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Black Market Clash: Experts Warn Terror War Ignores Illicit Trade in Diamonds, Weapons

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CQ HOMELAND SECURITY – INTELLIGENCE
Oct. 6, 2004 – 8:08 p.m.

Black Market Clash: Experts Warn Terror War Ignores Illicit Trade in Diamonds, Weapons

By Justin Rood, CQ Staff

Terrorists probably are profiting from gunrunning, human trafficking, illicit diamond sales and other black markets operating in failed states and ungoverned regions of the world that are largely ignored in the global war on terror, a panel of experts warned Oct. 5.

Those illegal and extralegal pursuits form the "vibrant infrastructure" of a clandestine economy that can be exploited by terrorist groups wanting to raise money, hide assets, acquire weapons, and move people undetected, according to the panelists assembled by the Center for American Progress (CAP), a left-leaning Washington, D.C., think tank.

"We need to reconceptualize the way we think about national security," said panel member Lee S. Wolosky, a National Security Council (NSC) aide to Presidents Bill Clinton and George W. Bush on transnational threats and organized crime.

Wolosky, now a lawyer with the New York firm Boies, Schiller & Flexner LLP, and an informal adviser on national security issues to the Kerry presidential campaign, urged the Bush administration to shift its focus "away from states and toward non-state networks."

Non-state networks form a "vibrant infrastructure" of an underground economy, said panel moderator Gayle Smith, a senior fellow at CAP and former senior director for African affairs at the NSC.

That economy operates primarily in poorly governed countries and thrives on the lack of international regulation, enforcement and monitoring, the panelists said.

Although the panel did not produce new evidence that al Qaeda or other terrorist groups are actively working with individuals or

organizations trafficking humans, running small arms, dealing diamonds or selling drugs, they said that cooperation is to be expected — and the fact that the United States and others do not know more about it should serve as a warning, not a comfort.

“From the NSC, we saw that networks have the ability to find each other, even if we can’t find them,” Wolosky told the audience, which included numerous terrorism and geopolitical experts, Department of Homeland Security officials and congressional aides.

“Al Qaeda will go to different groups they think will help them,” added panelist Douglas Farah, a Washington Post reporter and author of the book “Blood From Stones,” which detailed how bin Laden’s terror organization hid millions of dollars in assets in West African “blood diamonds” before the Sept. 11 attacks and smuggled them out of the region for safekeeping.

“They are willing to do business with anyone,” he said.

Blurring the Lines

Terrorist and criminal networks thrive in weakened states, and the prevalence of small arms throughout the world makes restoring order in those regions difficult, said Peter Ogden, a research associate at CAP and co-editor of the CAP report “Terror in the Shadows: Trafficking in Money, Weapons and People.”

As non-state networks such as criminal organizations, terrorist groups and militias set up shop, the markets for weapons, people, drugs and money are likely to blend.

For example, a person smuggled across a border can “become a courier for a commodity, whether it’s a diamond, cash or information,” Ogden said by telephone Oct. 5.

“These people do all know one another [and] they are very willing to collaborate and do double duty on all of these things,” he said.

Ogden posited that if for six months officials were to monitor a single channel — for example, a human trafficker’s route — “you could as easily see a person as a diamond as a gun move through it . . . and money being laundered and redirected to a terror organization.”

Panelists urged an increase in human intelligence in troubled areas to learn more about who operates the illicit markets for guns, people, money and diamonds in those regions.

Agents on the ground, Farah said, could find out what was happening and how it could be curbed.

“[W]e need better intelligence (particularly human intelligence) and analysis if we are to trace terrorist funding and the use of commodities,” Farah wrote in the report, released at the Oct. 5 conference. “People must be on the ground, not just in the capital but in the hinterland, to be able to map the connections and trace the financial patterns of terrorist organizations.”

Ogden concurred. “People at the local levels know who these people are,” he said. “It’s not a secret.”

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