

## **Al Qaeda in Southeast Asia: Exploring the Linkages**

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At the advent of the War on Terror in the fall of 2001, there was a great deal of skepticism by politicians and pundits alike that Al Qaeda had penetrated the region. The conventional wisdom was that although every country in Southeast Asia has a Muslim community, indeed Indonesia is the largest Muslim country in the world, Islam was built upon indigenous culture and was thus more moderate. The vast majority of Muslims in Southeast Asia are secular and tolerant and they eschew the violence and radicalism associated with Islam in the Middle East and South Asia. Because Southeast Asia was the "Islamic fringe," few believed that Al Qaeda could have penetrated these societies, leading to both denial and complacency by several governments to devastating results. It was not until the 12 October 2002 terrorist attack on Bali, 13 months after 11 September attacks on the United States, that opinions began to change and the Indonesian government acknowledged that Al Qaeda was active within the archipelago.

A thorough study of Al Qaeda's penetration of Southeast Asia, and its linkages to regional groups such as the Jemaah Islamiya, Moro Islamic Liberation Front (MILF), the Abu Sayyaf Group (ASG), the Rabitatul Mujiheddin and other organizations, is impossible in the space allotted, and I refer people to my study, *Tentacles of Terror: Al Qaeda's Southeast Asian Network*.

This paper seeks to explain the linkages of Al Qaeda to the region, but also explore what is the nature of those linkages. At one end of the spectrum, there are clearly groups and individuals who are influenced by and share a similar world view as Osama bin Laden. Indeed, Al Qaeda in many ways has been transformed from an organization to an ideology. At the other end of the spectrum Al Qaeda has established its own network and grafted onto pre-existing Islamic movements and found common cause with them, such as with the MILF.

One thing that is absolutely clear: in 1995 when the Ramzi Yousef cell was broken up and he and his two co-conspirators were arrested, no intelligence or law enforcement agencies looked beyond that case. Ramzi Yousef was treated as a lone wolf there to conduct a single operation, not part of an international network. No one asked why Al Qaeda came to the Philippines and if they were linking up to regional groups. There were only three arrests and the entire infrastructure was left in place.

### **1. Understanding Al Qaeda**

To understand how Al Qaeda penetrated Southeast Asia, you have to conceptualize what Al Qaeda as an organization is. If you believe it to be a large, centralized, top-down, organization, you are missing the point. Al Qaeda is truly a network. As John Arquilla notes, Al Qaeda was developed along "diverse,

dispersed nodes who share a set of ideas and interests and who are arrayed to act in a fully internetted 'all-channel' manner."<sup>1</sup> [See diagram 1]

Ideally there is no central leadership, command, or headquarters- no precise heart or head that can be targeted. The network as a whole (but not necessarily each node) has little to no hierarchy, and there may be multiple leaders. Decision-making and operations are decentralized, allowing for local initiative and autonomy. Thus the design may appear acephalous (headless), and at other times polycephalous (hydra-headed).<sup>2</sup>

"Vertically, Al-Qaeda is organized with Bin Laden, the emir-general, at the top, followed by other Al-Qaeda leaders and leaders of the constituent groups. Horizontally, it is integrated with 24 constituent groups. The vertical integration is formal, the horizontal integration, informal."<sup>3</sup> Al Qaeda is highly compartmentalized. "These groups share the principles of the networked organization- relatively flat hierarchies, decentralization and delegation of decision-making authority and loose lateral ties among dispersed groups and individuals."<sup>4</sup> This is not to say that they are completely independent and autonomous, but once they have received the "direction" from Al Qaeda leaders, local operatives have some degree of flexibility in executing operations. [See Diagram 2]

## 2. Why Southeast Asia?

There are a number of reasons why Al Qaeda turned to Southeast Asia. The first and foremost is that these are "countries of convenience" making it an important back office of operations. Most had lax visa requirements (Malaysia or Indonesia for OIC states), were transit hubs (Thailand) or had porous borders (Philippines and Indonesia). The Philippines did not even have a computerized immigration system in place until a few years ago, making it easy to launder identities. Police and security forces were corrupt, allowing terrorists space to operate and train, and there were vast regions not under firm central government control in Indonesia and the Philippines. Business-friendly environments made it easy to establish front companies and business ventures. The region's banks were poorly regulated, with the exception of Singapore, and indeed Malaysia's rush to position itself as a global center for Islamic banking proceeded far faster than regulatory and legal oversight. There are extensive *hawala* networks in the region as there are millions of Southeast Asians who work abroad. Thailand was

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<sup>1</sup> John Arquilla, David Ronfeldt and Michele Zanini, "Networks, Netwar and Information-Age Terrorism" in Ian O. Lesser, et al, *Countering the New Terrorism* (Washington: Rand Corporation, 1999), 49.

<sup>2</sup> Arquilla, "Networks, Netwar and Information-Age Terrorism," 51.

<sup>3</sup> Hirschorn, et al, "Blowback."

<sup>4</sup> Arquilla, "Networks, Netwar and Information-Age Terrorism," 61.

a center of document forging. The region is awash in weapons. Central governments often do not exercise control over vast swaths of their territory.

The second reason that Al Qaeda was attracted to Southeast Asia was that a small percentage of the population was becoming more influenced by a fundamentalist Islam and Wahhabism and Deobandism in particular. This has occurred gradually over time, but it is clear that political Islam is on the ascendancy in Malaysia and Indonesia. There are many reasons for this, but they included economic disparities, a backlash to Westernization and globalization, the lack of political freedom and democracy, the failure of secular states and secessionist aspirations. Wahhabism's introduction into the region can be explained by several factors: Gulf petro-dollars and Islamic charities funded mosque and school construction as well as other development assistance. Aid has been conditional on Wahhabi, not indigenous Sufi or moderate Suni teachings. More Southeast Asian students have studied in Middle Eastern Islamic universities and *madrasas*, in particular Egypt's Al Azhar and Yemen's Al Imam Universities, both of which espouse doctrinaire Wahhabism, as well as the Pakistani and Afghan *madrasas* that gave rise to Salafi movements such as the Taliban.

In addition to the schools established with Gulf money, were a number of schools established by returned Mujiheddin, veterans of the Afghan war against the Soviet Union. It cannot be emphasized enough how important the anti-Soviet war was. Although there were no more than 1,000 Southeast Asian *jihadis*, they returned to Southeast Asia, convinced of the righteousness of their cause, confident that they could defeat their own secular governments, with a taste of *jihad*, and important standing in their own communities.

Al Qaeda was able to build on its personal relationships with veterans of the Mujiheddin in Afghanistan. Undeniably, the Afghanistan experience was the formative experience in the Southeast Asian *jihadi's* lives. One can not underestimate the how important the Afghan connection is: it was the basis for the Al Qaeda network around the world. As Peter Bergen wrote:

Still, in the grand scheme of things the Afghan Arabs were no more than extras in the Afghan holy war. It was the lessons they learned from the *jihad*, rather than their contribution to it, that proved significant. They rubbed shoulders with militants from dozens of countries and were indoctrinated in the most extreme ideas concerning *jihad*. They received at least some sort of military training, and in some cases battlefield experiences. Those who had had their tickers punched in the Afghan conflict went back to their countries with the ultimate credential for later holy wars. And they believed their exertions had defeated a superpower.<sup>5</sup>

They returned home, confident that they could defeat their secular regimes. The leadership of almost every militant Islamic group in Southeast Asia, from the *Kumpulan Mujiheddin* Malaysia, *Jemaah Islamiya*, *Laskar Jihad*, *MILF*, fought with the Mujiheddin. In Indonesia, there was the "Group of 272" of

<sup>5</sup> Peter Bergen, *Holy War Inc.*, 56.

returned veterans and the key leaders of radical groups in the region all are veterans of the Mujiheddin: Jaffar Umar Thalib, Hambali, Mohammed Iqbal Rahman, Nik Aziz Nik Adli, Abdurajak Janjalani, and others. By linking their domestic struggles with an international network, the leaders of these groups were able to pool and share resources, conduct joint training, assist each other in weapons and explosives procurement, identity laundering and financial transfers. By working internationally, domestic-oriented groups were better able to achieve their goals.

These jihadis returned to Southeast Asia and established a small network of madrasas, which espoused Wahhabism. The JI directly owned a number of madrasas, Islamic boarding schools, and was affiliated with a number of others. The most important *madrasa* is the Al Mukmin school in Solo, Indonesia, but they also include the Al Tarbiyah Luqmanul Hakiem school in Johor, Malaysia, the KMM's Sekolah Menengah Arab Darul Anuar in Kota Baru Malaysia, Pesentren Hidayatullah in Balikpapan, Kalimantan, and Pesentren Darul Aman, in Gombara, Ujung Pandang, and the Al Islam School. These schools became the centers of recruiting, indoctrination and operations for the JI.

Whereas there were always Islamists in Southeast Asia, though a minority of the Muslim population, there were now *jihadists*, who were willing to resort to violence to bring about the establishment of Islamic states governed by *sharia*.

### 3. Al Qaeda's Infrastructure

One of the aspects that made Southeast Asia so appealing to the Al Qaeda leadership in the first place was the network of Islamic charities, the spread of poorly-regulated Islamic banks, business-friendly environments, and economies that already had records of extensive money laundering. It is my contention that Al Qaeda saw the region, first and foremost, as a back office for their activities (especially to set up front companies, fundraise, recruit, forge documents, and purchase weapons), and only later became a theater of operations in its own right as its affiliate organization in Southeast Asia, the Jemaah Islamiya, developed its own capabilities.

It is Al Qaeda's logistical network that allows Al Qaeda operatives, the JI and disparate groups to maintain their ties. Much of Al Qaeda's funding is thought to come from charities, either unwittingly or intentionally siphoned off. This is possible as Al Qaeda inserted top operatives in Southeast Asia into leadership positions in several charities.

In Islamic culture, Muslims are expected to donate 2.5 percent of their net revenue to charity, known as *zakat*.<sup>6</sup> There are some 200 private charities in Saudi Arabia alone, including 20 established by Saudi intelligence to fund the Mujiheddin that send some \$250 million a year to Islamic causes abroad.<sup>7</sup> The

<sup>6</sup> Muslims are required to pay 2.5 percent of their income in *zakat* (alms) each year. It is estimated that \$1.6 million per day is donated by wealthy Saudis alone. During the war against the Soviets, the Saudis established three charities, the Islamic International Relief Organization, Al Hamaran Foundation and the Islamic Relief Agency. Al Qaeda has established many more since then. Mark Hubard, "Bankrolling Bin Laden," *Financial Times*, 28 November 2001.

<sup>7</sup> Jeff Garth and Judith Miller, "Threats and Responses: The Money Trail," *NYT*, 28 November 2002.

three most important of these are the Islamic International Relief Organization (IIRO), which is part of the Muslim World League, a fully Saudi state-funded organization, the al Haramain Islamic Foundation, also based in Saudi Arabia, and the World Assembly of Muslim Youth.<sup>8</sup> Although most of the money goes to legitimate charitable work, albeit to win support; such as, mosque construction, charities, cultural centers, and NGOs, much of the money is diverted to clandestine activities. *Zakat* taxes are common throughout Southeast Asia, indeed in late-2001, the Indonesian government agreed to make *zakat* tax deductible in order to encourage charitable donations. Yet unlike the West where NGO's and charities are closely regulated and audited, they are almost completely unregulated in Southeast Asia, allowing for egregious financial mismanagement and the diversion of funds to terrorist cells. Bin Laden's initial foray into the region came in the form of charities run by his brother-in-law in the Philippines, including a branch of the IIRO.

Khalifa established several other charities and Islamic organizations in the Philippines ostensibly for charity and religious work, which channeled money to extremist groups, including a branch office of the Saudi charity Mer-c International and two local NGOs, Islamic Wisdom Worldwide and the Daw'l Immam Al Shafee Center. He established Al-Maktum University in Zamboanga using funds from the IIRO.<sup>9</sup> He also established a branch office of the IIRO in Zamboanga. According to the IIRO's office in Saudi Arabia, its activities include an orphanage and dispensary in Cotabato City, dispensaries and pharmacies in Zamboanga. It provided food and clothing to internally displaced people who fled war zones. In addition, IIRO funding went to schools and scholarships. The IIRO asserted that it always did this if not in cooperation with the government, with at least official approval.<sup>10</sup> Perhaps the most important NGO was the little known International Relations and Information Center.<sup>11</sup> The IRIC engaged in numerous activities, for the most part philanthropic: livelihood projects, job training (carpentry, fish farming, farming), orphanages, Islamic schools and other social work.<sup>12</sup> According to the Philippine National Security Advisor, Roilo Golez,

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<sup>8</sup> The President of the World Assembly of Muslim Youth is Sheikh Saleh al-Sheikh, the Saudi Minister of Islamic Affairs. He is also the "superintendent of all foundation activities for Al Haramain. In March 2002, the United States froze the accounts of Al Haramain's offices in Bosnia and Somalia. The Bosnian branch was re-opened in August 2002 under Saudi Pressure. See Matthew Levitt, "Combating Terrorist Financing, Despite the Saudis," Washington Institute for Near East Policy, Policy Watch #673, 1 November 2002.

<sup>9</sup> The IIRO was established in 1978 in Saudi Arabia as a non-governmental humanitarian organization. It has more than 30 offices, and its activities cover more than 75 countries in different parts of the world. It was used extensively by Saudi Arabian intelligence services to channel Saudi, American and Gulf-state funding to the Afghan Mujiheddin from 1979-1989.

<sup>10</sup> Basha, "Largest Islamic Relief Organization Maligned."

<sup>11</sup> Zubair immigrated to the Philippines in 1985 and married a local convert to Islam Shedha Enriquez. Abu Omar, Khalifa's brother-in-law, started working at the IRIC in 1993, first as a "volunteer," and becoming its director in 1994. The Chair of the IRIC was Dr. Zubair, described by Philippine intelligence as Khalifa's "business partner."

<sup>12</sup> PNP, *After Intelligence Operations Report*.

Khalifa "built up the good will of the community through charity and then turned segments of the population into agents."<sup>13</sup>

Yet, the IIRO quickly caught the interest of the Philippine police and military intelligence which saw it as a front organization for insurgent activities. "The IIRO which claims to be a relief institution is being utilized by foreign extremists as a pipeline through which funding for the local extremists are being coursed through," a Philippine intelligence report noted.<sup>14</sup> An Abu Sayyaf defector acknowledged that "The IIRO was behind the construction of mosques, school buildings and other livelihood projects" but only "in areas penetrated, highly influenced and controlled by the Abu Sayyaf."<sup>15</sup> For example, in Tawi Tawi, the director of the IIRO branch office was Abdul Asmad, thought to be the Abu Sayyaf's intelligence chief, before being killed on 10 June 1994. Scholarships, likewise, were given to students to become Islamic scholars. The defector said the IIRO was used by Bin Laden and Khalifa to distribute funds for the purchase of arms and other logistical requirements of the Abu Sayyaf and MILF: "Only 10 to 30 percent of the foreign funding goes to the legitimate relief and livelihood projects and the rest go to terrorist operations."<sup>16</sup> The earliest financial dealings between the ASG and Khalifa date to 1991, when the group was founded.

The Philippine government asserts that all of the charities run by Khalifa in the Philippines, that were used to funnel money to the Abu Sayyaf group and the MILF, were shut down.<sup>17</sup> The linkages between Khalifa and Yousef, and the fact that Wali Khan Amin Shah was supposedly an employee of the IIRO was too much for the Philippine authorities to countenance. Yet, complained one senior intelligence official to me, "we could not touch the IIRO."<sup>18</sup> It took the Philippine government almost 6 years to shut their office in the Philippines, from 2000 until September 2001, the IIRO still funded projects in the country through its representative offices in Malaysia and Indonesia. The IRIC's operations and staff were taken over by another Islamic charity, the Islamic Wisdom Worldwide Mission, headed by a close Khalifa associate Mohammed Amin al-Ghafari in 1995.<sup>19</sup> The Daw'l Immam Al Shafee Center, likewise, remains operating.

In Indonesia, a similar development of charities as terrorist fronts occurred. JI and Al Qaeda leaders assumed leadership positions, often becoming regional branch chiefs, or formed alliances with several important Saudi-backed charities, including MERC, the IIRO and Al Haramain.

One of the most important charities in all of this was KOMPAK, an independent arm of the Dewan Dakwah Islam Indonesia, founded on 1 August

<sup>13</sup> Mark Lander, "US Advisors May Aid Philippine Anti-Terror Effort," *NYT*, 11 October 2001, B4.

<sup>14</sup> Christine Herrera, "Bin Laden Funds Abu Sayyaf Through Muslim Relief Group," *PDI*, 9 August 2000.

<sup>15</sup> Herrera, "Bin Laden Funds Abu Sayyaf Through Muslim Relief Group."

<sup>16</sup> Herrera, "Bin Laden Funds Abu Sayyaf Through Muslim Relief Group."

<sup>17</sup> "Full Text of Palace Letter to the *New York Times*," *PDI*, 12 October 2001.

<sup>18</sup> Interview with a Major in the IS-AFP, Camp Aguinaldo, Quezon City, 24 January 2002.

<sup>19</sup> Interview with a Colonel in the PNP-IS, Malate, 25 June 2002.

