

## Update on LTTE Fundraising Issues - Terrorism and Insurgency Research Unit 9 November 2007

**SUBJECT:** Several recent developments indicate that money raised and transferred to the Liberation Tigers of Tamil Eelam (LTTE) may increase significantly in the near-term.

**SIGNIFICANCE:** The conflict in Sri Lanka will continue unabated unless lawmakers, law enforcement and the financial community in Western countries, where LTTE money is mostly sourced, become more proactive in stemming the financial flows.

**ANALYSIS:** The viability of the LTTE war machine in Sri Lanka hinges on the financial support of Sri Lankan Tamil enclaves abroad; especially in the EU since the US designated LTTE's charitable front, the Tamil Rehabilitation Organization (TRO), on 15 November 2007. Three recent developments will likely stir support among these populations which could translate into increased financial support for the Tamil Tigers.

### Striking developments:

Three recent events will likely impact the level of financial support abroad for the LTTE:

#### 1. Popular political representative killed

LTTE's chief political representative involved in peace talks, S. P. Thamilselvan, was killed by a Sri Lankan air strike on 3 November in Kilinochchi, the de facto capital of the LTTE-administered separatist state. Thamilselvan enjoyed considerable popularity due to his status as "a war hero" in the pro-Tiger community – he fought in several famous battles and lost a leg during the conflict.

Expatriate Tamil communities in Canada, Norway, the UK and Switzerland have demonstrated publicly in an outpour of mourning for the slain leader. As sympathy hardens into greater resentment against the Sri Lankan state, increased financial donations from these populations should be expected.

#### 2. Sri Lankan military encroachment into LTTE-held Tamil territory

The Sri Lankan military offensive that began in early 2007 to extirpate the LTTE has resulted in the capture and control of a large portion of formerly held LTTE territory in the Eastern province. The military has announced its intention to continue its offensive and the Sri Lankan government is expected to appropriate a record defense budget soon to help execute this mission.

As observers within the Tamil diaspora closely monitor these developments – likely to be perceived as unjust occupation at a minimum and a vital threat at a maximum – support for the insurgent group should be expected to grow.

Since the LTTE is the de facto representative of the Tamil people's interests in Sri Lanka, Sri Lankan Tamils abroad may express their solidarity to the Tamil cause through money given to the LTTE to continue fighting. This support would be understood as a means to prevent the Sri Lanka military from taking total control of the putative Tamil homeland.

#### 3. LTTE demonstrates that it retains asymmetric strike capacity despite territorial losses

On 22 October, the LTTE carried out a spectacular ground and air raid on a vital Sri Lankan military airbase. Twenty LTTE suicide operatives entered the installation and destroyed all but three of the 27 aircraft in the base. The LTTE's nascent air wing conducted a flyover undeterred and demonstrated that the Sri Lankan military has yet to secure its airspace despite a series of aerial raids earlier this year.

These attacks will almost certainly boost morale and help convince the LTTE's constituency – namely, the Sri Lankan Tamil diaspora – that it remains potent, viable and in need of their support. Taken in the context of the first two developments, this attack could contribute to more money being raised for the Tamil Tigers.

#### Legislation and law enforcement issues

Tougher legislation and law enforcement in regard to LTTE financing activities in North America and Europe have contributed to waning financial support among the Tamil diaspora during the past year. The US' recent designation of the LTTE-affiliated TRO in 18 countries will likely shift the locus of LTTE's fundraising operations to European states that have been either unwilling or unable to take effective action against it.

Despite the LTTE becoming a proscribed terrorist organization in the EU in May 2006, there are significant gaps being exploited as some European countries exercise more diligence than others. Non-cooperative countries function as channels for the group to transfer the sum of its European financial collections from the continent to other less-regulated countries and territories in Asia.

#### Conclusion

Political killings, perceived encroachment and shows of asymmetric force indicate that money raised and transferred to the LTTE should be expected to increase significantly in at least the near term. This would constitute a reversal in the current trend of waning support for Tamil Tigers abroad. Lawmakers, law enforcement and the financial community – especially in Europe – must monitor the situation closely.