

The Economic Crisis:

Al-Qaeda's Response

Mar 9, 2009



Brief Analysis

The deepening global financial crisis has focused international attention on failing companies, rising unemployment, and diving stock markets. Little attention, however, has been given to the downturn's significant effect on terrorist groups such as al-Qaeda, which has altered its central message and is facing dwindling financial resources. Although the economic situation has likewise affected government and private-sector counterterrorism efforts, steps can be taken to improve the current counterterrorism financing regime even in these troubled times.

Background

Al-Qaeda's immediate reaction to the financial crisis has been to claim credit for the economic misfortunes of the West. The group argues that today's financial problems are the consequences of the September 11 attacks and the cost of the subsequent wars in Iraq and Afghanistan. Al-Qaeda leaders have always regarded the West's consumerism as a key vulnerability and have consistently espoused attacks against economic targets. Despite complaining that the Muslim world's resources benefit Western countries and their allies more than they do the Muslim community, terrorist leaders regard oil as the treasure of their future caliphate.

It was notable that both Usama bin Laden and Ayman al-Zawahiri issued statements encouraging attacks on oil refineries in the months before the failed attack on the Abqaiq oil-processing plant in Saudi Arabia in February 2006. Considering that Abqaiq is the largest facility of its kind in the world and represents 60 percent of Saudi Arabia's daily output, a successful terrorist attack there would have significantly disrupted global energy supplies. Al-Qaeda in the Arabian Peninsula issued a statement following the attack, stating that it was part of "the war against Christians and Jews to stop their pillage of Muslim riches."

Al-Qaeda's focus on economic targets will likely sharpen under the current economic conditions, prompting more strikes on oil facilities on land or against ships at sea -- a capability already demonstrated by the attack on a French tanker off the coast of Yemen in October 2002.

Changes in Message

Prompted by the financial crisis, al-Qaeda leaders also have begun reaching out to people facing economic hardship. Until now, al-Qaeda has appealed to the individual as a member of a community, but recent statements by al-Zawahiri and Abdulmalek Droukdel, the leader of al-Qaeda in the Islamic Maghreb, have tried to persuade individuals in financial difficulty that their personal hardship is the result of the West's exploitation. This change of emphasis -- from threat to the community to threat to the individual -- challenges a central tenet of al-Qaeda's message, which has until now always focused on an individual's duty toward God rather than to himself.

Al-Qaeda's Financial State

Al-Qaeda leaders, unlike their Taliban hosts who are heavily involved in the lucrative drug trade, do not currently

have significant financial resources. (Their current financial state contrasts sharply with the situation before the September 11 attacks, when the annual al-Qaeda budget was between \$20 and 30 million a year, of which several million went to the Taliban.) The financial crisis is most likely affecting the amount of donations al-Qaeda receives, as donor resources fall and requests from other supplicants increase.

Because of its tenuous financial state, al-Qaeda often asks for money. Mustafa Abu al-Yazid, also known as Shaikh Said, whom the 9/11 Commission Report identified as al-Qaeda's chief financier, and who is now considered the head of al-Qaeda operations in Afghanistan, often makes direct appeals for donations. For example, in an interview in mid-2008, he stated that al-Qaeda had many potential suicide bombers but lacked the resources to equip them. Abu Yahya al-Libi, considered the principal religious authority in al-Qaeda, also often appeals for money in his statements, arguing that donating is a perfectly adequate and acceptable alternative to fighting.

Financial problems take a serious toll on al-Qaeda's ability to run its organization effectively. Even the group's leadership in the Afghan-Pakistani border area must pay for food, living quarters, accommodations for families of fallen comrades, and security, both in terms of hiring guards and in buying the silence of their neighbors. In addition, the leaders need money to recruit and train operatives and to mount operations.

Impact on Counterterrorism Efforts

Unfortunately, the financial crisis is also likely to have consequences for counterterrorism efforts. As official budgets come under increasing pressure, the huge investment in counterterrorism over the last seven years will probably decrease. Some governments may accept a greater degree of risk from terrorism in the face of the far greater risk of economic collapse. While redundancies in current counterterrorism precautions may allow for some cutbacks without a significant deterioration in protection, it will be important to avoid cutting those measures that are essential to thwarting terrorist attacks.

The private sector plays a pivotal, frontline role in countering terrorism financing, as well as in post-incident investigations. Banks know more about their clients than any other professional body: they know how, where, and when their clients get their money, as well as how, where, and when they spend it. Without bank cooperation, counterterrorism work would be far more difficult and less successful.

Nonetheless, the private sector also faces the danger of less-rigorous counterterrorism measures as a result of the financial crisis. Protecting personnel, buildings, and facilities completely is impossible, and the costs of trying to achieve such security are high. As a result, private enterprises may decide to lower their security standards as a way to save money. The financial sector is particularly problematic: not only must it physically protect staff and property, it also has to bear the added compliance costs relating to counterterrorism. These measures involve investments that show poor returns, and compliance staff cost money but do not bring in new business -- in fact, they are more likely to turn business away. In desperate times such as these, banks may therefore tend to see a double advantage to cutting back on compliance with government regulations on countering money laundering and terrorist financing.

Taking Advantage of the Crisis

To find some advantage in the financial crisis, government regulators should seek ways to work more closely with private financial institutions to ensure that they clearly understand terrorist financing and where it is likely to occur. Regulators should encourage these institutions to report suspicious activity by using well-informed, risk-based assessments rather than a mechanical application of the rules. This would save financial institutions money on compliance and reduce government expenditure by cutting back on the flow of unhelpful or irrelevant reports.

Al-Qaeda is looking to exploit the current crisis with its reshaped message, hoping to lure new recruits and raise funds to strengthen its organization. Ensuring that governments and the private sector remain focused on blocking al-Qaeda in this effort will be critical to our continued success in diminishing the threat that this dangerous

organization poses to the civilized world.

Richard Barrett is the coordinator of the al-Qaeda, Taliban Monitoring Team, appointed by the United Nations Secretary-General to support the UN Security Council's 1267 Committee. ❖

Policy #1485

RECOMMENDED

BRIEF ANALYSIS

[Unpacking the UAE F-35 Negotiations](#)

Feb 15, 2022



Grant Rumley

(/policy-analysis/unpacking-uae-f-35-negotiations)



ARTICLES & TESTIMONY

[How to Make Russia Pay in Ukraine: Study Syria](#)

Feb 15, 2022



Anna Borshchevskaya

(/policy-analysis/how-make-russia-pay-ukraine-study-syria)



BRIEF ANALYSIS

[Bennett's Bahrain Visit Further Invigorates Israel-Gulf Diplomacy](#)

Feb 14, 2022



Simon Henderson

(/policy-analysis/bennetts-bahrain-visit-further-invigorates-israel-gulf-diplomacy)

TOPICS

Democracy & Reform ([/policy-analysis/democracy-reform](#))

Energy & Economics ([/policy-analysis/energy-economics](#))

Terrorism (/policy-analysis/terrorism)

U.S. Policy (/policy-analysis/us-policy)