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Ladies and Gentlemen

It is an honour for me to address you today and I thank you for the opportunity to speak to you and present the INTERPOL Asian Threat Assessment.

At the General Assembly in Budapest, I stated that the Executive Directorate of the INTERPOL General Secretariat would start producing regional threat assessments on a regular basis. I also asked you to provide us with the information necessary to make these assessments as accurate as possible. At the start of this presentation, I would like to extend my thanks to those Member States that contributed to this threat assessment for their valuable input. However, the number of countries that contributed was insufficient. Although there are 42 Member States in the Asian Region, we received only 5 replies to the Threat Assessment questionnaire before the deadline and a further 10 late replies. The importance of your contributions cannot be underestimated.

Through Regional Threat Assessments, which are based in part on the messages we receive from your Region, it is our goal to deliver intelligence that can assist you in making more effective decisions pertaining to crime fighting strategies in your Region. However, the number of quality messages that we receive from the Member States in the Asian Region has been insufficient to date. The number of exploitable messages coming from this Region declined from 5,757 in 2000 to 4,120 in 2001. I believe that this Region is capable of more in terms of contributions to international police cooperation by improving our information flows.

I would like also to underline that a threat assessment should accurately describe current criminal threats, and more importantly, offer predictions on how crime and associated criminal activities will evolve.

From the information made available to us, we have concluded that at this time the four main concerns to the Region are terrorism, illicit drug production, trafficking in human beings, and financial crime.

First, terrorism currently poses a high risk within the Asian Region even though the al-Qaeda presence in Afghanistan has been severely curtailed. Various groups that are not necessarily a part of al-Qaeda are also operating in the Philippines, Indonesia, and Pakistan.

Second, Asia is the world's largest producer of opiates, 90% of the 2001 opium crop was cultivated here and Asia is an increasingly important producer of Amphetamine- Type Substances.

Third, Asia continues as a source of illegal immigrants as well as a destination that supports sexual tourism.

Fourth, the use of the Asian Region for both formal and informal financial transactions to launder money, such as 'hawala' and 'hindi', is problematic as it facilitates both drug trafficking activities as well as terrorism.

I would now like to look in more detail at the evolution of these four threats over the next five years.

The terrorist network al-Qaeda, with principal training and staging areas in Afghanistan, is presently under heavy pressure. Plans already in place for terrorist attacks have been disrupted because of the intelligence windfall generated by recent anti-terrorist activities on the part of many states. Additionally, the planning of new attacks is complicated by current vigilance maintained by law enforcement and intelligence agencies, as well as private corporations and the public.

The essential threat from the movement behind al-Qaeda will remain at least for the next five years, however. The ideologies justifying attacks like September 11th, extreme as they are, and those supporting them, will remain capable of attracting new recruits from many parts of the world. For the terrorist threat to be contained at an acceptable level, the current 'fight against terrorism' must be broadened to more fully include law enforcement action, complementing the already ongoing military and diplomatic actions.

The risk of terrorist attacks, based on weapons of mass-destruction, must be taken seriously. But it is likely that the lesson learned by many terrorist groups from September 11th, linked to al-Qaeda or not, is that an attack with too high an impact, inflicting too many casualties, will incite a reaction so strong that it becomes counter-productive to the instigators of the attack. Terrorists might therefore, in the short to medium term, 'go back to basics', choosing symbolic targets with limited casualties in a long-lasting campaign of attrition, hoping that over time the collective will of states to fight terrorism will wane. Although the very real threat exists that weapons of mass destruction might still be used.

Targets linked to the 'anti-terrorist alliance' in the Region, will be at most risk. As different target categories, such as military, embassies or air carriers are 'hardened', the risk to targets considered 'softer' will increase.

Maritime piracy has re-emerged in the Asian Region in recent years, particularly in South East Asia, where it can be used to finance terrorist movements. The Liberation Tigers of Tamil Eelam remain the most proficient terrorist group involved in both maritime piracy and terrorist attacks at sea. Maritime piracy feeds on corruption in harbours and benefits from a lack of coordinated multi-jurisdictional counter-strategies.

At the General Assembly in Budapest, the Member States voted in support of the resolution condemning the September 11th terrorist attacks. Our commitments in this regard should include the following elements:

1. Profiling should be used to identify or interdict possible terrorists,
2. Trafficking in small arms and explosives provides an obvious, and increasingly important, nexus between terrorists and profit-oriented crime. This means that countries in neighboring conflict areas, such as Afghanistan and the Kashmir, can expect increased proliferation of small arms involved in regular crime in the next few years.
3. Stolen or forged identity documents will become even more crucial for terrorists in the next few years, to facilitate operational travel and the building of 'sleeper' cells, in an environment which is now more vigilant. This need will breed closer contacts between terrorist groups and regular criminals able to deliver required documents. Terrorists' need for false documentation is a potential vulnerability. Exploitation of this vulnerability requires false document detection systems, in addition to continuous training of broader categories of individuals whose work involves screening documents.
4. To increase anti-terrorism effectiveness, intelligence sharing between governments, between governments and private corporations, as well as between different law enforcement and security agencies within states, must be improved. Early warning of attacks requires focalised centres for analysis of all information collected.

As you have witnessed, terrorism in Asia is not just the problem of Afghanistan: Terrorists are known to operate from the United Arab Emirates to the Philippines. Asia's challenge in the next decade is to eliminate not only terrorist groups and detect terrorist acts before they occur, but also to prevent the use of 'hawala' and 'hindi' networks for the financing of terrorism.

The prevention of the criminal use of Alternative Remittance Systems (ARS) may also help to reduce the amount of money moved for the drugs and arms trade. The events of September 11th have clearly demonstrated that there are linkages and nexuses between drugs, money laundering, arms trafficking, terrorism and the financing of terrorism. The links between these areas are often transnational and, in practice, not immediately evident at a national level. I want to emphasize that INTERPOL can be of assistance in establishing those transnational links and bringing these criminal actors to justice at a national level.

I would now like to turn to drug production and trafficking in the Region. The increasing consumer market for synthetic drugs in Asia will radically transform how drug syndicates do business. Syndicates will be less bound to specific areas for growing organic raw materials, such as coca or opium, and instead the production of synthetic drugs will gradually be moved as close to the end-user market as contacts, know-how, and infrastructure permit. This means that covert production labs will proliferate in states with consumer markets for synthetic drugs or in weak states close to those markets. For law enforcement, it is possible that traditional border-interdiction strategies will gradually become less effective in stopping synthetic drugs from reaching the markets, while disruption activities closer to the end-user market will become more important.

In Afghanistan, the presence of the anti-terrorist alliance and the installation of a new regime will not necessarily mean lower production of opium in the next few years. Additionally, there will be continued pressure in the next few years on Afghanistan's neighbours, notably Tajikistan and Iran, for transiting of the opium. Tajikistan is at risk of becoming essentially a criminalized state, due to the corrupting effects of the money involved in the drugs trade.

Benefiting from international attention on Afghanistan, groups in Myanmar, most notably the United Wa State Army, will remain the foremost producers of opium, regionally and globally. Recognizing market shifts, they will also continue to increase their capacity for synthetic drugs production, already significant in scope. In the long term, in response to the Myanmar government's declared policy of eradicating drug production by 2015, the drug syndicates will likely move production into border areas of neighbouring countries. This might put Laos at risk.

In addition, if reports of increasing opium production in the Bekaa Valley in Lebanon are correct, opium and heroin from this area could emerge as a substitute for the markets traditionally supplied with heroin of Afghan origin. Asia risks remaining one of the world's foremost drug producers, the only change being the type of drug produced.

As I stated earlier, in order to provide you with intelligence that is useful, we need to have higher quality information from you. Often, the drug messages we receive do not permit us to help you. For example, we suspect, but we receive little information, that there are Afghan and Central Asian drug trafficking organisations because substantial amounts of opium and heroin leave these countries. Similarly, large amounts of money must pass through the Region but, again, we have received limited information concerning this topic. The message is clear, if we are serious about dealing with crime, and if we understand that crime is transnational, that it does not respect borders; then we must better utilize national approaches supplemented by transnational networking through INTERPOL.

In addition to illegal drug cultivation and trafficking, human trafficking will become the main crime problem for most countries in the INTERPOL Asian Region. Asia is one of the major source areas for people smuggling and trafficking of human beings. Similarly, sexual tourism will continue to affect many Asian countries and will spread from Thailand to include also Laos and Cambodia. Sexual exploitation of women will continue to increase due to the heightened demand for sex services and the fact that it is a low-risk activity for criminal organizations. Although several countries are beginning to take legal steps

against this type of crime; lack of awareness, cultural factors, insufficient legislation, and corruption, will cause the number of victims and countries affected to increase sharply.

Similarly, the number of persons who will be strongly motivated to emigrate in search of a better life, albeit with the help of criminals, will only rise. Asian countries that have large expatriate communities abroad, most notably India, will become major source countries. In the eventuality of a major and prolonged armed conflict in the Asian Region, the problem will worsen.

Law enforcement will only be able to address people smuggling and human trafficking if there is effective cooperation, not only among destination countries, but also including source areas. Also, and this is especially true in transit countries, the problem of human trafficking cannot be addressed without tackling, in the same framework, the problem of corruption of officials, who facilitate this type of crime, and the counterfeiting of travel documents. As Project Bridge has demonstrated, there is no doubt regarding the involvement of criminal organisations in this crime area. Project Bridge has also shown that these organisations make extensive use of fraudulent travel documents and Alternative Remittance Systems. To effectively work against criminals, access to false or fraudulent documents needs to be more effectively controlled, as does the flow of criminal money in the Asian Region.

In regard to crime assisted by new technology, use of the Internet is rapidly spreading in every part of the world, but Asia is seeing the fastest growth in use of this technology. The existence of child prostitution in the Region, combined with the lack of child protection procedures in many countries, will motivate criminal organizations to produce child pornography in order to sell it over the Internet. Also, the demand for child pornography from within the Asian Region will develop with the spread of access to the Internet.

I would now like to turn your attention to the problem of money laundering in the Region. There are four principal reasons why the INTERPOL Asian Region attracts money launderers:

- One, the presence of several major financial centers, notably Tokyo and Hong Kong.
- Two, some jurisdictions lack regulatory controls over the financial sectors and do not yet have anti-money laundering legislation.
- Three, economic reform in some of the countries has resulted in a need for hard currency and an indiscriminate acceptance of foreign cash investments.
- Four, Asia remains both cash based and cash rich.

Producing a reliable estimate of the amount of money laundering activity occurring in Asia is problematic, largely because it is, by definition, a concealed activity. A recent estimate made by the International Monetary Fund (IMF) is that money laundering accounts for 2 to 5 % of global Gross Domestic Product. Money laundering in the INTERPOL Asian Region persists, due partly to the prevalence of Alternative Remittance Systems (ARS). An estimate by the Asia-Pacific Group on money laundering, via Alternative Remittance Systems, included figures of between 271 million US dollars for one case in Taiwan to 5 billion US dollars for 19 cases in Japan. The amounts of money moving through ARS in Asia are significant. The two predominant ARS are the 'hawala' or 'hindi' system. Together, they are the largest and cover the Indian sub-continent, Southeast Asia, Europe, the Middle East, Africa and North America; the second is the Chinese 'chit' or 'chop shop' system, which prevails in China, Southeast Asia and North America. Other, less important ARS include, the Thai 'poe y kuan', the 'fei ch'ien', and the 'hui'.

These systems, used for legal financial transactions, are also popular with money launderers for the following reasons:

- The increasing restrictions on the traditional means of laundering profits, compared to ARS, which leaves less of a paper trail and makes it more attractive;
- The presence of hawala in remote areas of Asia, which is of particular interest to drug traffickers;
- The success of these systems is the fact that they prove to be faster, cheaper and more secure than conventional Western banking systems or the physical smuggling of cash.

To ask that these systems be closed down when there is no viable alternative is not a feasible solution. How to control abuses of a legitimate system is an important challenge to financial experts and law enforcement can stimulate reflection on this complicated issue. INTERPOL can also offer a forum to facilitate this reflection.

Criminals use the ARS system to hide the illicit proceeds from trafficking in drugs and human beings, the smuggling of arms, gold and gems, terrorism, corruption, extortion, and gambling, all of which are laundered in the Asia/Pacific area. According to the 2001 U.S. State Department International Narcotics Control Strategy Report, Dubai, India, and Pakistan make up a 'hawala triangle' involved in money laundering that extends much further than South Asia. In Central Asia, casinos and hotels are also used to launder funds. In the Middle East and Gulf areas, ARS tend to launder proceeds of drug trafficking, gold smuggling, extortion and terrorism. I believe it is clear that money laundering, terrorist financing, and the existence of these informal financial systems, all provide a challenge to law enforcement in the Region.

Criminals are predominately motivated by the financial returns of their activities. At the same time this is their weakness. While the criminal activity may remain hidden, the financial gains must go into a financial system, either formal or informal. Focusing on where the money goes needs to become the strong point of law enforcement in the Asian Region.

What is the way forward?

The first requirement for law enforcement is the ability to recruit and train personnel, with the necessary integrity. One of the principal weapons of criminals against law enforcement is corruption, and therefore it is essential to have officers who can put public needs above their own. You have all affirmed a commitment to fight corruption in the Resolution passed at the General Assembly in Budapest. It is necessary to continue this fight and remain vigilant. Corruption in the Asian Region, as in all Regions, is a serious threat to the efficiency of the law enforcement response to criminal threats. The global standards put forward by INTERPOL are the way forward not only to achieve accountability, but also transparency.

INTERPOL could also better contribute to crime fighting efforts in the Asian Region by further developing the use of technology for the purpose of information exchange and investigative support. When I outlined the threats, I stated that terrorists often need stolen or forged identity and travel documents. No matter how good an anti-terrorism effort that a country has in place, there is but one way to deal with this particular problem; providing officers at borders with a possibility to check the authenticity of a travel document in real time, whatever the issuing country of the document. INTERPOL is a framework for establishing information management focusing on added value for each of the Regions.

The INTERPOL Notice system is a further example of a service that INTERPOL has offered its' Member States since the beginning of INTERPOL. We have, however, updated this system to be used in conjunction with the Internet to speed up the processing of Notices. The use of a Red Notice is still an effective tool to bring a criminal to justice as evidenced by the case of Aftab Ansari, recently deported from the United Arab Emirates to India. We need to see more cases like Ansari where goodwill and a Red Notice avoid a lengthy extradition process. Further, our Green, Yellow and Blue Notices are also available and need to be used. Finally, I would like to underline the importance of informing the General Secretariat, and the relevant Member State, if a person on a Green or Blue notice enters your country. Using these types of controls, we can monitor criminals and their activities more effectively.

However, information or advanced databases, by themselves, are only part of the crime fighting strategy. Successful law enforcement strategies will require the right decisions. By 'right', I mean decisions that clearly allocate available resources, both human and material, to those crime areas, which matter most. Therefore, good policing does not come without good operational and strategic intelligence.

I would like to conclude my remarks today with the following; at the end of the day, the response against crime and criminals is set at the national level. You are the ones who will be held responsible for assuring the safety of persons in your country and you will be expected to bring to justice criminals that operate within your borders. In that regard, INTERPOL's role is to assist you in that task. It is an instrument for

you to use in cases, or for problems, where you think a national-level response is not adequate or does not meet the expected requirements. I hope to have demonstrated that such problems and challenges are not only real but are going to increase in the future. Therefore, I urge you to capitalize on the solutions that our organization can offer you.

Thank you.