Swiss authorities alerted Swiss banks and other financial institutions to check their records and accounts against U.S. and U.N. lists of persons and entities with suspected terrorist ties. To date, Swiss investigators have not discovered any evidence indicating that Swiss financial institutions played a role in transferring funds used by the September 11 hijackers. A total of about \$23 million, however, remains frozen in 72 Swiss bank accounts of individuals or companies suspected of having ties to Al Qaeda, the Taliban, or other international terrorists.²¹² The Swiss say they continue to investigate the Al Taqwa/Nada Management Organization—based in Lugano in southern Switzerland—which the United States believes has been a key Al Qaeda funder. In November 2001, Swiss authorities, acting in cooperation with counterparts in Italy and Liechtenstein, searched the company's headquarters and its owners' private residences. No criminal charges have been filed, but the firm's assets and those of several of its board members have been frozen. In response to a French request for judicial assistance this past March, Swiss authorities raided 13 addresses associated with a half-brother of Osama bin Laden who resides in Switzerland and manages the Saudi family's investments in Europe.

Swiss officials also highlight their efforts in international forums to combat money-laundering and terrorist financing. Bern is seeking to introduce a new provision in the Swiss criminal code against terrorist funding to allow it to ratify the 1999 U.N. Convention for the Suppression of the Financing of Terrorism by the end of the year.²¹³ Switzerland also supports the international Financial Action Task Force on Money Laundering's recommendations for clamping down on terrorist funding. Bilaterally, Bern has sought to promote closer cooperation between Swill and U.S. law enforcement authorities investigating the September 11 attacks and their financing. In September 2002, Bern and Washington concluded a working agreement to this effect. Among other measures, it will permit an exchange of Swill liaison officers with the U.S. Treasury Department and the FBI.

Other Counterterrorist Efforts

The Swiss Penal Code does not contain specific anti-terrorism provisions, but Swiss officials argue that existing measures are sufficient because the law criminalizes all potential terrorist actions such as murder, hostage-taking, intentionally spreading illnesses, and supporting criminal organizations. All of these offenses carry prison terms, and a newly proposed revision of the Penal Code would enable crimes constituting terrorist attacks to be prosecuted more severely than at present.²¹⁴ Switzerland also hopes to accede this year to the 1997 U.N. Convention

²¹²Embassy of Switzerland, Press Release, "Regulation on measures against persons or organizations with ties to Osama Bin Laden, the Al Qaeda group, or the Taliban", September 13, 2002 (www.swissemb.org/press/releases/regmea.html).

²¹³The Swiss Senate, however, may hinder this goal. In September 2002, the Senate rejected ratifying the Convention until a more thorough review of its implications for Swiss law is undertaken. BBC, "Swill stall on U.N. Conventions Against Terrorism", September 24, 2002.

²¹⁴Embassy of Switzerland, Press Release, "Switzerland adopts further barriers to terrorism," (continued...)

for the Suppression of Terrorist Bombings; the government claims that its provisions are compatible with Swiss law already in force.

On September 15, 2001, the Swiss established a special unit—Task Force Terror USA—within the Department of Justice and Police to coordinate all aspects of Switzerland’s criminal investigation into the terrorist attacks and to cooperate with U.S. and other foreign law enforcement authorities. The Task Force has examined more than 900 leads, but uncovered no direct links between individuals or entities in Switzerland and the attacks. Lead hijacker Mohammed Atta transited Zurich’s airport in July 2001, as did suspected Al Qaeda “dirty bomber” José Padilla, who was arrested by U.S. authorities in May 2002. U.S. officials have voiced public appreciation for Swiss assistance in keeping Padilla under surveillance during his stopover in Switzerland and while on board a flight to Chicago. Swiss officials downplay these events, but some terrorist experts suggest that the transit of these individuals through Switzerland could indicate a more significant presence of Al Qaeda facilitators in the country.²¹⁵

The Swiss government is concerned that other foreign extremists—especially ethnic Albanian groups from the Balkans and the Tamil Tigers from Sri Lanka—are using Switzerland as a base for financing and recruiting. In November 2002, Bern banned Tamil representatives from collecting money or distributing propaganda.²¹⁶ Swiss officials claim that they screen asylum-seekers to prevent suspected terrorists or other criminals from gaining legal residency and that they can revoke refugee status also. Switzerland is introducing a new computer-based visa issuance system linking all Swiss diplomatic missions and border posts in order to enhance communication and prevent visa fraud. Bern is also anxious to improve cooperation with the European Union (EU) on asylum and migration issues, and hopes to join the Schengen Convention, which permits freedom of movement among 13 EU member states, plus Iceland, and Norway. Switzerland views its exclusion from the Schengen Information System—a computer database of wanted persons and objects—as a serious impediment to its ability to maintain effective border controls. Negotiations on Schengen, however, have just begun and Swiss officials say other contentious Swiss-EU disputes over banking secrecy and tax practices are impeding progress.²¹⁷

Challenges

Although most analysts assess the Swiss government’s political will to counter terrorism and terrorist financing as strong, many also point out that enforcement

²¹⁴(...continued)

June 27, 2002 (www.swissemb.org/press/releases/barrier.html).

²¹⁵AFP, “Al Qaeda network of sleeper agents still intact,” May 15, 2002.

²¹⁶Immigrants account for about 20 percent of Switzerland’s population; most are from elsewhere in Europe, especially the Balkans and Turkey. Sri Lankans form the largest group of non-Europeans. Nicole Steck, “Switzerland faces extremist, organized crime threat more than terror,” AP, July 10, 2002; “Post-war immigrants make up quarter of Swiss population,” AFP, December 17, 2002.

²¹⁷Interview of Swiss official, August 2002.

challenges remain. Swiss authorities admit they often lack the necessary police intelligence information to locate laundered funds. They assert this is especially problematic when trying to track down what they term “reverse money-laundering”—in which businesses or charities may channel funds to terrorists, usually in very small amounts—or if the *hawala* money transfer system is used. A number of critics also claim that Swiss privacy laws may stymie police investigations because strong proof of wrongdoing is necessary before judges will grant law enforcement officials access to bank documents and financial records.

According to the U.S. Department of State, the Swiss banking community generally cooperates with anti-money laundering laws. Lapses still occur, however. This July, for example, Swiss banking regulators reprimanded Switzerland’s largest bank—UBS—for its lack of due diligence in handling funds now allegedly linked to former Nigerian dictator Sani Abacha. The State Department is more critical of Switzerland’s non-bank financial intermediaries’ non-compliance with the 1997 Act against money laundering.²¹⁸ MLRO statistics available for 2000 indicate that out of a total of 311 reports of suspicious transactions, only 75 came from non-bank institutions.²¹⁹ Observers attribute enforcement difficulties in the non-banking sector to insufficient resources and remaining grey areas in Swiss anti-laundering legislation. The Money Laundering Control Authority (MLCA), established in 1998 to monitor Switzerland’s non-bank financial intermediaries, remains less than fully staffed despite recent reforms increasing its personnel allowance from 12 to 25 officials.²²⁰ As of late 2001, about 500 financial intermediaries’ registration applications had not yet been processed by the MLCA. Swiss laws do not spell out whether its financial reporting requirements and “know your customer” rules apply to commodity traders—such as Marc Rich, accused by the United States of tax evasion—or to offshore companies administered by Swiss lawyers on behalf of their clients.

Critics also contend that as long as Switzerland clings to its long-held tradition of banking secrecy, it will remain an attractive center for money-launderers and criminal elements. Switzerland continues to resist EU entreaties to lift its bank secrecy rules to permit a greater exchange of financial information in order to increase transparency of international financial flows. The Swiss say that such pressure to reform their banking practices pre-dates September 11 and stems more from European desires to track down tax evaders rather than terrorists.²²¹ They

²¹⁸Prior to passage of the 1997 law, these non-bank financial institutions were unregulated, but now must apply for a license and adhere to due diligence rules. They must also join one of 12 Swiss self-regulating bodies or apply for direct government supervision. See “Money Laundering and Financial Crimes” in the U.S. Department of State’s 2001 International Narcotics Control Strategy Report (www.state.gov/g/inl/rls/nrcrpt/2001/rpt).

²¹⁹Fiona Fleck, “Non-bank sector the new focus of scrutiny,” *FT*, November 16, 2001.

²²⁰In June 2001, the head of the MCLA resigned, complaining that the office was cash-starved, under-staffed, and increasingly at odds with the Finance Ministry. This followed the resignations in August 2000 of the top two officials at the MLRO, who left citing similar reasons.

²²¹In comparison to the United States and other European countries, tax evasion is
(continued...)

maintain that they have no intention of abandoning their confidential banking system—recognized as a key reason why Switzerland controls around one-third of the world’s off-shore private banking market—but this does not pose an obstacle to their anti-terrorist or anti-laundering efforts. Nevertheless, some experts doubt this commitment and suggest that Swiss authorities, eager to preserve Switzerland’s status as an anonymous banking haven, were initially reluctant to go after Al Taqwa and only did so after high-level U.S. intervention.²²²

²²¹(...continued)

considered in Switzerland to be an administrative rather than a criminal offense. Clare Nullis, “Swiss block more bank accounts,” AP, May 3, 2002.

²²²Mark Hosenball, “Terror’s Cash Flow,” *Newsweek*, March 25, 2002.

Turkey*

Background

Turkey conducted a war against an insurgency waged by the Kurdistan People's Party (PKK), primarily in southeast Turkey, from 1984-1999, during which over 30,000 lives were lost. It views the PKK as a terrorist organization, not as a Kurdish liberation movement. The United States agrees with Turkey's assessment of the PKK and has designated the PKK as a Foreign Terrorist Organization for many years. Turkey greatly appreciates the determination and contrasts it with the European Union's much more belated assessment of the PKK as a terrorist organization. When the PKK changed its name to the Kurdistan Freedom and Democracy Congress (KADEK) and claimed to have adopted a political agenda, the U.S. Administration said that the name change would not allow the group to elude the terrorist designation.²²³ The EU, again in comparison, has not agreed that KADEK is a terrorist organization. Since 9/11, Turkey has claimed commonality between its war against the PKK and the U.S. war against terrorism and welcomed the opportunity to reciprocate what it considered U.S. acts of principle and friendship.

As a result of the war with the PKK and other threats, Turkey has many laws on the books that can be applied in the fight against terrorism. These include the Law on the Fight against Terrorism, the Law on the Prevention of Money Laundering, and the Law on the Prevention of Benefit-Oriented Criminal Organizations. The first prohibits activities of organizations found to have supported terror movements. Such support is considered a crime. The second law calls for harsher penalties for money laundering if the money had been derived from terrorism than if it had resulted from other activities. The Turkish Penal Code regulates punishment for terrorism. A number of regulations issued by the Capital Market Board also bar the financing of terrorist activity.²²⁴

It should be noted that the U.S. State Department and international human rights organizations have long criticized Turkey for its sweeping definition of terrorism and harsh application of many of its laws. They charge that the war against the PKK resulted in human rights abuses against innocent civilians by both the PKK and the government of Turkey. With respect to the government, this was particularly true in 11 southeast provinces placed under a state of emergency, where what many consider authoritarian rule prevailed. (A state emergency now exists in only two provinces, where it is scheduled to be lifted before December.) Moreover, terrorist offenses are tried in State Security Courts where due process rights receive fewer protections.

²²³PKK leader Abdullah Ocalan was elected KADEK general chairman, although he has been in prison in Turkey since 1999. A Kocgiri, et.al., KADEK's Goal is Democratic Liberation, *Ozgur Politika*, April 17, 2002, translation entered into Foreign Broadcast Information Service (FBIS) online, April 17, 2002.

²²⁴Measures taken by the Republic of Turkey against Terrorism, Report to the Security Council Committee established pursuant to Resolution 1373 (2001), December 2001.

*Prepared by (name redacted), Specialist in Middle Eastern Affairs, Foreign Affairs, Defense, and Trade Division, CRS. August 15, 2002.

Counterterrorism Since 9/11

U.S. Ambassador to Turkey W. Robert Pearson and other U.S. officials have said that Turkey has responded positively to every request that the United States has made for assistance with regard to the war in Afghanistan and the wider international campaign against Al Qaeda. Turkey blocked funding for Al Qaeda by freezing the assets of people and companies linked by the United States to Osama bin Laden and associated groups in Egypt, Libya, Uzbekistan, and Somalia.

Turkey increased security on the border with Iran to prevent Afghans from entering Turkey illegally. In most cases, detained Afghans are deported; some apply for asylum. Turkish border guards arrested Al Qaeda operatives allegedly en route from Iran to perpetrate attacks in Israel.²²⁵ They also arrested Turkish Al Qaeda suspects attempting to return from Afghanistan. In August 2002, police from the Ankara Anti-Terrorism Division, acting on information from the FBI, captured a Turkish citizen who later confessed to acting as an Al Qaeda courier and carrying money for the group. The man was detained at Esenboga Airport in Ankara after flying in from Germany.

Turkey refused to grant asylum to Muhammad Solikh, a former presidential candidate in Uzbekistan and leader of a banned opposition party there. The Uzbek government alleges that Solikh has ties to the Islamic Movement of Uzbekistan (IMU), a fundamentalist group whose members fought with the Taliban in Afghanistan and which is on the U.S. list of Foreign Terrorist Organizations. (Some observers, including Radio Free Europe/Radio Liberty, where Solikh has been a commentator, doubt the Uzbek regime's charges against Solikh. They believe that the government is using the war against terrorism for its suppression of the domestic political opposition.) Solikh eventually was granted asylum in Norway.

Turks sympathize with the Chechens in their fight against Russia and about 2,000 Chechens have found shelter with kin in Turkey. Others have received hospital care in Turkey. However, several Chechens undertook actions in Turkey to gain international attention for their cause that tested Turkey's sympathy and led the Turkish government to adopt a harder line toward them. In January 1996, Chechens hijacked a ferry in the Black Sea en route from Sochi, Russia to Trabzon, Turkey. In March 2001, Chechens hijacked a Russian aircraft shortly after it took off from Turkey and forced it to land in the Muslim holy city of Medina, Saudi Arabia. A Turkish passenger and stewardess died when Saudi troops stormed the plane. In May 2002, a Chechen took eight tourists hostage at a prominent Istanbul hotel; all were freed unharmed. With the last incident, Turkey became concerned for its profitable tourism industry. The Turkish government refused to allow the World Chechen Congress to meet in Istanbul. Turkey also froze the bank accounts of some Chechen organizations that might be linked to Al Qaeda, and banned Chechen fund-raising in Turkey. Nonetheless, Russia has expressed dismay at Turkey's policies toward the Chechens. It complains that the Turkish judicial system has treated Chechen culprits as common criminals, not terrorists. And, in November 2001, Russian President

²²⁵Douglas Frantz and James Risen, A Secret Iran-Arafat Connection is seen Fueling the Mideast Fire, *The New York Times*, March 24, 2002.

Vladimir Putin charged that Turkey had allowed the transit of Chechen militants going to Afghanistan. With regard to the last charge, Turkey replied that the entry of all Russian citizens was governed by a visa agreement between Turkey and Russia.²²⁶

Immigration/Border Controls

Turkey is a transit country for individuals seeking to immigrate illegally from the Middle East, Africa, and South Asia to Europe. Turkey has long, sometimes porous, borders with its eastern neighbors. Most illegal immigrants appear to be captured not at those borders but rather on the ones on the west, abutting Greece and Bulgaria, before they enter Europe. In 2001, 86,104 people entered Turkey illegally; some 5% of them requested asylum.²²⁷

²²⁶Turkey regrets Russian President's Remarks on Transit of Russian Militants, Anatolia News Agency, November 14, 2001, carried by BBC Monitoring European-Political, November 14, 2001.

²²⁷Illegal Immigration in Turkey remains High in 2002, Anatolia News Agency, January 11, 2002, transmitted by BBC Monitoring European-Political, January 11, 2002.

United Kingdom*

Overview

UK officials assert that London is Washington's leading ally in the fight against terrorism. On September 12, Prime Minister Tony Blair stated that he considered the terrorist attacks of the day before an attack on Britain. Blair offered any help necessary, including British military assets and troops. Since September 11, the United Kingdom has sought to act robustly in clamping down on terrorist activities within its own borders by further strengthening its counter-terrorist legislation and freezing about \$10 million in suspected terrorist assets. British police and intelligence agencies have also served as key investigative partners for U.S. authorities. Like the United States, however, the UK has had to balance its efforts to boost law enforcement capabilities and tighten its anti-terror laws against its well-entrenched commitment to protecting civil liberties and democratic ideals. In some cases, civil rights advocates have successfully checked the government's anti-terror efforts. Political considerations also constrain some elements of London's counter-terrorist policies, and could limit U.S.-UK cooperation in the future as Washington contemplates expanding the war on terrorism beyond Al Qaeda and Afghanistan.

A History of Combating Terrorism

The United Kingdom has suffered dozens of terrorist attacks on its soil over the last several decades from groups seeking to end British rule in Northern Ireland. Since 1969, over 3,200 people have died as a result of political violence in Northern Ireland, including about 100 individuals on the British mainland. In response, the UK instituted a wide range of counter-terrorist legislative measures over the years. In 1974, the government introduced an initially temporary Prevention of Terrorism Act outlawing membership, support, and assistance for the Irish Republican Army (IRA). Other controversial measures followed, such as internment, which allowed suspected terrorists to be detained without charges or trial for a prolonged period of time.²²⁸ During the 1980s and 1990s, British anti-terrorist legislation was reviewed and modified periodically, but remained mostly focused on countering Northern Ireland-related groups.

In 2000, however, the government introduced a new Terrorism Act to make its counter-terrorist legislation both permanent and applicable to all forms of terrorism—domestic and international. This decision followed on the heels of several brutal terrorist incidents such as the massacre of a group of European tourists in Luxor, Egypt, and the U.S. embassy bombings in Kenya and Tanzania. The Terrorism Act 2000, which took effect in February 2001, banned 21 extremist groups, including Al Qaeda and 15 other Islamic terrorist organizations, and

²²⁸This measure was eventually abandoned by the British government in response to international criticism and allegations of human rights abuses.

*Prepared by (name redacted), Consultant in European Affairs, Foreign Affairs, Defense, and Trade Division, CRS. October 17, 2002.

prohibited recruiting or fundraising activities in their support. The UK has also ratified all 12 UN conventions related to combating terrorism.

Britain's Muslim Community and Al Qaeda

The United Kingdom is home to approximately 1.5 million Muslims. The vast majority are not involved in radical activities, but a vocal fringe community exists. Experts say that over the last 20 years, the UK's liberal asylum and immigration laws, as well as its free speech and "watchful tolerance" traditions, have attracted extremist Muslim clerics and Middle Eastern dissidents. These clerics have reportedly found a fertile recruitment ground among British Muslim youth, many of whom are the children of immigrant parents who arrived in the UK in the 1960s. Critics claim that Britain's Muslims are disproportionately unemployed and imprisoned, and that the government has not done enough to encourage their integration into mainstream British society.²²⁹ They note the popularity of UK-based Al Muhajiroun, a fundamentalist Muslim youth movement that claims to have between 6,500 and 7,000 members, promotes jihad against Israel, and supports Osama Bin Laden. Radical mosques in London's Finsbury Park and Brixton neighborhoods apparently schooled Richard Reid, the alleged airplane "shoe bomber," and Zacharias Moussaoui, the French-Moroccan accused by the United States of being the "20th" September 11 hijacker. UK authorities estimate that hundreds of British Muslims recruited through such mosques and youth organizations have received military training at terrorist camps in Afghanistan; at least seven UK citizens fighting with Al Qaeda and the Taliban were captured and transported by U.S. authorities to Guantánamo Bay, Cuba.

Even before September 11, other countries complained that Britain was a breeding ground and haven for radical Islamic terrorist groups. France charged that the Algerian Armed Islamic Group (GIA) used London as an operational base from which to carry out bombings in Paris in the mid-1990s. Cairo has long argued that British complacency allowed members of the Egyptian Islamic Jihad to operate on its territory with impunity.²³⁰ U.S. intelligence believes that both of these groups are closely linked to Al Qaeda. Critics say that like other European capitals, London underestimated Al Qaeda's threat to the UK for far too long. They point out that 11 of the 19 September 11 hijackers stayed in or transited Britain at some point during the nine months prior to the attacks. London counters that its anti-terrorism legislation of February 2001 was intended to address such growing concerns about the presence of Al Qaeda and other radical Islamic groups in Britain, but admit that clearly it did not have much time to show results.

²²⁹Danna Harman, "Radical Islam finds unlikely haven in liberal Britain," *Christian Science Monitor*, August 5, 2002; Jonathan Stevenson, "Safe harbors: Britain's new terrorism problem," *Wall Street Journal*, November 15, 2001.

²³⁰Charles Sennott, "In Europe, concern for rights slows terror war," *Boston Globe*, August 5, 2002.

Law Enforcement post-September 11

Since September 11, British authorities have questioned and arrested dozens of individuals allegedly tied to Al Qaeda or other militant Islamic groups throughout the UK. Although most charges brought are not specifically related to the September 11 attacks, several suspects have been accused of belonging to proscribed terrorist organizations; others are being held for lesser offenses such as immigration violations. Many in the UK suspected of supporting or recruiting for Al Qaeda remain under police investigation and surveillance, including two radical Muslim leaders—Syrian-born asylum-seeker Omar Baki Mohammed of Al Muhajiroun, and Egyptian-born Abu Hamza Al Masri, who heads the Finsbury Park mosque. U.S. and UK officials say cooperation between their respective police, security, and intelligence services is close and continuing. Press reports indicate that UK law enforcement authorities continue to search for Palestinian-born Islamic cleric Abu Qatada—who was granted asylum in the UK but is suspected by U.S. and other security services of being a close Bin Laden associate—as well as Omar al Bayoumi, a post-graduate student residing in the UK who U.S. authorities believe may have helped fund some of the September 11 hijackers.²³¹

Nevertheless, some critics note that even though UK authorities have stepped up their law enforcement efforts against Al Qaeda and members of other terrorist groups, they have not yet been able to make any charges stick. They point, for example, to the case of Yasser Al Sirri, who has been sentenced to death by Egypt for his alleged role in a failed assassination attempt of a former prime minister. Al Sirri sought political asylum in the UK, where he has resided for about eight years. In October 2001, Al Sirri was arrested and accused by UK authorities of involvement in the Al Qaeda assassination of Afghan guerrilla leader Ahmed Shah Massoud, but British courts dismissed these charges in May 2002, citing a lack of evidence. UK Home Secretary, David Blunkett, gave the same reason for not pursuing a U.S. extradition request in July 2002 for Al Sirri on charges that he had provided funding to Al Qaeda. In April 2002, a British court also refused to extradite Algerian-born pilot Lofti Raissi to the United States in connection with the September 11 attacks on the grounds of insufficient evidence; U.S. officials believe Lofti helped train some of the hijackers. A British former anti-terrorist officer admits that the evidentiary bar in the UK is set high, which “means that you can’t get half the people you want.”²³²

Legislative and Political Responses to September 11

Most analysts feel that September 11 served to renew and further invigorate London’s efforts to enhance its anti-terrorist legislation, improve UK law enforcement capabilities to better combat global terrorism, and close loopholes in British asylum and immigration policies that some believe terrorists have already used to their advantage. Some of these new counter-terrorist proposals, however, have encountered stiff resistance from British civil liberty and human rights groups

²³¹“The UK Connection,” *The Observer*, January 20, 2002.

²³²Ibid.

who worry that the new laws will compromise domestic legal protections and erode privacy rights.

Improving Counterterrorism Legislation. Following September 11, the Blair government committed itself to enhancing the UK's anti-terror legislation. In December 2001, the British Parliament passed the Anti-terrorism, Crime, and Security Act 2001. It sought to strengthen the Terrorism Act 2000 by improving information-sharing among UK law enforcement agencies, preventing terrorists from abusing immigration and asylum laws, and tightening security in relation to aviation, civil nuclear sites, and at laboratories holding stocks of potentially dangerous biological and chemical substances. A key and controversial provision of the new Act relates to foreign nationals residing in the UK with suspected terrorist links. British law prohibits the deportation of individuals to countries where they may face torture, execution, or other inhumane treatment; many Middle Eastern dissidents over the years had been granted asylum by the UK precisely because they faced the death penalty or other harsh sentences in their home countries. Post September 11, however, the UK could no longer ignore that some of these individuals were showing up on U.S., UN, and other terrorist lists. To square this circle, the 2001 Act allows for the extended detention of suspected international terrorists who are deemed a threat to national security and for whom no immediate prospect of removal exists. Implementing this new procedure required London to derogate from Article 5 of the European Convention on Human Rights (ECHR), which prohibits indefinite detention without trial. British officials assert that Article 15 of the Convention permits this derogation in times of "public emergency;" in order to retain the derogation beyond 2006, new legislation will be required.

Since December 2001, eleven suspected Islamic extremists have been detained under the new Act; nine remain in custody.²³³ Despite the government's success in pushing this measure through last fall, civil liberty advocates have already challenged it in court on behalf of the nine suspects with some success. In July 2002, the Special Immigration Appeals Court ruled that the new law breached anti-discrimination protections (Article 14) in the ECHR because the ability to detain indefinitely only applied to non-British citizens. The Court supported the government's right to derogate from Article 5, however, saying that it was justified and proportionate to the national security threat faced by the UK. The detainees will remain in custody pending a decision on the Home Office's counter-appeal.

Civil liberty concerns also forced the Blair government to walk back or abandon some key initiatives originally proposed in the 2001 Act in order to secure its swift passage. Opposition came both from some members of Blair's own Labour party, as well as from Conservative and Liberal Democrat political opponents. Home Secretary David Blunkett abandoned plans to make inciting religious hatred a criminal offense because of concerns that it could conflict with freedom of speech rights. Blunkett's initial proposals granting British security services greater access to electronic communications and personal data were also truncated, enabling Internet service providers to retain such information for an extended period of time

²³³The two other originally detained suspects voluntarily left the United Kingdom, as permitted by the Act.

only if there was good reason to believe it was related to terrorism.²³⁴ This concession also responded to concerns from the business community that more wide-ranging data retention measures could significantly increase their costs. In June 2002, Conservative and Liberal Democrat members of Parliament united again against a proposal by Blunkett to permit personal information—such as private emails and telephone records—to be shared among a greater number of governmental departments without a person’s consent; Blunkett has since shelved the plan, admitting that he had not anticipated the resulting public outcry.²³⁵

In addition to the Anti-terrorism, Crime, and Security Act 2001, the Blair government recently introduced a draft proposal for a new extradition bill to curb Britain’s exhaustive appeals process and speed its notoriously long processing times. Algerian-born Rachid Ramda’s extradition to France on charges that he bankrolled a series of 1995 Paris metro bombings has been held up for six years, for example, and remains unresolved. Two suspected Al Qaeda members arrested before September 11 in connection with the 1998 U.S. embassy bombings in Africa and the 1999 plot to blow up Los Angeles Airport remain in British jails fighting their extradition to the United States. UK officials estimate that the average extradition case in the UK takes about 18 months. Shortly after September 11, Prime Minister Blair stated, “We cannot have a situation in which it takes years to extradite people.”²³⁶ Some civil liberty groups have expressed concern that the provisions outlined in the draft bill could weaken existing protections preventing suspects from being extradited for politically motivated reasons, or without sufficient evidence; they have also criticized the bill for omitting mention of an individual’s right to freedom from torture or inhumane treatment. The government hopes to introduce the final version of the bill for Parliamentary consideration this fall.

The draft extradition bill also includes provisions to implement the new European Union (EU) arrest warrant, which will eliminate the extradition proceedings among the EU’s 15 member states for 32 offenses, including terrorism, by 2004. Terms agreed to by all EU member states mandate that the warrant be executed and the individual surrendered within 90 days. UK officials note that London has been a strong backer of EU initiatives post-September 11 that seek to

²³⁴Current UK data protection laws require companies to destroy logs of sent emails; the government will develop a Code of Practice for Internet service providers to clarify the types of data and length of time they may be retained for reasons of national security. The decision to require renewal of this Code of Practice every two years is also viewed as a concession made by the government to help assure the passage of the 2001 Act. Cathy Newman and Andrew Parker, “Blunkett ditches key element of terror bill,” *FT*, December 14, 2001; BBC News, “Anti-terror laws raise net privacy fears,” November 11, 2001.

²³⁵The current Regulation of Investigatory Powers Act of 2000 grants only police, intelligence, customs, and the Inland Revenue services the right to demand access to email and telephone records; Blunkett’s failed legislation sought to give this power to seven additional governmental departments, local authorities, and public bodies such as the Food Standards Agency. BBC News, “Snoop climbdown by Blunkett,” June 18, 2002; BBC News, “Snoop plans raise privacy fears,” June 12, 2002.

²³⁶Michael Dobbs, “Britain a refuge for Mideast dissidents,” *Washington Post*, October 7, 2001.

boost police and judicial cooperation both among member states, and with U.S. law enforcement authorities.²³⁷ Washington and London are engaged in bilateral talks to conclude a new extradition treaty to modernize the existing one—an effort begun before the terrorist attacks. Like its EU partners, however, London opposes the extradition to the United States of any suspect wanted for a capital crime unless U.S. authorities waive the right to impose the death penalty.

Stemming Terrorist Financing. The Anti-terrorism, Crime, and Security Act 2001 attempts to bolster existing legislation related to terrorist financing. The Terrorism Act 2000 proscribed money-laundering, fundraising, and using or supplying money for terrorist actions. The 2001 Act strengthens financial reporting obligations of banks and non-banks by making failure to disclose financial transactions where there are “reasonable grounds to suspect” terrorist funding a criminal offense; previous language required reporting on the basis of “knowledge.” The 2001 Act also allows police to freeze assets at the start of an investigation, and permits UK authorities to freeze assets of suspected terrorists even in the absence of a UN or an EU directive. UK officials claim they have seized about \$10 million in suspected terrorist assets since September 11; accounts frozen include those belonging to any individual or group listed by the United Nations and the United States.²³⁸ London also secured passage of the Proceeds of Crime Act in June 2002, which aims to make the forfeiture process more efficient and increase the pressure on lawyers and accountants to report suspicious transactions irrespective of the size of the funds involved.

U.S. authorities appear pleased with UK efforts to clamp down on terrorist financing, and claim that Britain is a key partner in the global fight against money laundering. Nevertheless, some say that Britain remains attractive to money launderers because of the size and reputation of its strong financial markets. They note that London, like New York, is a magnet for dirty money—especially from the Middle East—and enforcement of anti-money laundering laws has sometimes been lackluster in the past. Others point out that the tax havens of the Channel Islands and the Isle of Man—Britain’s Crown Dependencies—remain vulnerable to exploitation by money launderers and other international criminals. Critics also contend that the UK’s financial intelligence unit—the Economic Crime Unit of the National Criminal Intelligence Service (NCIS)—has been overwhelmed with reports of suspicious transactions following the passage of the wider-ranging disclosure requirements in the 2001 anti-terrorism legislation and other regulatory changes. Officials estimate that by the end of 2002, reporting will be up by 60 percent over the previous year. Some observers worry that the NCIS is falling behind in its investigations given the large increase in volume. NCIS authorities have announced that they will soon

²³⁷For more information on EU efforts to better counter terrorism, see CRS Report RL31509, *Europe and Counterterrorism: Strengthening Police and Judicial Cooperation*, July 23, 2002.

²³⁸In April 2002, London announced it would return \$85 million of seized Taliban assets—frozen since February 2001 pursuant to UN Security Council resolutions—to the new Afghan government. About \$5 million in suspected Al Qaeda assets in the UK were also seized before September 11, and remain frozen. Ed Crooks, “Fraction of terrorist funds tracked down,” *FT*, April 13, 2002.

institute a new secure, web-based reporting system to help standardize reports and accelerate their processing time.²³⁹

Tightening Immigration, Asylum, and Border Controls. As noted above, the UK has sought to clamp down on asylum-seekers and dissidents suspected of having links to international terrorist organizations. In April 2002, the British government also unveiled a more comprehensive plan—the Nationality, Immigration and Asylum Bill—to help prevent possible terrorists and other criminals from gaining footholds in the UK and counter the perception that Britain is a “soft touch” for asylum-seekers. The UK attracts more asylum-seekers than any other country in Europe—about 92,000 people applied last year—and has a huge backlog of applicants. In 2001, slightly more than 9,000 were deported after their refugee appeals failed.²⁴⁰ Thousands of asylum-seekers disappear into the population each year, as do other migrants who enter the country legally on tourist or student visas. The new Bill aims to reform asylum processing procedures, curtail illegal immigration, tighten border controls, and introduce new citizenship requirements to improve the integration of foreign nationals into British society. Key among its many measures, the Bill calls for establishing accommodation centers to house and service asylum-seekers and links the provision of financial support to reporting requirements in an attempt to stop claimants from absconding. It also streamlines the appeals process, and introduces a new “right to carry” scheme requiring carriers to check a database to confirm that passengers pose no known immigration or security risk.

Government officials hope the Nationality, Immigration, and Asylum Bill will become law sometime in fall 2002, especially because its passage has been made a condition for the closure of the Sangatte refugee camp near the French end of the Channel Tunnel by the end of March 2003 at the latest. After much wrangling, Paris agreed in July 2002 to London’s demand to shut down the camp, from where hundreds of asylum-seekers try to reach Britain aboard trains through the Tunnel. The French blamed Britain’s lax laws for the Sangatte problem, but UK officials argue that the new Bill will be a solid deterrent. The British government also announced that it would end some asylum-seekers right to work in Britain while their claims were being processed, which France and other EU countries maintain was a major “pull factor” attracting refugees and migrants to the UK.

The British government’s raft of immigration and asylum proposals have met mixed reactions. Refugee advocates appear pleased with London’s decision to phase out the voucher support system begun two years ago, which they viewed as degrading and stigmatizing for asylum-seekers. They are less enthusiastic, however, about plans to establish accommodation centers, and worried in particular about their effects on dependent children; original plans called for children of asylum-seekers to be educated at the centers rather than in mainstream British schools. Refugee groups vigorously oppose abolishing the right of asylum-seekers in the UK to work

²³⁹Jimmy Burns and James Mackintosh, “Police to speed up money laundering investigations,” *FT*, July 18, 2002; Jean Eaglesham, “Tougher controls on dirty cash,” *FT*, January 14, 2002.

²⁴⁰Ben Leapman, “Record 42,000 asylum seekers win right to stay,” *Evening Standard*, August 1, 2002.

if they are not given an initial decision on their application within six months, asserting that they will face destitution given that most asylum claims take much longer to process. Many also worry that the truncated appeals process does not provide adequate protections or sufficient opportunities for redress. In light of such concerns, the Bill has not had a smooth passage through Parliament. The House of Lords, the UK's upper parliamentary body, has voted down or changed key aspects of the Bill, such as reducing the size of the accommodation centers.

In October 2001, London announced that it would begin issuing identity cards with photographs and encoded fingerprint data to asylum-seekers, in keeping with new EU-wide requirements. In the wake of September 11, this sparked a debate in Britain over whether the government should introduce a national identity card for all citizens. In July 2002, Home Secretary Blunkett outlined plans for a possible "entitlement card"—a voluntary ID that could allow individuals to prove their identity more easily and access a range of public services while reducing fraud. Critics argue the card would violate privacy rights and data protection laws, and that the costs of such a scheme would be prohibitive. Moreover, they claim a national ID card would not stop terrorists from infiltrating Britain, noting that the September 11 hijackers had all been issued various U.S. ID cards.

Enhancing Intelligence and Police Resources. Critics contend that Britain's intelligence agencies have been focused traditionally on combating terrorism related to the conflict in Northern Ireland. As a result, they have failed to devote sufficient resources or personnel to countering the threat posed by organizations like Al Qaeda. A British terrorism expert told the House of Commons—Britain's elected chamber—this past June that the UK's domestic intelligence service, MI5, had written off many of Britain's fiery Islamic extremists as self-promoters who did not pose a serious threat. Others note that a decade of budget cuts to MI6, Britain's foreign intelligence service, following the end of the Cold War has seriously impeded its ability to conduct effective anti-terrorism operations. Press reports indicate that prior to September 11, only 30 of MI6's 1,600 officers were assigned to counter-terrorist duties, as opposed to approximately 600 at the CIA. In July 2002, the British government proposed a 7 percent real increase to the combined budget of the UK's intelligence agencies between now and 2006 to improve their counter-terrorist capabilities. Specifically, the new cash infusion is aimed at enhancing training and boosting recruitment, especially of individuals with Arabic and Asian language skills; a portion of the budgetary increase will also be invested in new surveillance equipment and information technology.

Following September 11, the government also provided \$46 million in supplemental emergency funding for the 2001-2002 fiscal year to British police services to cover the increased costs associated with September 11 investigations and heightened security measures. Some analysts warn, however, that the real 2.5 percent budget increase for the police services unveiled in the government's spending review this year falls short, especially in comparison to that proposed for the intelligence services. Others worry that the recent increase in the violence in Northern Ireland

will once again preoccupy and overstretch Britain's security and intelligence services.²⁴¹

Political Considerations and the War on Terrorism

Although the United Kingdom has sought to stand "shoulder to shoulder" with the United States in combating international terrorism since the attacks last September, some policy differences remain. The UK's own experience with Northern Ireland colors its perceptions. Many in the UK believe that London's attempts in the 1970s and 1980s to curb the threat posed by groups like the IRA with harsh and repressive law enforcement measures were both counterproductive and costly in lives, resources, and basic freedoms. Rather than ending terrorist activities, they argue, UK actions exacerbated the problem—generating international sympathy and financial support for those engaged in the violence. Similarly, London worries that Washington may be losing the public opinion battle both in the Arab world and even among its European allies as a result of its decision to keep Al Qaeda prisoners at Guantánamo Bay. They also criticize the proposed use of military tribunals on grounds that they lack transparency and curtail civil rights protections unnecessarily.

As the focus of the U.S. war on terrorism moves beyond Al Qaeda and Afghanistan, some analysts predict that Prime Minister Blair will face difficulties agreeing to U.S. policies with regard to Iraq. Of all the European allies, only Britain has voiced support for possible military action against Iraq in order to remove the threat posed by Saddam Hussein and his quest to acquire weapons of mass destruction. However, Blair faces opposition at home—in particular within his own Labor party—to the use of military force in Iraq. Several members of Blair's cabinet have threatened to resign if the UK joins with U.S. forces to oust Saddam in an attack not sanctioned by the United Nations. Foreign Secretary Jack Straw maintains that reinstating U.N. weapons inspectors is the main goal of the UK's Iraq policy, not regime change. London has also reportedly stressed to U.S. interlocutors that any plan for a confrontation with Iraq must address what comes after Saddam, and be accompanied by increased U.S. engagement in the Middle East peace process.²⁴² Some observers suggest that the growing divide within Blair's Labor party could also negatively affect the ability of his government to sustain its robust law enforcement efforts against terrorism.

²⁴¹Sennott, Op cit.; Jimmy Burns, "MI5 and MI6 in ambitious recruitment drive," *FT*, July 20, 2002; Peter Beaumont and David Rose, "MI6: We now need twice as many spies," *The Guardian*, March 9, 2002; Neil Connor, "Police will get millions for terror measures," *Birmingham Post*, November 28, 2001.

²⁴²James Blitz, "Blair urging U.S. to work on peace in Middle East," *FT*, August 3, 2002.

The Council of Europe*

The 44-member Council of Europe (CoE) is an intergovernmental organization which aims to uphold and promote human rights, pluralist democracy, and the rule of law in Europe. It is separate from and unaffiliated with the European Union, although all 15 EU members are members of the Council of Europe. Among other things, the Council of Europe develops conventions and agreements for member states (and sometimes non-member states, including the United States) to sign and ratify as treaties. States amend their laws to comply with the European conventions, but the CoE has no supranational authority to enforce these obligations.

The Council of Europe has already concluded several conventions aimed at combating terrorism and suppressing terrorist activities. These include:

- The European Convention on the Suppression of Terrorism
- The European Convention on Extradition, and Additional Protocols
- The Convention on Mutual Assistance in Criminal Matters and Additional Protocol
- The European Convention on the Transfer of Proceedings in Criminal Matters
- The European Convention on Compensation of Victims of Violent Crimes
- The Convention on Laundering, Search, Seizure, and Confiscation of the Proceeds from Crime
- The Convention on Cybercrime²⁴³

Additional anti-terrorism and anti-crime conventions or protocols may be unveiled at the next Council of Europe ministerial meeting in Luxembourg in November 2002.

Council of Europe member states share a commitment to observe the rights and freedoms outlined in the European Convention on Human Rights. CoE members see the campaign to fight terrorism as essential to the preservation of democracy and human rights in Europe. However, they also believe that governments' commitment to uphold the rule of law and respect for human rights is equally important and that policies to counter terrorism should not, under any circumstance, go beyond these limits.

Out of concerns about the need to protect human rights while fighting terrorism, the Council of Europe recently became engaged in developing human rights standards for counter-terrorism measures. In July, the CoE's Committee of Ministers adopted "Guidelines on Human Rights and the Fight Against Terrorism." The guidelines establish a code of conduct for governments to protect fundamental rights in the war on terrorism. The code calls on governments to observe laws and

²⁴³More information on these conventions and other Council of Europe activities may be found at [<http://www.coe.int>].

*Prepared by (name redacted), Specialist in ~~Internal~~ Relations, Foreign Affairs, Defense, and Trade Division, CRS. July 30, 2002.

international standards, and establishes a framework for governments providing guidelines on investigations, arrest and detention, and legal proceedings.

CoE members may not share all U.S. views on appropriate measures to counter terrorism. For example, CoE members (including all EU member states) do not sanction use of the death penalty under any circumstance and must renounce the practice before becoming members. In contrast, neither U.S. courts nor U.S. military tribunals exclude the death penalty as a possible sentence against a terrorist suspect. CoE members criticized the U.S. presidential decree establishing military tribunals for suspected terrorists. The CoE's guidelines on the fight against terrorism absolutely prohibit the use of torture and the sentence of the death penalty. Moreover, it calls for states to deny extradition in cases where the accused could face the death penalty.

At the same time, the United States supports many other aspects and objectives of Council of Europe conventions related to counter-terrorism. For example, the United States participated in the negotiations and signed the Convention on Cybercrime in November 2001.²⁴⁴

²⁴⁴For more information, see CRS Report RS21208, *Cybercrime: The Council of Europe Convention*, April 26, 2002.

European Union*

The September 11 terrorist attacks have given new momentum to European Union (EU) initiatives to enhance cooperation in the police and judicial fields, both among its 15 member states and with the United States to better combat terrorism. For many years, EU initiatives to harmonize national laws and bring down traditional barriers among police, intelligence, and judicial authorities were hampered by national sovereignty issues, insufficient resources, and a lack of trust. Since September 11, the EU has overcome some of these hurdles and reached political agreement on several initiatives such as the EU arrest warrant, establishing a common EU definition of terrorism and list of terrorist organizations, and an EU asset-freezing order. Member states have also sought to strengthen EU police and judicial institutions to increase coordination and communication in cross-border investigations.

Despite these strides, the Union still faces significant challenges ahead. Implementing many of the agreed measures will take time and could bog down in the legislative process of individual member states. Weak EU enforcement capabilities, continued police and intelligence services' reluctance to share information, ongoing national sovereignty concerns, domestic preoccupations, and civil liberty considerations may also hinder EU efforts. Contentious issues such as the use of the death penalty in the United States and different data protection regimes could also slow progress on more robust U.S.-EU cooperation. EU leaders contend they are not blind to the hurdles ahead, but believe they can be overcome. EU member states view greater cooperation in the law enforcement and judicial fields as a crucial step on the road to further European integration. Consequently, the EU appears committed for the long haul.

The Bush Administration, backed by Congress, hopes that EU efforts will augment European counter-terrorist capabilities, promote better information-sharing, and ultimately lead to rooting out terrorist cells in Europe that could be planning other attacks against U.S. interests. Washington views Europe as a key U.S. partner in international law enforcement efforts and wants to keep a dialogue with the Union on police and judicial issues open. At the same time, U.S. officials are proceeding cautiously in order to avoid actions that could damage currently good bilateral police and judicial relations, or impede ongoing criminal investigations.

For a fuller description of EU efforts to combat terrorism, and an analysis of their implications for U.S. policy, see CRS Report RL31509, *Europe and Counterterrorism: Strengthening Police and Judicial Cooperation*.

*Prepared by (name redacted), Consultant in European Affairs, Foreign Affairs, Defense, and Trade Division, CRS. October 17, 2002.

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