Combating terror financing through SAARC

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Guest Column by Sameer Patil

(This paper of Gateway House was forwarded to us for publication. The thrust of the paper is that India should take the initiative and forge a regional approach to the problem. While this looks good on paper, the realities in the sub-continent are not conducive enough right now for such an approach. When one of the constituents in the SAARC shelters and nurtures the terrorists and when it distinguishes between good and bad terrorists, how can one forge any joint approach in this region? - Director)

Despite an early regional consensus on counter-terrorism, SAARC’s record in tackling terrorism remains dismal. With the widening network of terrorist groups in the subcontinent, it is imperative that India takes the lead in forging substantial counter-terrorism cooperation, particularly on the issue of financing.

As South Asian leaders gather for the 18th Summit of the South Asian Association for Regional Cooperation (SAARC) in Kathmandu on November 26-27, the spectre of terrorism and the question of how to effectively counter it will be looming large.

Recent developments—the neutralisation of a module of the Jamaat-ul-Mujahideen Bangladesh (JMB) in Burdwan, West Bengal, the announcement of al-Qaeda’s intention to establish a South Asian branch, and the Islamic State’s plans to gain a foothold in the region—have aggravated fears of a larger jihadist presence in South Asia.
Yet, the subcontinent lacks a regional resolve and response to counter the activities of these groups. Ironically, SAARC evolved a consensus on the need for greater cooperation to counter terrorism, long before terrorism became a focal point of international politics. SAARC took several steps in this context:

In 1987, just two years after the formation of SAARC, at a meeting in Kathmandu, member states signed the SAARC Regional Convention on Suppression of Terrorism.[1] The convention made a political commitment to countering terrorism at the regional level and, more importantly, defined what constituted terrorist acts.

Subsequently, a Terrorist Offences Monitoring Desk was established in 1995 in Colombo to collect, assess, and disseminate information on terrorist activities.[2]

After the September 2001 attacks in the U.S. and United Nations Security Council Resolution (UNSCR) 1373 in 2001, the 1987 convention was updated with an Additional Protocol, which criminalised the provision, collection, or acquisition of funds for terrorist activities.[3]

In 2008, SAARC signed a Convention on Mutual Legal Assistance in Criminal Matters for investigating and prosecuting crimes linked to terrorism.[4]

These steps are impressive. But almost two-and-a-half decades later, cooperation on counter-terrorism among SAARC member countries remains largely symbolic. Instead, mutual suspicion and a trust deficit among the security agencies of the member states have become impediments to cooperation.

Critically, bilateral tensions between India and Pakistan, and the Pakistani establishment’s involvement in propping up groups such as the Lashkar-e-Taiba, Hizbul Mujahideen, and Jaish-e-Mohammed, have invalidated the prospects for substantial cooperation. These are the very groups that have spread their network wide—across India, Bangladesh, Nepal, Sri Lanka, and the Maldives.

SAARC’s failure is even more obvious since other regional organisations in the neighbourhood have been able to, over time, effectively cooperate on this issue—the Shanghai Cooperation Organisation has done it through its Regional Anti-Terrorist Structure, and members of the Association for Southeast Asian Nations share information on maritime terrorism and piracy.

Instead of regional efforts, South Asian countries have found it easier to engage in extra-regional multilateral counter-terrorism initiatives. For instance, India and Pakistan are members of the multilateral Global Counterterrorism Forum started by the U.S. in 2011, where national counter-terrorism officials can interact, exchange experiences, and participate in capacity-building programmes.[5]

Bilaterally, India-Bangladesh and India-Nepal have evolved deep counter-terrorism partnerships to neutralise terrorist groups. However,
bilateral cooperation is not enough, because terrorist activities take place across multiple jurisdictions. Regional cooperation through SAARC is therefore an absolute necessity.

Fortunately, South Asia already has the necessary regional framework in place—the 1987 Convention, and its Additional Protocol. What is needed is the political will among the member states to translate that vision into actual cooperation and pressurise countries like Pakistan to contribute substantially to these efforts.

With regional counter-terrorism efforts, it will be easier for India to push for the adoption of a global terrorism treaty—the Comprehensive Convention on International Terrorism—which Prime Minister Narendra Modi spoke of during his speech at the UN General Assembly on September 27.[6]

India can also push for member countries to cooperate on the issue of the financing of terrorism. This will be the least politically controversial and the most palatable step for member states—SAARC countries have already accepted their obligations under the International Convention for the Suppression of the Financing of Terrorism of 1999 and UNSCR 1267, which freeze the financial assets of al-Qaeda-linked individuals and entities.

To comply with these international measures, SAARC countries have taken steps domestically by enacting legislations against money-laundering and terrorist financing, and establishing Financial Intelligence Units (FIUs) to report on suspicious transactions.

These measures have largely been targeted at the use of the formal financial system by terrorist groups. However, South Asian terrorist groups have been particularly adept in using traditional methods and informal financial channels to raise and transfer funds. These include prayer donations and religious charities, widely prevalent informal systems of remittances like hawala and hundi, as well as other criminal activities such as smuggling, extortion, kidnapping, drug trafficking, and counterfeit currency.

An important step forward to complement these efforts will be the creation of a regional electronic database. Using the mechanism of the dormant Terrorist Offences Monitoring Desk in Colombo, member states can create such a database to share information related to terrorist financing, money-laundering and suspicious transactions.

The FIUs of the member states already share information on suspicious transactions with inter-governmental organisations such as the global Financial Action Task Force and the Eurasian Group on Combating Money Laundering, as well as autonomous organisations such as the Asia/Pacific Group on Money Laundering.

The regional database can be accompanied by a periodic review mechanism which will report at every SAARC summit on the data that has been gathered and discuss further measures to be taken. Member states can provide incentives to involve their respective finance sectors in
this initiative and introduce punitive measures for non-compliance.

Modi has emphasised the need to deepen engagements within South Asia. A shared anti-terrorism network will be a beneficial first step for all, and the 18th SAARC Summit is an opportunity to take substantive steps in this direction.

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