Foreign Fighters and Their Economic Impact: A Case Study of Syria and al-Qaeda in Iraq (AQI)
by Matthew Levitt

Abstract

Over the past several years, terrorist and insurgent groups have established sophisticated networks in Syria to facilitate the movement of foreign fighters into Iraq. These networks are worth closer scrutiny since foreign fighters, facilitated through Syria, have been responsible for some of the most spectacular attacks on Iraqis and coalition forces. Given the priority that Iraq and Syria both play in the Obama administration’s efforts to stabilize the Middle East, as well as the wealth of information now available on Syrian-based foreign fighter facilitation networks, this article provides a case study of Syria, foreign fighters in the Iraqi insurgency, and their economic impact. Foreign fighters’ use of third party countries for training, fundraising, and transit is not merely an operational phenomenon; it is an economic one as well. There are direct and indirect economic consequences – both positive and negative – that result from the existence and operation of foreign fighter networks in a country like Syria. These consequences impact Syria and its government, various elements of the Syrian populace, Iraq as the foreign fighters’ destination, and other countries in the region. Developing realistic strategies to contend with foreign fighter networks that operate in third party countries is contingent upon first developing a holistic understanding of the phenomenon, including its economic impact.

Introduction

In late August 2009, a string of truck bombs and other attacks rocked Iraq and led Iraq and Syria to withdraw ambassadors from Damascus and Baghdad after Iraqi officials publicly and angrily accused Syria of hosting foreign fighter networks that were plotting and facilitating attacks in Iraq, which included the two purported masterminds of these most recent attacks. Days later, Iraqi officials aired a supposed confession by a suspected al-Qaeda militant from Saudi Arabia who claimed he not only entered Iraq from Syria but also admitted that he was first trained in an al-Qaeda training camp there which was led by a Syrian intelligence officer. Whether the details of his confession ultimately ring true or not, the long established Syrian “rat routes” through which foreign fighters, as well as funds and supplies are moved into Iraq, are real. They are also part of a larger economic phenomenon.

Running an insurgency is an expensive endeavor. Financing and resourcing insurgent activities, from procuring weapons and executing attacks to buying the support of local populations and bribing corrupt officials - all this requires extensive fundraising and facilitation networks that often involve group members, criminal syndicates, corrupt officials, and independent operators.
such as local smugglers. Along these lines, a report of the Financial Action Task Force (FATF), an international body focused on anti-money laundering and combating terrorism financing, found that while financing any singular attack may be relatively inexpensive compared to the damage incurred, “maintaining a terrorist network, or a specific cell, to provide for recruitment, planning, and procurement between attacks represents a significant drain on resources. A significant infrastructure is required to sustain international terrorist networks and promote their goals over time.” Creating and maintaining such support and facilitation networks, FATF concluded, requires significant funds. [3]

FATF’s findings are certainly applicable to Syria, where terrorist and insurgent groups have established sophisticated networks to facilitate the movement of foreign fighters into Iraq. These networks are worth closer scrutiny since foreign fighters, facilitated through Syria, have been responsible for some of the most spectacular attacks on Iraqis and coalition forces. Given the priority that Iraq and Syria both play in the Obama administration’s efforts to stabilize the Middle East, as well as the wealth of information now available on Syrian-based foreign fighter facilitation networks, this article provides a case study of Syria, foreign fighters in the Iraqi insurgency, and their economic impact.

Foreign fighters’ use of third party countries for training, fundraising, and transit is not merely an operational phenomenon; it is an economic one as well. There are direct and indirect economic consequences – both positive and negative – that result from the existence and operation of foreign fighter networks in a country like Syria. These consequences impact on Syria and its government, on various elements of the Syrian populace, as well as on Iraq as the foreign fighters’ destination, and other countries in the region. Developing realistic strategies to contend with foreign fighter networks that operate in third party countries is contingent upon first developing a holistic understanding of the phenomenon, including its economic impact.

Benefits of Foreign Fighter Networks

Benefits to the Insurgent Group (AQI)

The benefits of facilitation networks for terrorist and insurgent groups are clear: without such support networks such groups cannot function. They are essential elements of any groups’ efforts to finance and resource their expensive activities. It is not the cost of any individual attack, but rather the larger infrastructure costs that drive up insurgent expenses. A Senior Intelligence Officer from the US Defense Intelligence Agency explained in 2005:

We believe terrorist and insurgent expenses are moderate and pose little significant restraints to armed groups in Iraq. In particular, arms and munitions costs are minimal—leaving us to judge that the bulk of the money likely goes toward international and local travel, food and lodging of fighters and families of dead fighters, bribery and pay-offs of
governmental officials, families and clans; and possibly into the personal coffers of critical middle-men and prominent terrorist or insurgent leaders. [4]

Documents seized in a September 2007 raid on a suspected AQI safe house in Sinjar in Western Iraq revealed that in the 2006-2007 timeframe, the group was heavily dependent on donations, much of which came from AQI leaders, foreign fighters, as well as local Iraqis. [5] Among the foreign fighters who contributed to AQI, Saudi fighters were the most prolific, contributing significantly larger amounts than the other foreign fighters, with an average contribution of $1,088. Additionally, of the twenty-three fighters who contributed more than $1,000, twenty-two were Saudi.

A review of these AQI records seized in Iraq, conducted by the Combating Terrorism Center at West Point, found that a robust facilitation network in Syria has helped foreign fighters travel into Iraq. According to these seized documents, AQI has relied on at least 95 different Syrian “coordinators” to provide such services. Illustrating a sense of how well-organized this system was, the coordinators appeared to specialize in working with prospective foreign fighters and suicide bombers from specific locations.

In February of 2008, the Treasury Department underscored the findings in the Sinjar documents, designating four members of a key terrorist facilitation and finance network operating out of Syria for supporting AQI. Treasury reported that the “Abu Ghadiyah” network, named for its leader, controlled the flow of much of the money, weapons, personnel, and other material through Syria into Iraq for AQI. According to the Treasury Department, the network “obtained false passports for foreign terrorists, provided passports, weapons, guides, safe houses, and allowances to foreign terrorists in Syria and those preparing to cross the border into Iraq.” [6] Indeed, Abu Ghadiyah reportedly received several hundred-thousand dollars from his cousin, another member of the network, with which he supported insurgent activity targeting the U.S. military while also facilitating the travel of AQI foreign fighters.

Abu Ghadiyah’s network - and others like it - pump money into the local economy through the purchase of food and provisions of housing for fighters moving through safe houses. Such networks additionally provide business opportunities for the local, smuggling-based economy and offer bribes to local officials. The Abu Ghadiyah network reportedly maintained safe houses in Damascus and Latakiya as well, investing in local economies in other parts of the country far from the Iraqi border. [7]

While AQI and its foreign fighter networks have not enjoyed state sponsorship in the classical sense, it has benefited from relationships with governments like Iran and Syria. Indeed, while active state sponsorship is becoming increasingly rare, sometimes the greatest contribution a state can make to a terrorist or insurgent group is choosing not to act. As Daniel Byman from
Georgetown University has noted, “A border not policed, a blind eye turned to fundraising, or even the toleration of recruitment all help terrorists build their organizations, conduct operations and survive.” [8]

While this has generally also been true of Syria, in some cases, Syrian support has been more active. Consider the case of Fawzi al-Rawi where the extent of the Syrian government’s role is noteworthy. In late 2007, the US Treasury Department designated al-Rawi – a leader of the Iraqi wing of the Syrian Ba’ath Party – for providing financial and material support to Abu Musab al-Zarqawi’s AQI. Al-Rawi was appointed to his position by Syrian President Bashar al-Asad in 2003. According to the US Treasury, the Iraqi wing of the Syrian Ba’ath Party “has since provided significant funding to Iraqi insurgents and al-Rawi’s direction.” The US Treasury noted that al-Rawi “is supported financially by the Syrian Government, and has close ties to Syrian intelligence.” [9] With the authorization of the Syrian regime, al-Rawi twice met with a former commander of Saddam Hussein’s Army of Muhammad in 2004 and assured this commander that his group would receive material aid from Syria. In 2005, al-Rawi “facilitated the provision of $300,000 to members of AQI,” as well as providing AQI vehicle-borne improvised explosive devices, rifles, and suicide bombers, according to the US Treasury Department. In meetings with senior AQI representatives in September 2005, al-Rawi and AQI leaders discussed operational issues, including conducting attacks against the U.S. Embassy and concentrating attacks on the international zone.

Benefits to the Host Country (Syria)

As an extension of its foreign policy, Syria’s tolerance of foreign fighter support networks – and certainly its more active support for Iraqi insurgents – was intended to further Syrian interests in Iraq and deliver other non-economic benefits as well. According to a US Department of Defense March 2007 report to the American Congress entitled “Measuring Stability and Security in Iraq,” Syria has supported insurgents in Iraq for political purposes. Specifically, the report stated: “Damascus also recognizes that Islamist extremists and elements of the former Iraqi regime share Syria’s desire to undermine Coalition efforts in Iraq.” [10]

Another benefit to the Syrian regime is the very significant boost to local businesses along the border with Iraq – mostly illicit, such as the smuggling of goods and persons – which benefited the Syrian regime indirectly by generating jobs and income and freeing the central government from having to invest in remote areas during difficult economic times. While supporting such networks incurs high political costs for the Syrian regime, in the immediate term following the fall of the Saddam regime it may have brought significant dividends. According to Iraqi bank records, for example, Saddam himself withdrew over a billion U.S. dollars from Iraqi banks which were then smuggled out of the country in cash. A study published in 2006 found that “In Syria the money was managed by Saddam’s half-brother, Sabawi Ibrahim al-Hassan al-Tikriti,
the former head of the feared Mukhabarat” who was considered at the time by the United States “to be the chief financial facilitator of the insurgency in Syria.” [11]

Syrian authorities have periodically cracked down on smugglers and tightened control of the borders, but to little effect. For example, the Syrian government constructed a four foot “sand berm” along the border and laid out fallen electricity poles in order to flip smugglers’ vehicles. According to U.S. intelligence officer Major Adam Boyd, “For every example of cooperation from Syria, there are an equal number of incidents that are not helpful…We just captured someone who was trying to escape into Syria and found out that he’s been arrested last November on the Syrian side after they caught him with a bunch of fake passports. But he bribed his way out and managed to get back in. But, again, I don’t know I necessarily attribute that to the government as to an individual Syrian border patrol unit.” [12]

One reason for the lack of success was the traditionally distant relationship – geographically and otherwise – between the local tribal leadership along the Syrian-Iraqi border and the national leadership back in Damascus. This helps explain the complicated relationship between security forces and smugglers along the border. Whatever jobs and income these illicit networks provide are jobs and income the national government cannot provide. As one study from Westpoint put it, this buffer “saves the government in Damascus from having to invest scarce resources in a region seen as remote from the regime’s heartland.” [13]

Benefits to the Local Population

Smuggling is indeed a lucrative business, and the foreign fighters pipeline in Syria is believed to have benefitted the local populations on both sides of the Syrian-Iraqi border in the form of jobs, increased cash flow into the local economy, purchase of supplies, staples, and rents. One assessment of the Sinjar documents, assuming all thirty-nine Syrian smuggling contacts in the Sinjar records received an equal share of the cut from foreign fighters, concludes that each Syrian would earn more than $3,000 in the course of a year. [14] 53 of the 93 Syrian Coordinators, identified by name in the Sinjar records, were paid by the fighters they transported into Iraq.

The region of Deir ez-Zour is one of Syria’s poorest provinces. In an area that lacks other significant industry, smuggling is not only well-ingrained in society, but also has become a mainstay of the economy. However one assesses the annual income of a smuggler of foreign fighters or the amounts of bribes paid to local officials, intelligence officers, border officials, and tribal leaders, the amounts are significant enough to conclude that a trickle down effect exists in which the local population benefits from the existence of these smuggling routes.
In Iraq, AQI has to some extent filled an economic vacuum created by sectarian tensions. The political fight over control of Mosul and the Nineveh province, between the Sunnis and the Kurds, has prevented the local population from being integrated into the Iraqi economy or the Kurdish regional economy. AQI, therefore, has been able to build a base in the Nineveh province, and fill the void—thereby economically assisting the Iraqis living in these border cities. [15]

**Costs of Foreign Fighter Networks**

*Costs to the Insurgent Group (AQI)*

While smuggling and facilitation coordinators like Abu Ghadiyah have played an important role for AQI, they also pose difficulties for the group since many of these coordinators were motivated more by money than by loyalty. According to the Sinjar records, AQI experienced difficulties in funding stemming from financial disputes with Syrian coordinators. In 2006, “Shahin the administrator” reported that there was a shortage of funds in 2006 “[because] the money didn’t arrive with the suicide brothers, and the coordinating brothers in Syria kept the money.” [16] Indeed, Abu Ghadiyah himself is reported to have used AQI funds for his personal use. [17]

AQI managers should not be surprised by such skimming of funds; it is a phenomenon with a long track record within al-Qaeda-affiliated groups. Employing facilitators who may lack ideological commitment can translate into both financial losses and poor operational security. Jamal Al-Fadl, one of al Qaeda’s first operatives, began embezzling funds from the group during its years in Sudan, based on his displeasure with his low salary, stealing approximately $100,000 in all. [18]

In addition to coordinators who were not ideologically motivated, overzealous foreign fighters also pose a problem to AQI. Inexperienced foreign fighters often arrive in Iraq without sufficient training. In addition, they are often unaware of the political climate in Iraq—including knowledge about the presence of a large Shi’a community. This has contributed to a lack of integration of foreign fighters into AQI’s local community. According to a document captured in 2008, these problems even led AQI to reject at one moment in time foreign fighters coming into Iraq. [19]

One of the largest costs insurgent groups incur stems from the obligation to assume some financial responsibility for the families of foreign fighters. Materials found among the Sinjar documents, for example, reveal that “the majority of the permanent manpower appears to have families requiring support.” [20] In other words, while foreign fighters provide a variety of
tangible benefits to the insurgency, the financial support required for their families is a significant cost.

Finally, insurgents by definition seek to discredit the government they are fighting and also create dependencies on the part of local populations through their low-intensity conflict warfare targeting local political and economic interests. Later, they may seek to control territory. Note, for example, that the Abu Ghadiyah network “planned to use rockets to attack multiple Coalition forces outposts and Iraqi police stations, in an attempt to facilitate an AQI takeover in Western Iraq,” according to information released by the US Treasury Department. [21] In the end, insurgents have to assume a level of financial responsibility for the local economy and also build grassroots support among local populations. This too increases the costs of the insurgency. [22]

Costs to the Host Country (Syria)

Countries that host networks that facilitate the presence or transport of foreign fighters risk incurring both political and economic consequences. Ultimately, violent extremists tolerated and supported by the host country may turn against it and pose a threat within the country and/or to the regime itself. For example, in October 2007, Sheikh Abdel-Aziz Al-Asheikh, the Grand Mufti of Saudi Arabia, announced a fatwa instructing Saudis not to leave the Kingdom to participate in jihad – a statement directed primarily at those considering going to Iraq, often passing through Syria. Al-Asheikh said that he decided to speak up, “after it was clear that over several years Saudis have been leaving for jihad” and that “our youth…became tools carrying out heinous acts.” In the same way, the 2006 attack on the U.S. Embassy in Damascus reportedly had a similar effect on the Syrian regime. The four men who attacked the Embassy with grenades and small-arms fire killed one security guard and wounded others. Three of the gunmen were killed in the firefight and the fourth was seriously wounded. This attack, according to one US official, served as a “wake-up call” for the Syrian government that fighters from Iraq were returning to Syria and could pose a security threat at home. [23]

In addition to the security threat posed by foreign fighters, Syria has also experienced sanctions for its support of foreign fighters. Syria is the longest-standing member of the US State Department’s list of state sponsors of terrorism, having been so designated in 1979. As a result, Syria has long been subject to a series of sanctions, including several trade-related restrictions, such as bans on arms sales and control over exports of dual-use items, as well as prohibitions on receiving financial aid. [24] According to the 2008 State Department Country Report released on April 30, 2009, “despite acknowledged reductions in foreign fighter flows [from Syria], the scope and impact of the problem remained significant.” [25]

In 2003, Congress passed the Syrian Accountability and Lebanese Sovereignty Restoration Act which cites, among other issues, the fact that Syria allows terrorist groups to operate within its territory and permits the flow of goods and fighters into Iraq, as reasons for sanctioning the regime. The American President also issued several executive orders directed at Syria. These
target the Syrian elite involved in corruption. [26] actors involved in interfering in the internal affairs of Lebanon, [27] and former Iraqi regime elements supporting the insurgency—some of whom were in Syria. [28] A number of top Syrian officials have been designated by the US Administration. In 2006, for example, the US Treasury blacklisted the Commercial Bank of Syria—the major player in the Syrian financial sector.

There is evidence that the Syrian Accountability Act and successive targeted financial sanctions have dissuaded American as well as some foreign businesses from investing in Syria. According to one report, General Electric, the French power company Alstom, and Japan’s Mitsubishi company all declined to bid on a Syrian government contract for the construction of power plants. [29] Turkcell withdrew its bid to purchase Syriatel in August 2008 after the United States had sanctioned Syriatel’s primary stakeholder, Rami Makluf. [30] As Syria’s energy production levels decline, sanctions have prevented major Western energy companies from making new investments there, although other foreign companies have stepped in and took business from U.S. firms.

While the Syrian economy achieved a five percent average annual economic growth rate during the past five years, this was primarily a result of high oil prices and investments from the Gulf. Recent downturns in key sectors of the Syrian economy could enhance the possible impact of sanctions. A three-year drought has crippled Syrian agriculture (which accounts for twenty-three percent of the GDP) and oil production revenues have decreased thirty percent in the past five years. These economic woes, coupled with the lack of foreign direct investments in Syria due to US sanctions, will further damage the Syrian economy. [31]

Costs to the Local Population

Within the territory targeted by insurgents - in this case Iraq - the local population suffers the immediate consequences of both full-scale warfare and low-intensity attacks targeting the local infrastructure and economy. Often, insurgents seek to gain control of territory and destroy the existing socio-economic infrastructure with the aim of replacing it with their own “socio-economic infrastructure, an economic system created exclusively to feed the armed struggle.” [32] According to one military expert,

State sponsors or groups which set up foreign fighter training facilities in these countries will have an initially positive effect on the local economy because the initial phase is like a courtship which usually starts with the building of schools, mosques, or possibly localized health care, then as the infrastructure matures, the benefits for the local populace begin to recede as the true focus of the group’s presence becomes apparent. [33]

In terms of cost to the local Iraqi population, it is worth noting that Transparency International ranked Iraq as the most corrupt country in the Middle East and listed it on place 129 out of a total
of 145 countries ranked. [34] In addition to corruption, criminal networks have taken over smuggling routes that were previously linked to local tribes. This is true when it comes to smuggling oil siphoned from pipelines, which cuts into local tribes’ traditional streams of revenue. [35] This smuggling amounted to a significant sum of money, considering that that Baghdadi oil ministry estimated in 2005 that approximately ten to thirty percent of imported fuel was ultimately smuggled out of Iraq. [36] In 2008, the Iraq Study Group found that corruption is “debilitating.” The report cited expert estimates that “150,000 to 200,000—and perhaps as many as 500,000—barrels of oil per day are being stolen.” The consequence for local populations is clear: “Controlled prices for refined products result in shortages within Iraq, which drive consumers to the thriving black market…corruption is more responsible than insurgents for the breakdowns in the oil sector.” [37]

Inevitably, pressure on the Syrian regime to crack down on longstanding smuggling networks that prop up the local border economy will come face-to-face with the reality that the central government lacks the will and possibly the means to step in and fill this economic gap.

**The Way Forward**

AQI and other insurgents in Iraq have been so successful in Iraq because their facilitation networks have successfully raised and transferred funds, recruited and transported fighters, and procured and moved weapons and goods – mostly through Syria. Shutting down these networks and starving the insurgency of its supply of material, funds, and manpower is a critical component of any successful counter-insurgency campaign. Yet convincing and enabling Syria to take the necessary steps to shut down the smuggling pipelines will require something more than just economic sanctions.

The various ways in which foreign fighter and other smuggling networks impact host countries and local populations, however, suggest that there are several steps that could be taken – and some to be avoided – to successfully separate insurgents from their suppliers and supply routes. It should be stated from the outset that, given the relatively strong return on minimal financial investment, Syrian support for insurgents and terrorists will remain an attractive option for the regime in Damascus so long as it continues to be a viable and productive means of furthering the regime’s domestic and foreign policy goals. Given the financial interests of local and national officials, cracking down on established smuggling networks (and thereby threatening the regular payments that supplement officials’ income) is no easy task. A multi-faceted approach to the foreign fighter facilitation network problem is therefore required, including:

- A plan to backfill the local economies with jobs and services to replace the losses sure to follow the shuttering of the smuggling economy;
• An anti-corruption and civil society campaign aimed at breaking the traditional and deeply ingrained culture of bribing people in positions of authority as the cost of doing business;
• Robust efforts to secure political stability in Iraq generally and specifically in areas controlled or largely influenced by insurgents;
• Diplomatic efforts to address the underlying policy concerns that have led Syria to support insurgents and terrorists as a means of furthering domestic and foreign policy;
• Finally, all efforts on the Syrian side of the border will have to be replicated by concurrent and parallel efforts on the Iraqi side of the border.

At the end of the day, however, political and diplomatic efforts may fall short, in which case targeted financial sanctions – focused on illicit activity, authority figures engaged in criminal or other activity threatening regional security, and corruption – present an attractive second option. Combined with regional diplomacy employing a variety of countries’ efforts to cajole Damascus when possible and sanction the regime when necessary, sanctions can at least increase the costs to the regime of its continued belligerent behaviour. Sanctions alone, however, will never solve national security problems, but when used in tandem with other elements of national power in an integrated, strategic approach, they can be very effective.

Were the shadow economy of smuggling enterprises to contract, the most critical and time-sensitive issue would be to successfully jumpstart legitimate economic growth in its place. In the words of General Sir Frank Kitson, “The first thing that must be apparent when contemplating the sort of action which a government facing insurgency should take, is that there can be no such thing as a purely military solution because insurgency is not primarily a military activity.” [38]

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Notes
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[6] Ibid., p. 70.


[19] ‘Dysfunction and Decline: Lessons Learned from Inside al-Qa’ida in Iraq’ Westpoint, Combating Terrorism Center, pp. 16-17.


