

Middle East and North Africa Overview

The Middle East and North Africa region continues to be the region of greatest concern in the global war on terrorism. Iraq witnessed extensive terrorism and violence by foreign jihadists, former regime elements, and Islamic extremists. Numerous attacks in Iraq targeted foreign aid workers, contractors, and other non-combatants. Major terrorist attacks also occurred in Egypt, Saudi Arabia, and Israel. Active groups in the Middle East included al-Qa'ida, the Islamic Resistance Movement (HAMAS), Hizballah, Palestinian Islamic Jihad (PIJ), the al-Aqsa Martyrs Brigade (Fatah's militant wing), the Popular Front for the Liberation of Palestine (PFLP), Ansar al-Islam and its offshoot Ansar al-Sunna, and Abu Mus'ab al-Zarqawi's organization Tanzim Qa'idat al-Jihad fi Bilad al-Rafidayn, or the al-Qa'ida Jihad Organization in the Land of the Two Rivers (formerly Jama'at al-Tawhid wa'al-Jihad). There was an increase in terrorist groups affiliating themselves with al-Qa'ida or expressing support for al-Qa'ida's ideology. In December, the United States amended the Foreign Terrorist Organization (FTO) designation of Zarqawi's group to include its new name and aliases and designated the Libyan Islamic Fighting Group (LIFG) as an FTO. Lebanese Hizballah's television network, al-Manar, was also added to the Terrorist Exclusion List (TEL).



In Baghdad's Haifa Street, on December 19, several employees of Iraq's Independent Electoral Commission are killed by unidentified gunmen after being dragged from their car. (AP Photo/STR)

Almost all countries in the region continued significant international counterterrorism cooperation and undertook efforts to strengthen their counterterrorism capabilities and effectiveness. Many countries continued to provide support to Coalition efforts to bring peace and stability to Iraq and Afghanistan. The United States continued to provide training throughout the region to assist US allies to enhance their counterterrorism capacity. In November, Bahrain hosted the first meeting of the newly-established FATF-style regional body, the Middle East and North Africa Financial Action Task Force (MENA FATF), the creation of which should strengthen members' efforts to combat money laundering and terrorist financing in countries in the region.



A Yemeni employee of the US Consulate in Jeddah, Saudi Arabia, wounded during a December 6 attack on the Consulate, talks with two Saudi men at a Jeddah hospital the day following the terrorist attacks. (AP Photo/Hasan Jamali)

Iraq's designation as a state sponsor of terrorism was officially rescinded on October 20, and the United States continued to work closely with the Iraqi Interim Government (IIG) and Iraqi Security Forces to combat terrorism in Iraq. Nevertheless, terrorists and insurgents endeavored to prevent the establishment of a free, sovereign, and democratic Iraq through numerous attacks, including bombings, assassinations, kidnappings, and beheadings.

Saudi Arabia, Jordan, and Kuwait undertook aggressive actions to prevent terrorists and insurgents from crossing their borders into Iraq. Syria also took some measures to intercept Iraq-bound foreign jihadists, but those efforts were only partly successful.

Terrorist attacks in Israel in 2004 killed almost 100 people, a significant decrease from the year before. HAMAS claimed responsibility for the deadliest attack of the year, the August 31 double suicide bombing of two buses in Beersheva that killed 16 people and wounded 100.

In Egypt on October 7, terrorists attacked three tourist targets in Taba and Nuweiba on the Sinai peninsula, killing 34 people, including Egyptians, Israelis, Italians, a Russian, and an American-Israeli dual national, and injuring over 140. By the end of the year, the Egyptian Government assessed that of the nine individuals responsible for the attacks, two had been killed in the attacks, five were in custody, and two were still at large.

In Saudi Arabia, terrorists killed dozens of foreigners and Saudi citizens in 2004, including six Americans. Saudi authorities aggressively pursued terrorists and succeeded in capturing or killing many on their most-wanted list. On December 6, an attack on the US Consulate in Jeddah killed four Consulate locally engaged staff and one contract guard, and significantly injured ten employees. Three of the attackers were killed at the site, and one died later of his



Saudi forces gathered outside the US Consulate in Jeddah on December 6 after terrorists threw explosives at the gate, forced their way in, and held hostages at gunpoint. Three of the five terrorists were killed during the attack and a fourth later died of wounds. (AP Photo/Saudi Gazette)

injuries. The fifth is in Saudi custody. Two groups associated with al-Qa'ida claimed responsibility for the attack.

Jordan's State Security Court sentenced eight men to death, including Abu Mus'ab al-Zarqawi, for the 2002 murder of USAID official Laurence Foley. In Yemen, the Sana'a Primary Court, in separate trials, convicted the defendants in the USS Cole and French M/V Limburg attacks. Both cases were under appeal at the end of 2004.

Algeria killed or apprehended key leaders of the Salafist Group for Call and Combat (GSPC) and the Armed Islamic Group (GIA), and arrested more than 400 other GSPC and GIA terrorists during 2004. On October 12, Algerian President Abdelaziz Bouteflika opened the African Union's Center for Study and Research on Terrorism in Algiers.

Morocco continued its aggressive action against suspects in the May 2003 Casablanca bombing.

Algeria

Algeria continued strong support for US counterterrorism efforts and demonstrated its overall support of the global war on terror. Algeria made impressive gains against both the Salafist Group for Call and Combat (GSPC - also known as the Salafist Group for Preaching and Combat) and the Armed Islamic Group (GIA). In June, GSPC "Emir" Nabil Sahraoui (aka Abu Ibrahim Mustapha) was killed by security forces during an armed clash. In October, Amari Saifi, a.k.a. Abderazak al-Para, the GSPC leader responsible for the 2003 kidnapping of 32 European hostages in Algeria, was apprehended through cooperation with the Chadian and Libyan authorities, and returned to Algeria after being held by a Chadian rebel group, the Movement for Democracy and Justice, for several months. In early November, Algerian security forces captured GIA leader Nouredine Boudiaf and three of his associates along with a large cache of weapons near the Algiers airport. Alge-

Public Diplomacy

The foundation of the US Government's public diplomacy strategy is to engage, inform, and influence foreign publics in order to increase understanding of American values, policies, and initiatives. Since the terrorist attacks of 9/11, reaching foreign audiences with core policy messages on democracy, tolerance, and the universal values of liberty and freedom remains at the center of US efforts to counter extremist rhetoric and disinformation coming from hostile groups.

Support for and understanding of the United States go hand-in-hand with strengthening moderate voices as an antidote to extremism. Through public diplomacy programs such as Fulbright academic exchanges, International Visitor Leadership projects, speaker programs, journalist tours, English-language development, Internet websites, and digital video conferences, the US Government is communicating American principles and values. At the same time, these programs work to increase mutual understanding and respect between the people of the United States and those of other countries.

Through public diplomacy the United States calls for dialogue with key communities, while encouraging the growth of moderation, based on mutual interests of democracy, security, prosperity, and shared values. In 2002, the Department launched Partnerships for Learning (P4L), which directs exchanges toward youth and youth influencers and focuses on the universal need for education and opportunity. A powerful component of the US Government's public diplomacy programs is the broad range of American academic institutions, NGOs, and private citizens who play a vital role in hosting approximately 30,000 academic, cultural, and professional exchange visitors annually.

One of the most effective public diplomacy tools is American Corners. Often housed in educational institutions, American Corners in 201 cities in 89 countries serve as platforms for public outreach, especially to young people, offering them knowledge about life in the United States, American government, and American culture through computers, books, magazines, and information.

Radio, television, Internet and video products continue to be powerful tools for bringing America's foreign policy message to worldwide audiences. The State Department produces a wide array of print and electronic materials describing for foreign audiences, in their own languages, the need to counter those who have committed or wish to commit terrorist acts, as well as the achievements made in that struggle. The US Agency for International Development (USAID) carries out foreign assistance programs that support key US foreign policy interests and have a positive public diplomacy impact for many people in the

developing world. USAID's humanitarian aid programs and its activities in the areas of economic growth, agriculture, trade, global health, democracy, and conflict prevention help reduce the risk of countries becoming breeding grounds for terrorism. In Afghanistan, USAID is helping to build a safe, stable society that meets the needs of its people and eliminates an environment in which terrorist groups have flourished. USAID has been on the front lines of support to tsunami-affected countries, garnering goodwill toward the United States among people in the hardest-hit areas.

At the Sea Island summit hosted by the United States in June 2004, the G8 launched the Broader Middle East and North Africa (BMENA) Initiative to support reform efforts underway in the region in the areas of democratization, economics, and education. A key component of the BMENA initiative is the Forum for the Future, which brings together annually foreign, education, and economic ministers, as well as civil society and business representatives, from the Broader Middle East and the G8 to discuss ways to support reform. In addition to the forum, the G8 agreed to support a Democracy Assistance Dialogue, a Network of Funds, Entrepreneurship Centers, a microfinance initiative, a literacy initiative, an Investment Task Force, and a private enterprise partnership at the International Finance Corporation.

Also of public diplomacy significance, the Middle East Partnership Initiative (MEPI), launched in December 2002, is a Presidential initiative established to support economic, political, and educational reform in the Middle East and expand opportunity for all people of the region, especially women and youth. By working closely with governments in the Arab world, academic institutions, the private sector, and non-governmental organizations, MEPI increases support for core democratic values and self-generated reform efforts in the Middle East.

Among the hallmark activities being conducted under the auspices of MEPI are plans for the creation of a Middle East Justice Institute, multiple sessions for Middle East Entrepreneurship Training in the United States for men and women, and regional campaign schools teaching political skills to female candidates. In addition, "Partnership Schools" help transform the classroom learning experience through innovative alternatives that can serve as models for governments as they build new schools and reform educational systems.

The success of public diplomacy efforts is not measured in days or weeks; it is a long-term commitment measured in the course of generations.

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According to Algerian authorities, fewer than 800 terrorists remain active in Algeria, down from a possible high of 28,000 terrorists in the mid-1990s. The Government's success in capturing or killing a number of GSPC and GIA leaders has further weakened the effectiveness of these two groups. The GSPC, however, carried out several operations in Algeria in 2004, including the August ambush of a military convoy in which 40 members of the security forces were killed. On June 21, GSPC terrorists exploded a vehicle-borne explosive device outside the El-Hamma electric power generating facility in central Algiers, causing no casualties but knocking out 210 MW of generating capacity for several months. Members of the cell responsible for the El-Hamma bombing were reportedly killed by security forces in October. Numerous smaller incidents occurred in 2004, mainly in the Boumerdes area and in parts of Kabylie.

Algeria's neighbors, including Mali, Niger, Chad, and Mauritania, continue to be affected by the GSPC's activities. The GSPC conducts smuggling activities between Algeria and neighboring countries. There are also financial links between GSPC cells in Europe and Algeria. The GSPC issued several communiqués on its website threatening foreigners in Algeria and pledged renewed allegiance to al-Qa'ida and global jihad. Algeria cooperates closely with its neighbors in the Sahel. This cooperation led to the apprehension of Abderrazak al-Para.

On October 12, President Abdelaziz Bouteflika hosted a high-level African Union (AU) conference on counterterrorism in Algiers and opened the new AU Center for Study and Research on Terrorism. This center is intended to facilitate information exchange and training for AU member states in the fight against terrorism. In the financial arena, Algeria drafted legislation to criminalize money laundering activities. A financial intelligence unit (FIU), which turns over actionable information to the courts, became operational.

Bahrain

Bahrain provides important support to US counterterrorism efforts, particularly efforts to block the financing of terror groups. Bahrain has continued to respond positively to requests for assistance to combat terror financing and has frozen about \$18 million in terrorist-linked funds. In November, Bahrain hosted the inaugural meeting of the Middle East and North Africa Financial Action Task Force (MENA FATF). Bahrain worked closely with FATF for several years to establish this regional body. Located in Bahrain, the new MENA FATF secretariat will promote FATF recommendations to combat money laundering and terrorist financing.

Bahrain is an active participant in the US Government's Antiterrorism Assistance Program. Bahrain continued to cooperate with the US on intelligence and law enforcement matters.

The Government actively monitored terrorist suspects, but domestic legal constraints, including the absence of comprehensive conspiracy legislation, have at times hamstrung the Government's ability to detain and prosecute suspects. In June, the Government arrested six Bahrainis and placed one Bahraini under house arrest on suspicion of plotting terrorist attacks. All seven were released within two days. The Government re-arrested the six individuals in mid-July. The court ordered the release of two of the individuals in mid-September and ordered the release of the remaining four in early November pending trial. Preliminary hearings for the case began in early December. The court referred to the Constitutional Court a motion contesting the constitutionality of the charges against the suspects. One of the four escaped the courtroom during a hearing in mid-September and was recaptured the same day. He was convicted in mid-November for the escape attempt and began serving a six-month sentence.

Egypt

The Egyptian and US Governments maintained close cooperation on a broad range of counterterrorism and law enforcement issues in 2004. A high-level Egyptian judicial delegation visited the United States in June and met with representatives of the US Departments of Justice, State, and the FBI to discuss cooperation in the areas of counterterrorism, law enforcement, and the mutual legal assistance treaty. In September, 20 generals from Egyptian security services attended a crisis management seminar in Washington funded by the Department of State's Antiterrorism Assistance Program.

The Egyptian and US Governments also exchanged information on a variety of terrorism, security, and law enforcement matters during the course of the year. In the past two years, Egypt has tightened its assets-freezing regime in keeping with relevant UN Security Council Resolutions. Egypt passed strong anti-money laundering legislation in 2002 and established a financial intelligence unit in 2003. Egypt maintained its strengthened airport security measures and security for the Suez Canal, and continued to institute more stringent port security measures.

Egypt was a victim of terrorism in 2004. On October 7, terrorists attacked tourist targets in Taba and Nuweiba on the Sinai peninsula in three separate but coordinated actions. Thirty-four people were killed, including Egyptians, Israelis, Italians, a Russian, and an American-Israeli dual national, and over 140 were injured. On October 25, the Minister of Interior announced that the Government had identified nine individuals responsible for the attack. According to the Egyptian Government, a Palestinian resident

in North Sinai was the group's ringleader. The Government reported that the Palestinian and an accomplice were killed in the course of the attack in Taba, and that five others had been taken into custody. At year's end, two of the nine named by the Government remained at large. The Government asserted that the nine perpetrators were not part of a wider conspiracy and did not receive assistance from international terrorist organizations.

The Egyptian judicial system does not allow plea bargaining in most cases, and terrorists have historically been prosecuted to the full extent of the law. Defendants are tried in military tribunals or emergency courts. In March, an emergency court pronounced its verdict in the trial of 26 persons accused of attempting to reconstitute the Islamic Liberation Party (Hizb al-Tahrir al-Islami), which was banned in Egypt in 1974 for its efforts to overthrow the Egyptian Government. The court sentenced 12 of the defendants (including three UK citizens) to prison. In April, Ahmad Hussein Agiza, an Islamist militant returned to Egypt by Sweden in 2001, was sentenced by a military court to 25 years in prison for membership in a banned organization, although his sentence was subsequently commuted to 15 years.

Egypt continued to release from prison members of the terrorist Islamic Group (IG) who recanted their past actions and renounced the use of violence. Approximately 700 people were released over the course of the year, of which the majority were reportedly IG members. The Government characterized the releases as the result of a transformation in the ideological and theological positions of the imprisoned IG leadership, reflected in a number of books, pamphlets, and interviews in which they espoused a new non-violent philosophy. Some IG members in Egypt and abroad rejected the leadership's move to adopt non-violence.

Egypt continued to work with Israel to crack down on long-established smuggling tunnels through the Sinai to Gaza. Egypt has destroyed more than 40 tunnel openings since 2003 and long ago cleared sensitive portions of the border area spanning the tunneling area. Egypt has actively engaged Palestinian leaders on the question of reorganizing the Palestinian Authority's security services to better police the border area.

Iraq

Iraq remains the central battleground in the global war on terrorism. Former regime elements as well as foreign fighters and Islamic extremists continued to conduct terrorist attacks against civilians and non-combatants. These elements also conducted numerous insurgent attacks against Coalition and Iraqi Security Forces, which often had devastating effects on Iraqi civilians and significantly damaged the country's economic infrastructure. Following the return of sovereignty to the Iraqi Interim Government (IIG)

on June 28, 2004, Iraqi authorities began to implement a new legal regime and to undertake needed law enforcement action to counter terrorist activity. Iraqi Security Forces (including the Police, Border Enforcement, National Guard, and Iraqi Armed Forces) worked closely with the Multi-National Forces-Iraq (MNF-I) to combat terrorism in Iraq. On October 20, 2004, Iraq's designation as a state sponsor of terrorism was rescinded by the United States.

Prior to the IIG, the governing Coalition Provisional Authority (CPA) implemented several orders (binding instructions or directives that have the force of law) governing the creation of a revised penal code, new policies on border security, management of the court system, and new security forces. IIG cooperation with MNF-I forces was enshrined in Article 59 of the Transitional Administrative Law (TAL), which established the framework for Iraq's transition from the CPA through the sovereign IIG and eventually to a permanent sovereign Iraqi Government. The TAL names the Iraqi Armed Forces as the MNF-I's "principal partner...pursuant to the provisions of United Nations Security Council Resolution 1511 (2003)...until the ratification of a permanent constitution."

At the United Nations, the IIG consistently responded positively to US requests to co-sponsor the listing of al-Qa'ida-related entities and individuals pursuant to UN Security Council Resolution 1267 and related resolutions that provide for the imposition of sanctions against entities associated with Usama bin Ladin, al-Qa'ida and the Taliban.

Terrorist attacks against a variety of targets increased in late 2004 in the run-up to the January 30, 2005, elections for the Transitional National Assembly and regional parliamentary bodies.

Jordanian-born Abu Mus'ab al-Zarqawi and his organization emerged in 2004 to play a leading role in terrorist

activities in Iraq. In October, the US Government designated Zarqawi's group, Jama'at al Tawhid wa'al-Jihad, as a Foreign Terrorist Organization (FTO). In December, the designation was amended to include the group's new name Tanzim Qa'idat al-Jihad fi Bilad al-Rafidayn (or "The al-Qa'ida Jihad Organization in the Land of the Two Rivers") and other aliases following the "merger" between Zarqawi and Usama bin Ladin's al-Qa'ida organization. Zarqawi announced the merger in October, and in December, bin Ladin endorsed Zarqawi as his official emissary in Iraq.

Zarqawi's group claimed credit for a number of attacks targeting Coalition and Iraqi forces, as well as civilians, including the October massacre of 49 unarmed, out-of-uniform Iraqi National Guard recruits. Attacks that killed civilians include the March 2004 bombing of the Mount Lebanon Hotel, killing seven and injuring over 30, and a December 24 suicide bombing using a fuel tanker that killed nine and wounded 19 in the al-Mansur district of Baghdad.

In February, Zarqawi called for a "sectarian war" in Iraq. He and his organization sought to create a rift between Shi'a and Sunnis through several large terror attacks against Iraqi Shi'a. In March 2004, Zarqawi claimed credit for simultaneous bomb attacks in Baghdad and Karbala that killed over 180 pilgrims as they celebrated the Shi'a festival of Ashura. In December, Zarqawi also claimed credit for a suicide attack at the offices of Abdel Aziz al-Hakim, leader of the Supreme Council for the Islamic Revolution in Iraq (SCIRI), one of Iraq's largest Shi'a parties, which killed 15 and wounded over 50. Zarqawi has denied responsibility for another significant attack that same month in Karbala and Najaf, two of Shi'a Islam's most holy cities, which killed 62 Iraqi civilians and wounded more than 120.

Terrorists operating in Iraq used kidnapping and targeted assassinations to intimidate Iraqis and third-country na-



Family members grieve for Musab al-Awadi, deputy chief of tribal affairs at the Iraqi Ministry of Interior, who was shot on July 26 at his Baghdad home in a drive-by shooting. Two of his bodyguards were also killed. (AP Photo/Karim Kadim)



One of a series of coordinated explosions that struck major Shiite shrines in the holy city of Karbala on March 2 during the commemoration of Ashura. (AP Photo/APTV)

Contributions to Iraq's Security

Iraq remains the central front for the global war on terrorism. UN Security Council Resolution 1546 authorizes the Multinational Force (MNF) to conduct stability, reconstruction, and humanitarian assistance missions in Iraq. US forces, which numbered approximately 138,000 troops at the end of 2004, and Coalition partners have aggressively targeted terrorists and terrorist networks in Iraq. In preparation for Iraqi elections in January 2005, the MNF launched a series of offensive strikes throughout the fall of 2004 in Najaf, Samarra, and Tal Afar. In November 2004, Coalition and Iraqi forces liberated Fallujah from former regime elements and their terrorist allies, specifically members of the al-Zarqawi network.

Over the course of 2004, in addition to the United States, 36 countries contributed troops to support Coalition efforts in Iraq, including Albania, Armenia, Australia, Azerbaijan, Bulgaria, Czech Republic, Denmark, Dominican Republic, El Salvador, Estonia, Georgia, Honduras, Hungary, Italy, Japan, Kazakhstan, Latvia, Lithuania, Macedonia, Moldova, Mongolia, The Netherlands, Nicaragua, New Zealand, Norway, Philippines, Poland, Portugal, Romania, Singapore, Slovakia, South Korea, Spain, Thailand, Ukraine, and the United Kingdom. Fiji contributed to the security of the UN Assistance Mission in Iraq (UNAMI) in 2004. As of December 2004, 28 of the 36 troop-contributing countries were providing approximately 25,000 troops to MNF operations in Iraq.

On June 28, 2004, NATO Heads of State and Government agreed to assist in the training of Iraqi security forces; the first mission personnel arrived in Iraq just two days later. The mission's focus is training and mentoring mid- and senior-level personnel from the Iraqi security forces and assisting with equipping those forces. At year's end, the NATO Foreign Ministers approved increasing the mission from about 50 personnel to over 300. This will step up the ongoing training and mentoring of senior-level Iraq security forces, and lead to establishment of a NATO-supported Iraqi Training, Education, and Doctrine Center near Baghdad in 2005. Though distinct from the MNF's Security Transition Command-Iraq (MNSTC-I), the NATO training mission shares the same commander in a "dual-hatted" arrangement, which facilitates close coordination of the two complementary efforts. The NATO Training Mission-Iraq (NTM-I) continues the significant efforts of the international community to develop Iraqi security forces that can provide security for Iraq. Bulgaria, Canada, Hungary, Italy, The Netherlands, Norway, Poland, Turkey, the United Kingdom, and the United States all contributed personnel to the NTM-I during 2004.

Donor governments other than the United States pledged \$8 billion for the reconstruction of Iraq, in addition to at least \$5.5 billion in lending by the IMF and World Bank. Contributors of financial or in-kind assistance included: Australia, Austria, Bahrain, Belgium, Bulgaria, Canada, Chile, China, Cyprus, Czech Republic, Denmark, Egypt, Estonia, the European Commission, Finland, Germany, Greece, Hungary, Jordan, Iceland, India, Iran, Ireland, Italy, Japan, Kuwait, Latvia, Lithuania, Luxembourg, Malta, Mexico, The Netherlands, New Zealand, Norway, Oman, Pakistan, Philippines, Poland, Portugal, Qatar, Saudi Arabia, Slovakia, Slovenia, South Korea, Spain, Sri Lanka, Sweden, Switzerland, Thailand, Tunisia, Turkey, the United Arab Emirates, the United Kingdom, and Vietnam.

tionals working in Iraq as civilian contractors. Nearly 60 noncombatant Americans died in terrorist incidents in Iraq in 2004. Other American noncombatants were killed in attacks on coalition military facilities or convoys. In June, Zarqawi claimed credit for the car bomb that killed the chairman of the Coalition-appointed Iraqi Governing Council. In April, an American civilian was kidnapped and later beheaded. One month later, a video of his beheading was posted on an al-Qa'ida-associated website. Analysts believe that Zarqawi himself killed the American as well as a Korean hostage, kidnapped in June. Zarqawi took direct credit for the September kidnapping and murder of two American civilians and later their British engineer co-worker, and the October murder of a Japanese citizen.

In August, the Kurdish terrorist group Ansar al-Sunna claimed responsibility for the kidnapping and killing of 12 Nepalese construction workers, followed by the mur-

der of two Turkish citizens in September. Many other foreign civilians have been kidnapped. Some have been killed, others released, some remain in their kidnappers' hands, and the fate of others, such as the director of CARE, is unknown.

Other terrorist groups were active in Iraq. Ansar al-Sunna, believed to be an offshoot of the Ansar al-Islam group founded in Iraq in September 2001, first came to be known in April 2003 after issuing a statement on the Internet. In February 2004, Ansar al-Sunna claimed responsibility for bomb attacks on the offices of two Kurdish political parties in Irbil, which killed 109 Iraqi civilians. The Islamic Army in Iraq has also claimed responsibility for terrorist actions.

Approximately 3,800 disarmed persons remained resident at the former Mujahedin-e Khalq (MeK) military base at Camp Ashraf; the MeK is a designated US Foreign Terrorist Organization (FTO). More than 400 members renounced membership in the organization in 2004. Forty-

one additional defectors elected to return to Iran, and another two hundred were awaiting ICRC assistance for voluntary repatriation to Iran at the end of the year. PKK/KADEK/Kongra Gel, a designated foreign terrorist group, maintains an estimated 3,000 to 3,500 armed militants in northern Iraq, according to Turkish Government sources and NGOs. In the summer of 2004, PKK/KADEK/Kongra Gel renounced its self-proclaimed cease-fire and threatened to renew its separatist struggle in both Turkey's Southeast and urban centers. Turkish press subsequently reported multiple incidents in the Southeast of PKK/KADEK/Kongra Gel terrorist actions or clashes between Turkish security forces and PKK/KADEK/Kongra Gel militants.

Israel, the West Bank, and Gaza

Israel maintained staunch support for US-led counterterrorism efforts in 2004. Palestinian terrorist groups conducted a large number of attacks in Israel, the West Bank, and Gaza Strip in 2004. HAMAS, Palestinian Islamic Jihad (PIJ), the al-Aqsa Martyrs Brigade, and the Popular Front for the Liberation of Palestine (PFLP) — all US-designated Foreign Terrorist Organizations — were responsible for most of the attacks, which included suicide bombings, shootings, and mortar and rocket firings against civilian and military targets. Terrorist attacks in 2004 killed almost 100 people (mostly Israelis, as well as a number of foreigners, including one US citizen), a decrease from the almost 200 people killed in 2003.

The October 15, 2003, attack on a US diplomatic convoy in Gaza that killed three Americans is the most lethal attack ever directly targeting US interests in Israel, the West Bank, or Gaza. The Popular Resistance Committees (PRC), a loose association of Palestinians with ties to various Palestinian militant organizations such as HAMAS, PIJ, and Fatah, claimed responsibility, although that claim was later rescinded. Official investigations continued and resulted in the arrests of four suspects. A Palestinian civil court ordered the four suspects freed on March 14, citing a lack of evidence. Palestinian Authority (PA) Chairman Arafat rescinded the order and kept the suspects in custody until Palestinian gunmen attacked the Gaza prison and released the four suspects on April 24. Since the April 24 incident, the PA has failed to re-arrest the four suspects or to identify and bring to justice the perpetrators of the October 2003 attack.

Palestinian terrorist groups in Israel, the West Bank, and Gaza continue to focus their attention on the Palestinians' historical conflict with Israel, attacking Israel and Israeli interests within Israel and the Palestinian territories, rather than engaging in operations worldwide.

Israel employed a variety of military operations in its counterterrorism efforts. Israeli forces launched frequent raids throughout the West Bank and Gaza, conducted targeted killings of suspected Palestinian terrorists, destroyed homes — including those of families of suicide bombers — im-



Israeli police officers examine the scene of a double-bombing in the southern Israeli city of Beersheba, August 31. (AP Photo)

posed strict and widespread closures and curfews in Palestinian areas, and continued construction of an extensive security barrier in the West Bank. Israeli counterterrorism measures appear to have reduced the lethality of attacks; continuing attacks and credible threats of attacks, however, show that the terrorist groups remained potent.

Israel also took action in February to block what it labeled terrorist funding in two Palestinian banks. The Israeli Defense Forces (IDF) and Shin Bet raided the West Bank offices of the Arab Bank and the Cairo-Amman Bank, seizing almost \$9 million in cash from 310 accounts. Israeli law does not allow seizure of funds via correspondent accounts in Israel, and the Israeli Government claimed that the PA had failed to act on earlier intelligence. PA officials asserted that the funds belonged to reputable clients, with no connection to terrorism. The funds remain seized by order of an Israeli court.

HAMAS was particularly active in 2004, carrying out attacks that included shootings, suicide bombings, and standoff mortar and rocket attacks against civilian and military targets, many of them joint operations with other militant organizations. HAMAS was responsible for the deadliest attack of the year in Israel — the August 31 double suicide bombing of two buses in Beersheva that killed 16 people and wounded 100. HAMAS was also responsible for an increase in Qassam rocket attacks. A rocket attack on Sderot on June 28 was the first fatal attack against Israelis using Qassam rockets. Two Israelis died in the attack. In September, two Israeli children were killed in Sderot from another Qassam rocket attack. In response to the continued Qassam rocket fire, the IDF launched a three-week operation on September 28, in which 130 Palestinians (among them 68 HAMAS and Palestine Islamic Jihad militants) and five Israelis died, according to press reports.

The Popular Front for the Liberation of Palestine (PFLP) was active in 2004. The group was responsible for the November 1 suicide bombing at the Carmel Market in Tel Aviv, which killed three people and wounded 30. Pales-

tinian Islamic Jihad conducted numerous attacks on Israeli settlements and checkpoints, including the April 3 attacks on the Avnei Hafetz and Enav settlements in the West Bank which killed one Israeli and seriously wounded a child.

Fatah's militant wing, the al-Aqsa Martyrs Brigade, conducted numerous shooting attacks and suicide bombings in 2004. It was responsible for two suicide bus bombings in Jerusalem during January and February. The attacks killed 21 people and wounded over 110. Al-Aqsa also claimed responsibility along with HAMAS for the March 14 suicide attack in the port of Ashdod. The double suicide attack killed ten people and wounded at least 15. The group also claimed responsibility for a suicide bomber attack which killed two people and wounded 17 at a checkpoint near Jerusalem on August 11. On May 2, Palestinian gunmen belonging to the al-Aqsa Martyrs Brigade and PIJ shot and killed an Israeli settler and her four daughters in the Gaza Strip. The group also claimed responsibility for a suicide bomber attack which killed two people and wounded 17 at a checkpoint near Jerusalem on August 11.

Lebanese Hizballah remained a serious threat to the security of the region, continuing its call for the destruction of Israel and using Lebanese territory as a staging ground for terrorist operations. Lebanese Hizballah was also involved in providing material support to Palestinian terrorist

groups to augment their capacity and lethality in conducting attacks against Israel.

In December, Israel convicted and sentenced an Israeli man for membership in the "New Jewish Underground," a terrorist organization that aimed to carry out attacks on Arab civilians. On September 29, a group of five Israeli settlers attacked and seriously wounded two US citizens, members of an NGO, who were escorting Palestinian children to school near Hebron. As of the end of 2004, the Israeli police had not arrested those responsible.

The Palestinian Authority's efforts to thwart terrorist operations were minimal in 2004. The PA security services remained fragmented and ineffective, hobbled by corruption, infighting, and poor leadership. Following the November 11 death of PA Chairman Arafat, Prime Minister Ahmed Qurei and then PLO Chairman Mahmoud Abbas engaged in an effort to convince militant Palestinian groups to agree to a cease-fire. Cease-fire talks were inconclusive by the end of 2004. Palestinian officials, including Mahmoud Abbas, and some Palestinian intellectuals have called for an end to armed attacks against Israelis.

Jordan

Jordan continued its strong support for the global war on terrorism in 2004. Jordanian security services disrupted numerous terrorist plots during the year, including several that targeted US interests in Jordan. It has aggressively pursued the network of fugitive Jordanian terrorist Abu Mus'ab al-Zarqawi, deemed responsible for numerous plots and attacks in Jordan and Iraq. In the most serious plot disrupted to date in Jordan, security services in April arrested Zarqawi affiliates in the advanced stages of a plan to launch truck bombs against Jordanian Government targets and the US Embassy in Amman. In an unprecedented move, the Jordanian Government aired the plotters' confessions on state-run television, emphasizing their plans to kill thousands, including Jordanian citizens. In late April, Government officials, including Queen Rania, joined thousands of Jordanians in a street march against terrorism. The Government publicly condemned terrorist acts throughout the world. King Abdullah was an outspoken critic of terrorism and Islamic extremism, and in September directed religious authorities to deliver the "Amman Message," a declaration that rejects religious extremism and terrorism, and seeks to promote moderate Islam and dialogue.

Jordan's State Security court, which has purview over terrorism-related cases, maintained a heavy caseload over the year, most of which involved Zarqawi-affiliated suspects. The Court in April sentenced eight men to death, including Zarqawi and five others in absentia, for the murder of USAID official Laurence Foley in front of his Amman home on October 28, 2002. The Government announced in July that Muammar al-Jaghbir, sentenced to death in absentia for his role in the Foley murder, was in



Britain's Prime Minister Tony Blair meets US Secretary of State Condoleezza Rice for bilateral talks at the "Supporting the Palestinian Authority" meeting in London on March 1, 2005. (AP Photo/John D McHugh, Pool)

Jordanian custody and would be re-tried according to Jordanian law. In May, the Court found guilty three Jordanians — including one of Zarqawi's nephews — for plotting attacks against US and Israeli tourists in the country. In June, the Court sentenced Ahmad al-Riyati and eight men being tried in absentia (including Zarqawi and reputed Ansar al-Islam leader Mullah Krekar) to prison for plotting against US interests. In October, the Court sentenced Bilal al-Hiyari, a Zarqawi fundraiser, to six months in jail for his activities. It also indicted suspected Zarqawi affiliate Miqdad al-Dabbas for planning attacks against Jordanian interests in Iraq. In November, the Court began the trial of the 13 suspects accused in the April plot, including Zarqawi in absentia.

In one of the few non-Zarqawi related terrorism cases, the State Security Court in September indicted two Jordanians for plotting to attack foreign diplomats in Amman. Separately, the Court in November acquitted four men of charges they plotted attacks against US and Israeli targets in Jordan, although they were sentenced to one year in jail for possession of an automatic weapon. In late December, the court convicted 11 men on weapons charges in a plot against the US Embassy and US military forces in Jordan.

The State Security Court also moved forward on other long-standing terrorism cases. In June, the Court affirmed its guilty verdict (first handed down in September 2000) against ten men accused of plotting attacks during Jordan's millennial celebrations, sentencing two to death. In October, Jordan's Court of Cassation, which hears appeals from the State Security Court, upheld the lower court's guilty verdict of US-Jordanian citizen Ra'ed Hijazi, one of those sentenced to death for his role in the plot, but commuted the death sentence, sentencing him to 20 years in jail with labor. The decision is final, and no more appeals will be heard.

Border security remained a top concern of Jordanian officials in 2004, as the Jordanian Government continued to interdict weapons and potential infiltrators at its borders. In July, Jordanian border officials intercepted and killed armed individuals attempting to infiltrate northern Israel from Jordan. Jordanian border officials allegedly intercepted suspects involved in the April Zarqawi plot as they tried to enter Jordan from Syria. In November, a terrorist driving a vehicle loaded with explosives tried to cross the Iraqi-Jordanian border, but was stopped before the explosives detonated.

Kuwait

Kuwait continued to engage with the US Government and its neighbors to thwart domestic threats to Kuwaiti and foreign interests. It also continued to provide significant support to US efforts to stem terror financing. Following the four terror attacks carried out against Operation Iraqi Freedom and Coalition forces in Kuwait between Octo-

ber 2002 and December 2003 that resulted in the death of one US Marine and a US defense contractor, the Government of Kuwait sought to strengthen domestic counterterrorism efforts, but the potential for further attacks remains a serious concern.

The Kuwaiti Government has taken significant measures to bolster security and enhance protection for Coalition forces transiting Kuwait. Kuwait responded quickly to US concerns about a possible terror attack in December 2004. Kuwaiti officials have heightened security along their border with Iraq to prevent terrorist infiltration and have also worked with Syria and Iran to develop procedures to increase intelligence sharing and enhance customs and border-monitoring cooperation. In July, Syria repatriated to Kuwait seven people recruited to carry out suicide bomb attacks in Iraq. Kuwait subsequently arrested a dozen Kuwaitis reportedly being trained to attack US and Coalition forces in Iraq. By the end of 2004, all but two of them had been released on bail.

The Kuwaiti Government was able to identify and arrest terror suspects in some cases, but was on occasion unable to secure convictions, citing a lack of evidence for use in court. Those actually sentenced to jail on terrorism charges often had their sentences reduced.

As part of its campaign against terror, the Government formed in October a ministerial committee chaired by the Minister of Islamic Endowments and Islamic Affairs to develop strategies to combat terror and extremists. In November, the Government forbade Kuwaiti ministries and religious institutions from extending official invitations to 26 Saudi clerics who reportedly signed a statement in support of jihad in Iraq. No entry ban was imposed, however, and at least one cleric visited the homes of some Members of Parliament and other private gatherings, sparking widespread public criticism of the cleric's presence. The Islamic political bloc in the Kuwaiti Parliament has been critical of the Government's methods in confronting and dealing with Islamic extremists.

Lebanon

Lebanon remains host to numerous US-designated terrorist groups. Beirut continued to demonstrate an unwillingness to take steps against Lebanese Hizballah, Palestinian Islamic Jihad (PIJ), the Popular Front for the Liberation of Palestine-General Command (PFLP-GC), the Abu Nidal organization (ANO), and HAMAS. In contrast, the Lebanese Government moved vigorously through legal and operational initiatives against Sunni extremist groups, including those similar in ideology to al-Qa'ida.

The Lebanese Government recognized as legitimate resistance groups organizations that target Israel and permitted them to maintain offices in Beirut. Lebanon also exempts what it terms "legal resistance" groups, including Leba-

nese Hizballah, from money laundering and terrorism financing laws. Lebanese leaders, including President Emile Lahud, reject assessments of Lebanese Hizballah's global terror activities, though the group's leadership has openly admitted to providing material support for terror attacks inside Israel, the West Bank, and Gaza. Hizballah, which holds 12 seats in the Lebanese parliament, is generally seen as a part of Lebanese society and politics.

The Lebanese Government has failed to comply with numerous UN resolutions to extend sole and effective authority over all Lebanese territory. The Lebanese security forces remain unable or unwilling to enter Palestinian refugee camps, the operational nodes of terrorist groups such as Asbat al-Ansar and other Palestinian terror groups, and to deploy forces into areas dominated by Lebanese Hizballah, including the Beka'a Valley, southern Beirut, and the south of the country up to the UN-demarcated Blue Line.

Syria's predominant role in Lebanon facilitates the Lebanese Hizballah and Palestinian terrorist presence in portions of Lebanon. In addition, Syrian and Iranian support for Lebanese Hizballah activities in southern Lebanon, and for Palestinian terrorist groups throughout the country, help promote an environment where terrorist elements flourish.

The Lebanese and Syrian Governments have not fully complied with UN Security Council Resolution 1559, which calls for, among other things, respect for the sovereignty and political independence of Lebanon, and the disarming and disbandment of all Lebanese and non-Lebanese militias. Lebanese Hizballah militiamen operate freely in southern Lebanon without interference from Lebanese security forces. Lebanese Government officials have openly and publicly condoned Lebanese Hizballah operations against Israel. Lebanese authorities further maintain that the Government's provision of amnesty to Lebanese individuals involved in acts of violence during the civil war prevents Beirut from prosecuting many cases of concern to the United States, including the hijacking in 1985 of TWA 847 and the murder of a US Navy diver on the flight, and the abduction, torture, and murder of US hostages from 1984 to 1991. US courts have brought indictments against Lebanese Hizballah operatives responsible for a number of those crimes, and some of these defendants remain prominent terrorist figures. Despite evidence to the contrary, the Lebanese Government has insisted that Imad Mugnyiah, wanted in connection with the TWA hijacking and other terrorist acts, who was placed on the FBI's list of most-wanted terrorists in 2001, is no longer in Lebanon. The Government's legal system also has failed to hold a hearing on the prosecutor's appeal in the case of Tawfic Muhammad Farroukh, who — despite the evidence against him — was found not guilty of murder for his role in the killings of US Ambassador Francis Meloy and two others in 1976.

Lebanon's Special Investigation Commission (SIC), an in-

dependent legal entity with judicial status empowered to investigate suspicious transactions, investigated over 176 cases involving allegations of money laundering and terrorist financing activities in 2004.

Lebanon has taken other counterterrorism measures in 2004, primarily directed against Sunni extremists. In March, a Lebanese military tribunal sentenced eight alleged Sunni extremists, for periods varying from five to 20 years imprisonment with hard labor, who were accused of carrying out terrorist attacks against foreign interests in Lebanon (including bombings of McDonalds and Pizza Hut restaurants) and plotting to assassinate the US Ambassador. Lebanese security services, in concert with Italian and Syrian authorities, rounded up members of a Sunni extremist cell in September that was allegedly planning to bomb the Italian and Ukrainian Embassies, and assassinate Western diplomats. The alleged cell leader later died in Lebanese custody. In October, a Lebanese military tribunal found guilty and sentenced two people to imprisonment with hard labor on charges of bringing an explosives device to US Embassy premises. One was sentenced for seven years and the other for three years.

Morocco

The Government of Morocco continues to be a staunch ally in the war on terror. King Mohammed VI has been a steadfast supporter of efforts to confront terrorism, in particular by promoting internal reforms designed to combat sources of terrorism over the long-term. Towards this end, during 2004 Morocco implemented reforms to the Ministry of Islamic Affairs to promote religious moderation and tolerance. Domestically, Morocco's historical record of strong vigilance against terrorist activity remained unwavering.

Following the May 16, 2003, Casablanca attacks in which suicide bombers from the "Salafiya Jihadiya" group killed 42 and wounded approximately 100 others, the Government arrested several thousand people, prosecuted 1,200 and sentenced about 900 for various terrorism-related crimes. The Minister of Justice announced that these arrests represented approximately 90 percent of those sought by the Government. The remaining ten percent were subjects of international arrest warrants. A spate of May 16-related terrorist arrests since June 2004, however, in Agadir, Beni Mellal, Fes, Khourigba, and Meknes suggests that the number of at-large suspects has likely decreased further. The Government also aggressively pursued Salafiya Jihadiya terrorist cells in several Moroccan cities.

The al-Qa'ida-affiliated Moroccan Islamic Combatant Group (GICM) continues to pose a threat in Morocco as well as in Europe. Moroccan extremists, associated with the GICM, were among those implicated in the March 11 terrorist attacks in Madrid.

Oman

Oman continued to provide support for the global war on terrorism, and has been responsive to requests for Coalition military and civilian support, making arrests as well as working with its neighbors to improve cross-border security. During the last three years, the Government of Oman has implemented a tight anti-money laundering regime, including surveillance systems designed to identify unusual transactions, with plans to require financial institutions to verify customer identities using sophisticated biometric technology. Omani financial authorities have also demonstrated their commitment to freeze the assets of any UN-listed individual found in Oman.

Qatar

The Government of Qatar provided the United States with significant counterterrorism support during 2004, building on the bilateral cooperation it has maintained since September 11, 2001.

No terrorist attacks occurred in Qatar in 2004, and the Qatari security services had some successes against terrorist targets. In March, Qatar passed the Combating Terrorism Law. The law defines terrorism and terrorist acts, lists specific punishments for terrorist crimes to include the death penalty, provides measures against terrorist financing or fundraising activities, and gives the Government sweeping authority to take action against terrorist crimes and activities. The law incorporates existing laws such as Qatar's penal code, criminal procedures code, judicial law, law on weapons, ammunitions and explosives, and the anti-money laundering law.

In March, the Government passed a new law to establish the Qatar Authority for Charitable Works, which monitors all domestic and international charitable activities. The Secretary General of the Authority approves international fund transfers by the charities. The Authority has primary responsibility for monitoring overseas charitable, developmental, and humanitarian projects, and is to report annually to concerned Government ministries on the status of all projects. The Authority was still in the process of developing concrete measures to exert more control over domestic charity collection.

In October, the Government appointed a member of the ruling al-Thani family as director of its financial intelligence unit (FIU). The FIU is responsible for reviewing all financial transaction reports, identifying suspicious transactions and financial activities of concern, and ensuring that all Government ministries and agencies have procedures and standards to ensure proper oversight of financial transactions.

Saudi Arabia

In 2004, the Kingdom of Saudi Arabia continued to support the global war on terror. Terrorists killed dozens of foreigners and citizens, including six Americans, in attacks throughout the country. The attacks consisted of kidnappings, armed assaults, targeted shootings, bombings, and beheadings. In the first half of 2004, the al-Qa'ida presence in Saudi Arabia kept up a steady tempo of attacks, surpassing the number and lethality of attacks conducted in the previous year. In the second half of the year, facing concerted pressure from Saudi authorities, the network appeared to be largely on the defensive, and did not mount a major operation until the December 6 attack on the US Consulate General in Jeddah. Five foreign nationals — four locally engaged staff and one local guard — working at the Consulate were killed. This attack was later claimed by "al-Qa'ida in the Arabian Peninsula," which also claimed credit for other deadly attacks against American citizens in 2004. Two car bombs, one aimed at the Ministry of Interior, exploded December 29, killing one passer-by and injuring several others.

In response to the wave of terrorist violence in the Kingdom, the Saudi Government aggressively pursued terrorists and achieved successes, including the capture or killing of all but seven of the Kingdom's 26 most-wanted terrorists and most of the known terrorist leadership in Saudi Arabia. Saudi forces launched dozens of security sweeps throughout the country, dismantling several al-Qa'ida cells, some of which were directly involved in attacks against US citizens and interests. More than thirty members of the Saudi security forces lost their lives in this campaign.

Saudi Arabia continued a public outreach campaign in the war against terror. As custodian of the two holy mosques in Mecca and Medina, the Saudi Government worked to delegitimize the inappropriate use of Islam to justify terrorist attacks. During the year, Saudi authorities aired confessions of militants and interviews with fathers of wanted men as part of a campaign to rally the public against radicals who carried out attacks in the Kingdom. In June, the Grand Mufti Shaykh Abd al-Aziz Al al-Shaykh issued a fatwa condemning terrorist acts and calling on citizens to report "saboteurs and anyone planning or preparing to carry out terrorist acts to the concerned authorities." Also in June, six senior religious leaders issued a statement denouncing terrorist attacks as "heinous crimes." A November "fatwa" issued by 26 radical Saudi clerics, who called on Iraqis to resist Coalition forces in Iraq by force, was rebutted by senior members of the Saudi official religious establishment, including the Grand Mufti. The Government also focused on internal social, political, and economic reforms as a method to reduce the appeal of radical ideologies. The media reported widely on each of the attacks conducted by terrorists in the Kingdom and the subsequent Government crackdown, leading to widespread public recognition that terrorism is a seri-



The Ministry of the Interior was damaged by an explosion when terrorists launched coordinated car bombings and battled security forces in Riyadh on December 29. (AP Photo/STR)

ous threat in the Kingdom, not only to foreigners, but to Saudis as well.

During the year, the Government launched intensive searches and counterterrorism sweeps in the country, often involving thousands of Saudi security personnel. On June 23, Crown Prince Abdullah issued an ultimatum to terrorists: surrender in 30 days or suffer the full force of the state. The ultimatum prompted several notable extremists to turn themselves in, including one terrorist suspect on Saudi Arabia's 26 most-wanted list. On June 29, the Prince Nayif Security Academy began training employees of the national oil company (Saudi ARAMCO) on counterterrorism measures. On the same day, the Ministry of Interior announced a 60-day pardon for persons to surrender unlicensed weapons.

In July, reporting on the results of a mutual evaluation conducted in 2003, the Financial Action Task Force (FATF) concluded that Saudi Arabia's financial regime met the general obligations of the organization's recommendations for combating money laundering and financing of terrorism. The Government continued to take steps to make operational a financial intelligence unit (FIU) established in 2003 under anti-money laundering and antiterrorist financing law. Concerned about the possible misuse of charitable organizations for terrorist purposes, the Government issued a set of bylaws for the Commission for Relief and Charitable Work Abroad, designed to oversee all Saudi charities. In this regard, the Government ordered the closure of the al-Haramain Foundation, a Saudi charity with a number of overseas offices that had been designated by the UN Sanctions Committee for providing support for terrorist activities. The Government also maintained its prohibition, imposed in 2003, on the collection of cash donations at mosques or commercial establishments and its restrictions on the bank accounts of charities, including prohibiting fund transfers out of the country. The media reported during the year that Saudi banks froze more than 250,000 accounts for noncompliance with anti-money laundering and terrorist finance laws. During the

year, the Saudi Government requested that the UN 1267 Sanctions Committee add entities and individuals suspected of terrorist activities or of supporting terrorists to its consolidated list.

Tunisia

The Government of Tunisia publicly supported the international coalition against terrorism and responded positively to US requests for information and assistance in blocking financial assets. Tunisia's active stance against terrorism has been reinforced by its own experience with international terrorism. In April 2002, a suicide truck bomb detonated outside the el-Ghriba synagogue on the island of Djerba, killing at least twenty.

The Government of Tunisia has taken steps to strengthen counterterrorism laws. The Tunisian legislature in December 2003 passed a comprehensive law to "support the international effort to combat terrorism and money laundering." The first prosecution of suspected terrorists under the law's provisions commenced in February 2004. Tunisia has consistently emphasized the threat that terrorism poses to security and stability in the region. Further, it has encouraged Libya to abandon terrorism. Domestically, the Tunisian Government has prohibited the formation of religious-based political parties and groups, which it believes pose a terrorist threat.

United Arab Emirates

In 2004, the United Arab Emirates continued to provide staunch assistance and cooperation to the global war against terrorism. In July, late President Sheikh Zayed issued an antiterrorism law defining terrorist crimes and punishment, and specifically criminalizing the funding of terrorist organizations. In December, the United States and the Emirate of Dubai signed a Container Security Initiative Statement of Principles aimed at screening US-bound containerized cargo transiting Dubai's ports. The UAE also undertook several security measures along its land border and at sea to deter terrorists from reaching UAE soil.

In October, the UAE hosted an international conference on Islam intended to encourage moderation and condemn terrorism and extremism. The conference included sessions by prominent international and Emirate Muslim religious figures, and called for moderate Islamic preaching, increased training of imams, and reforms of the Islamic studies education curriculum.

In suppressing terrorist financing, the UAE Central Bank continued to enforce anti-money laundering regulations aggressively. Tightened oversight and reporting requirements for domestic financial markets resulted in a stronger legal and regulatory framework to deter abuse of the UAE financial system. The Central Bank has provided training

programs to financial institutions on money laundering and terrorist financing. In April, the Central Bank hosted the Second International Hawala Conference, which was attended by 375 participants from around the world to discuss how to better monitor money flows occurring outside the formal banking structure. (Hawalas are informal money remittance and exchange businesses common in the Middle East and South Asia.) The conference included interactive panels, overviews of anti-money laundering systems in various other countries, and presentations from multilateral organizations such as the International Monetary Fund, World Bank, FATF, and the United Nations Office on Drugs and Crime. The Central Bank has also investigated financial transactions and frozen accounts in response to UN resolutions and internal investigations, and continued the process of registering hawala dealers.

Yemen

In 2004, the Republic of Yemen continued to provide support for the global war on terrorism and took action against al-Qa'ida and local extremists, arresting several individuals suspected of having al-Qa'ida ties and prosecuting the perpetrators of several terrorist acts.

On August 28, the Sana'a Primary Court convicted 14 al-Qa'ida members for the October 2002 attack on the French tanker M/V Limburg, the murder of a Ministry of Interior officer during the November 2002 attack on an oil company helicopter, a plot to attack the Civil Aviation and Meteorology Authority, a plot to attack four foreign embassies in Sana'a and to kill the US Ambassador, and for forging documents for the purpose of carrying out terrorism. Two defendants received death sentences, one in absentia. The other defendants were sentenced to prison terms ranging from three to ten years. Under Yemeni law, both defendants and the prosecution have the right to appeal rulings. All defendants have appealed their sentences, as has the prosecution, the latter arguing that some of the sentences were too light. The appeals process is expected to conclude in early 2005.

On September 10, the Sana'a Primary Court concluded the trial of five defendants for the October 12, 2000, attack on the USS Cole in Aden that killed 17 US sailors and injured 35. This included suspects Jamal al-Badawi and Fahad al-Quso, who were re-apprehended on March 10 by Yemeni authorities following their escape from an Aden prison in April 2003. On September 29, the court issued two death sentences for the ringleaders of the bombing (al-Badawi and Abd al-Rahim al-Nashiri in absentia). Three others were convicted and sentenced to prison terms ranging from five to ten years for their roles in the attack. These cases were under appeal by both the Government and the defense at the end of 2004.

The Yemeni Supreme Court heard appeals on the death sentences of Abed Abdulrazak al-Kamel and Ali Ahmed Mohamed Jarallah for the December 30, 2002, shootings of three American citizens in Jibla. No final decision has been issued in these cases.

Yemen has expressed a willingness to fight international terrorists by denying them the use of its territorial seas and ports. Over the past year, Yemen has increased its maritime security capabilities. The US Government provided extensive training and eight boats to the Yemeni Coast Guard, which is now a visible patrolling force along the coastline. Coast Guard operations are expanding to stem the use of Yemen as a way station for smuggling of persons, drugs, weapons, and explosives.

Land border security along Yemen's extensive frontier with Saudi Arabia remains a major concern. In February, Yemen and Saudi Arabia agreed to bolster cooperation in order to combat the cross-border smuggling of arms and people. The two countries also agreed to establish joint patrols and increase monitoring.

The Government's capacity for stemming terrorism financing remains limited. In February, the UN 1267 Sanctions Committee designated prominent Yemeni sheikh and opposition Islah party leader Abd al-Majid al-Zindani for his association with al-Qa'ida. The Yemeni Government has taken no action to bar his travel or to freeze his assets in compliance with its UN obligations, and Zindani continues to appear prominently at public events.

Yemen utilized its Islamic Dialogue Committee, headed by a leading judge, to continue its dialogue with detainees arrested for connections to terrorist groups and extremist elements. In a 2004 Ramadan amnesty the Government released over 100 security detainees, claiming that they had been rehabilitated and had made commitments to uphold the Yemeni constitution and laws, the rights of non-Muslims, and the inviolability of foreign interests.

Several terrorist organizations continued to maintain a presence in Yemen throughout 2004. HAMAS and Palestinian Islamic Jihad (PIJ) are recognized as legal organizations, and HAMAS maintains offices in Yemen. Neither organization has engaged in any known terrorist activities in Yemen, and PIJ does not have any known operational presence. HAMAS conducts extensive fundraising through mosques and other charitable organizations throughout the country. While al-Qa'ida's operational structure in Yemen has been weakened and dispersed, concerns remain about the organization's attempts to reconstitute operational cells in Yemen.

South Asia Overview

South Asia continued in 2004 to be a major theater of the global war on terrorism, and partner countries achieved several notable successes in countering terrorist groups. Afghanistan ratified a new constitution in January, and Hamid Karzai became the country's first popularly elected leader in October's presidential election. The Afghan National Army (ANA), while still limited in its capabilities, has lent support to US-led Coalition forces against anti-government elements in the country's southern and eastern regions. The number of trained Afghan National Police (ANP) also continued to grow, playing an increasingly important role in deterring terrorist and extremist activity.

Security remained a key concern in the region. Insurgent and terrorist elements in Afghanistan continued to target international military forces, international and non-governmental organizations (IOs and NGOs), the Afghan Government, and Afghan civilians. The Coalition sought to address security concerns by extending its activities into the Afghan provinces, aided by a growing network of provincial reconstruction teams (PRTs). For its part, the NATO-led International Security Assistance Force (ISAF) expanded into northern Afghanistan and worked on plans to extend its reach into the country's western regions.

Pakistan also achieved notable gains in the war on terrorism. Assassination attempts against key Government officials and numerous terrorist attacks were thwarted, as Pakistan continued its close cooperation with the United States. Counterterrorist activities and military operations in the Federally Administered Tribal Areas, where elements of al-Qa'ida and other groups continue to hide, disrupted terrorist command and control capabilities and killed or captured hundreds of militants. Authorities continued to arrest members of al-Qa'ida and other terrorist groups throughout the country while providing many new leads for future investigations and arrests.



US Assistant Secretary of State for South Asian Affairs Christina Rocca (right) meets with Sri Lankan President Kumaratunga (left) in Colombo, Sri Lanka, on May 14, stating that Tamil Tiger rebels should disarm, renounce terrorism and enter into peace negotiations to end the island nation's civil war. (AP Photo/Eranga Jayawardena)



Pakistan's six most wanted terrorists, including a top al-Qa'ida operative accused of masterminding two attempts to assassinate President Musharraf. (AP Photo/Anjum Naveed)

India joined the United States in a renewed commitment to cooperate in a broadening range of counterterrorism measures. India suffered hundreds of attacks from both foreign and domestic terrorists this year, but security forces were increasingly effective, particularly in Kashmir, where the level of terrorist violence declined. The Indian Government cooperated with both Nepal and Bhutan in these countries' counterterrorist efforts. The Indian legislature modified its counterterrorism law regime in December, removing controversial elements while maintaining or strengthening provisions essential to fighting the war on terror.

Sri Lanka, Nepal and Bangladesh experienced mixed results in 2004. Violence in Sri Lanka increased as fighting broke out between differing factions of the Liberation Tigers of Tamil Eelam (LTTE). While the ceasefire between the Government and the LTTE was generally observed, the LTTE repeatedly struck at dissident members of the Tamil community. Both sides failed to resume the negotiations broken off by the LTTE in 2003, but the December 26 tsunami may have an impact on reconciliation in 2005. In Nepal, the Maoist insurgency continued, accompanied by increased anti-US and anti-Indian rhetoric. The Maoists threatened numerous companies, shut down business operations, and called for several general strikes throughout the country. They continued to extort money from Nepalis and foreign tourists. In September, suspected Maoists bombed the American Center in Kathmandu. Political violence increased in Bangladesh, where political rallies suffered from attacks with explosives. The United States concentrated its assistance on strengthening Bangladesh's weak institutions and laws to combat terror.

Afghanistan

Afghanistan made great strides towards building democracy and rebuilding the country in 2004. In January, Afghan delegates ratified a new national constitution that embraced democracy and pluralism in the context of Afghan

Contributions to Afghanistan's Security

Security Operations

During 2004, US military, Coalition, and NATO forces conducted a wide range of security operations throughout Afghanistan. In southern, southeastern, and eastern Afghanistan, US and Coalition forces continued combat operations against al-Qa'ida terrorists, anti-Coalition militias, and Taliban insurgents. Coalition operations included provincial reconstruction teams (PRTs), which provide security and reconstruction assistance to the Afghan Government; training for the Afghan National Army; security for the Afghan presidential election; and a range of combat operations. The NATO-led International Security Assistance Force (ISAF), meanwhile, conducted ongoing security operations in Kabul and northern Afghanistan. NATO also runs PRTs in northern Afghanistan.

Anti-government activity targeting Afghan security forces, civic leaders, and international and national aid workers continued to destabilize the southern and eastern regions of the country. The frequency of attacks rose steadily until the week of the Presidential election in October, but tapered off with the onset of winter. This gradual improvement at the end of the year was reflective of Afghanistan's slow but steady progress back from 25 years of Soviet-era invasion and occupation, civil war, and Taliban misrule. Presidential elections were held in October, with President Karzai winning a majority of votes cast. Over 10 million Afghans registered to vote, and over 8 million cast ballots on election day; more than 40 percent of whom were women. The success of the election was a blow to the Taliban insurgency, which proved unable to significantly disrupt the process or intimidate voters from participating. Parliamentary elections are scheduled for September 2005 to complete the political roadmap laid out by the Bonn Process.

Afghanistan remains a security challenge. The Taliban and associated elements, such as those loyal to former prime minister and mujahideen commander Gulbuddin Hekmatyar (a group often referred to as Hizb-I Islami Gulbuddin, or HIG), regrouped in 2003 and continued in 2004 to conduct low-level insurgency in the "Pashtun belt," primarily remote rural areas of southern, southeastern, and eastern Afghanistan dominated by Pashtun tribes. They use clan and family ties, propaganda, violence, weak national government control, religious fundamentalism, and intimidation to maintain a foothold in several provinces. For aid and support, the Taliban and others rely on sympathizers in the southern, southeastern, and eastern provinces, and on supporters in the largely autonomous Federally Administered Tribal Areas (FATA) of Pakistan.

Nations contributing troops to Operation Enduring Freedom (OEF) efforts in Afghanistan during 2004 included Australia, Bulgaria, Canada, Czech Republic, Egypt, Estonia, France, Italy, Lithuania, Mongolia, The Netherlands, New Zealand, Norway, Poland, Romania, Slovakia, South Korea, and the United Kingdom. Kazakhstan, the Kyrgyz Republic, and Uzbekistan provided support to OEF troops en route to Afghanistan. Turkmenistan provided support to OEF humanitarian efforts. Germany was active in OEF efforts outside of Afghanistan. The Republic of Djibouti hosts OEF Coalition forces from several countries on a rotating basis, including France, Germany, Spain, Italy, and the United Kingdom, and serves as a refueling point for US military forces in the region. Japan continues to contribute rear-area logistical support for maritime interdiction operations.

A number of countries also supported UN-mandated efforts to assist the Afghan Government in maintaining security through troop contributions to NATO's International Security Assistance Force (ISAF). Countries contributing troops to ISAF are Albania, Austria, Azerbaijan, Belgium, Bulgaria, Canada, Croatia, Czech Republic, Denmark, Estonia, Finland, France, Georgia, Germany, Greece, Hungary, Iceland, Ireland, Italy, Latvia, Lithuania, Luxembourg, Macedonia, The Netherlands, Norway, Poland, Portugal, Romania, Slovakia, Slovenia, Spain, Sweden, Switzerland, Turkey, and the United Kingdom. Tajikistan and Ukraine provided support to ISAF troop contributors.

Reconstruction Assistance

The international community has pledged almost \$13 billion in assistance for the reconstruction of Afghanistan. Donors include the Aga Khan Foundation, Asian Development Bank, Australia, Austria, Belgium, Canada, China, Denmark, ECHO (Humanitarian Aid Department of the EU), the European Commission, Finland, France, Germany, Greece, Hungary, India, Iran, Ireland, Italy, Islamic Development Bank, Japan, Kuwait, Luxembourg, The Netherlands, New Zealand, Norway, the Organization of Islamic Conference, Oman, Pakistan, Poland, Portugal, Qatar, Russia, Saudi Arabia, South Korea, Spain, Sweden, Switzerland, Turkey, the United Arab Emirates, the United Kingdom, the United States, and the World Bank.



In Kandahar, an Afghan woman shows her voter registration card as she prepares to vote in Afghanistan's historic presidential election October 9. (AP Photo/Elizabeth Dalziel)

and Islamic traditions. On October 9, over eight million citizens defied terrorist and extremist threats and small-scale attacks by voting in Afghanistan's first democratic presidential election. Hamid Karzai became the country's first popularly elected leader and was inaugurated as Afghanistan's president on December 7. Both the election and inauguration occurred without any major security incidents, despite Taliban threats to disrupt the democratic process. Other achievements included: the growing effectiveness of the Afghan National Army (ANA), with over 18,000 personnel in its ranks; a build-up to 33,000 personnel in the Afghan National Police (ANP); major gains in the Disarmament, Demobilization, and Reintegration (DDR) process; arrests of suspects in the August and October Kabul street bombings; and the expansion of reconstruction efforts. In the coming year, Afghans will face the challenge of building upon these gains, especially through holding parliamentary, provincial, and district elections.

President Karzai and his Government remained strongly committed to the war on terrorism. The ANA stepped up its role alongside the US-led Coalition in fighting insurgents and terrorists in Afghanistan's south and east. The ANA and ANP, along with the Coalition and the International Security Assistance Force (ISAF), played a key role in thwarting extremist attempts to disrupt the October presidential election. The Afghan people were also instrumental

in thwarting terrorist threats against the election, providing information that in some cases resulted in the discovery of improvised explosive devices (IEDs).

Terrorist and insurgent elements targeted Afghan Government, US, Coalition, and ISAF assets in Kabul, as well as in southern and eastern provinces. Four American non-combatants are known to have died in international terrorist incidents in Afghanistan in 2004. Terrorists and other extremists hampered reconstruction efforts with attacks on NGOs and UN facilities and personnel in an unsuccessful attempt to drive the international community out of Afghanistan. These elements also targeted Afghan citizens who were trying to participate in their country's political process, in some cases reportedly killing people for possessing voter registration cards. Despite these concerted efforts, they failed to disrupt the October 9 presidential election.

Afghan troops continued to carry out joint operations with Coalition forces against the Taliban, al-Qa'ida, and other anti-government elements. The Tripartite Commission, formed in 2003 by the United States, Afghanistan, and Pakistan, continued to improve the sharing of information and coordination of border security efforts and to discuss other political issues between Afghanistan and Pakistan.

Bangladesh

Bangladesh supports the global war on terror but its ability to combat terrorism is undermined by weak institutions, porous borders, limited law enforcement capabilities, and debilitating in-fighting between the two major political parties.

Bangladesh's long tradition of inclusive, moderate Islam is increasingly under threat from extremist alternatives, already offering an attractive breeding ground for political and sectarian violence. Endemic corruption, poverty, and a stalemated political process could further contribute to the type of instability and widespread frustration



Afghan President Hamid Karzai takes the oath of office as Afghanistan's first popularly elected president during a ceremony at the Presidential Palace in Kabul December 7. (AP Photo/Shah Marai, Pool)

that has elsewhere provided recruits, support, and safe haven to international terrorist groups.

There was an increase in political violence using explosives in 2004. In May, the British High Commissioner and more than 70 others were injured in a grenade attack in Sylhet. In August, approximately 20 Awami League supporters were killed, and 200 injured during an attack on the party's opposition rally in Dhaka.

Bangladesh, with US technical assistance, is strengthening police institutions with a professionalization program, enhancing police and banking capabilities to combat terrorist financing, and strengthening border control systems to detect suspicious travel and improve the integrity of Bangladeshi travel documents. The United States is assisting Bangladesh in developing new, stronger laws to enhance banking oversight and enforcement and in creating a financial intelligence unit (FIU). The Government is committed to enforcing UN Security Council resolutions and actions related to terrorism, including the identification and freezing of assets of individuals and organizations designated as terrorists or terrorist supporters, such as the Saudi-based charity al-Haramain Foundation. It also ordered the closure of the local Rabita Trust office and the departure from Bangladesh of its expatriate staff.

The Bangladesh military maintains a large presence in the Chittagong Hill Tracts, and has been successful in locating hidden weapons. In April it seized a large cache of weapons in Chittagong harbor. Bangladesh is taking steps to improve its effectiveness in preventing maritime smuggling and its capabilities in terrorist interdiction operations.

India

India remains an important ally in the global war on terror. Cooperative counterterrorism training expanded during the year, with hundreds of Indian military and law enforcement officers trained under State Department and Department of Defense programs. In 2004, both the US-India Counterterrorism Joint Working Group (CTJWG) and the Indo-US Cyber Security Forum, which includes counterterrorism prevention and detection discussions, met in New Delhi and Washington, respectively. These consultations improved information exchanges and underlined political commitment in both countries to counterterrorism cooperation as a strong pillar of the bilateral relationship. In November, the Indian Cabinet ratified the US-India Mutual Legal Assistance Treaty, which will come into force once the instruments of ratification are exchanged.

Separatist terrorists and insurgents staged hundreds of attacks on people and property in 2004, especially in Jammu and Kashmir, in the northeastern states, and the "Naxalite (Maoist) belt" in eastern India. The Government noted a significant decline in infiltration from Pakistani Kashmir during 2004, attributing the drop in large part to the fence it constructed during the year-long cease-fire with Paki-

stan and more effective counter-insurgency methods. Nevertheless, in Jammu and Kashmir insurgent and terrorist groups made numerous attempts to kill Indian and Kashmiri politicians, targeted public areas frequented by tourists, and attacked security forces. More than 500 civilians were killed in these attacks. Foreign Terrorist Organizations Lashkar e-Tayyiba (LT) and Jaish-e-Mohammad (JEM), operating through front groups in India under a number of new names, claimed responsibility for attacks on prominent Indian politicians and for killing the uncle of a prominent Kashmiri religious and political leader. In eastern India, the primary Naxalite groups took steps towards consolidation by combining to form the Communist Party of India (Maoist). Naxalite violence dropped significantly in 2004, but the future of peace talks was uncertain at year's end.

The Government further engaged other neighbors in the region, supporting Bhutanese and Nepalese counterterrorism efforts, and continues to pursue counterterrorism diplomacy at international and multilateral fora.

In December, India modified its counterterrorism legislation, repealing the Prevention of Terrorism Act (POTA) and simultaneously amending the Unlawful Activities Prevention Act (ULPA). The new legislation retained POTA's salient aspects and maintained India's compliance with UNSCR 1373, expanded the legal definition of terrorism to include extraterritorial acts, and strengthened Government wire-tapping authority in terrorism cases. In November, the Government also announced a review of its policy on the resolution of hostage crises.

Indian authorities began issuing machine-readable passports in New Delhi and Mumbai, and plan to expand this program to other major cities. The Cabinet approved the establishment of a financial intelligence unit (FIU) in November, although by year's end had yet to issue the regulations needed to make this unit fully effective. The Government was also unable to complete the requirements



Doctors treat a boy injured during a raid by terrorists reportedly from Lashkar e-Tayyiba and Hizbul-Mujahedin's Pir Punjal Regiment who massacred 11 Muslim civilians sleeping in their homes and injured 10 others in Surankot, Kashmir, India on June 26. (AP Photo/Channi Anand)

to accept the Financial Action Task Force's long-standing invitation to join.

Nepal

In April 2003, Nepal signed an agreement with the US Government establishing an antiterrorism assistance program. The Government continued its strong support of the global coalition against terrorism in 2004, and was responsive to both US and multilateral efforts to police international terrorism. Nepal's primary focus, however, remained the Maoist insurgency, active in Nepal since February 1996.

After unilaterally withdrawing from a seven-month ceasefire in August 2003, the Maoists resumed full-scale hostilities. In 2004 alone, Maoists were responsible for the deaths of at least 383 civilians and 214 Government security forces, with some estimates running as high as 831 victims. The Government has stated that Nepalese security forces have arrested thousands of suspected Maoists and killed more than 1,555 during the year.

Repeated anti-US rhetoric suggests the Maoists view US support for Kathmandu as a key obstacle to their goal of establishing a communist dictatorship in Nepal. Maoist supreme commander Prachanda issued a press statement in July 2004 threatening to use "more violent means" if peace talks with the Government of Nepal were not forthcoming or were unsuccessful. In August and September, Maoists threatened almost 50 companies and forced them to shut down operations. In August, a Maoist-affiliated group stated that it had decided to close down all multinational corporations in Nepal with US investment permanently. All companies reopened in mid-September after an agreement was reached between the Maoist-affiliated group and the Government of Nepal.

In addition to the threats against American-affiliated business enterprises, Maoists have threatened attacks against US and international NGOs, including those associated with Peace Corps programs. In September, Maoists attacked an American NGO worker in midwestern Nepal. They sought to extort money from Nepalis and foreigners to raise funds for their insurgency. The Maoists' public statements have criticized the United States, the United Kingdom, and India for providing security assistance to Nepal. On September 10, Maoists bombed the American Center in Kathmandu. The attack occurred during non-duty hours and there were no injuries, but the blast damaged the facility.

Security remains weak at many public facilities, including Tribhuvan International Airport in Kathmandu. The United States and other donor countries are actively working to improve this situation, but limited Government finances, weak border controls, and poor security infrastructure could make Nepal a convenient logistic and transit point for outside militants and international terrorists.

Pakistan

Pakistan continues to be one of the United States' most important partners in the war on terrorism. Few countries suffered as much from terrorism in 2004 as Pakistan, and few did as much to combat it. After the two near-miss assassination attempts against President Musharraf in December 2003, groups linked to al-Qa'ida tried to assassinate a corps commander in Karachi in June, and the Finance Minister (now Prime Minister) in July. Nearly 200 people were killed in major Sunni-Shia sectarian attacks. Al-Qa'ida declared the Government of Pakistan to be one of its main enemies, and called for its overthrow.

The Government of Pakistan continues to pursue al-Qa'ida and its allies aggressively through counterterrorist police measures throughout the country and large-scale military operations in the Federally Administered Tribal Areas (FATA) along the rugged Afghanistan-Pakistan border. Pakistani Army and Frontier Corps units destroyed key al-Qa'ida safe havens in South Waziristan Agency (part of the FATA), killing over 100 foreign terrorists and dispersing several hundred more. These operations significantly degraded al-Qa'ida's command and control capabilities in the region, but at a cost of approximately 200 Pakistani servicemen killed in action. Parallel to this military effort, the Government pursued a strategy to win the support of the tribes in the FATA with a combination of negotiations and economic development investments.

In addition to counterterrorism operations in the tribal areas, Pakistani security services are cooperating closely with the United States and other nations in a successful campaign to eliminate terrorism both within Pakistan and abroad. Over 600 suspected operatives of al-Qa'ida and other groups have been killed or captured by Pakistani authorities since September 2001. Individuals detained in 2004 have provided leads that aided investigations by security agencies around the world. Particularly notable in



A man injured in a mosque bombing that killed 22 people and wounded dozens at a local hospital, May 31, in Karachi, Pakistan. (AP Photo/Mohammad Ali)



In Islamabad, on September 2, Pakistan's Interior Secretary Tariq Mehmud, left, receives J. Cofer Black, right, former US Coordinator for Counterterrorism, for two days of official talks. (AP Photo/B.K.Bangash)

2004 were the capture of al-Qa'ida communications expert and Heathrow bomb plot suspect Naeem Noor Khan in July, the arrest of 1998 US Embassy bombing suspect Ahmed Khalfan Ghailani the same month, and the killing of Daniel Pearl murder-suspect Amjad Farooqi in September. The Government also cracked down on several groups that had been active in the Kashmir insurgency, detaining the head of Harakat ul-Mujahidin (HUM) for several months and arranging the extradition of the head of Harakat ul-Jihad-I-Islami (HUJI).

Pursuant to its obligations under UN Security Council Resolution 1267 and subsequent resolutions, Pakistan continues to work with the UN 1267 Sanctions Committee to freeze the assets of individuals and groups identified as terrorist entities linked to al-Qa'ida and the Taliban. Pakistan's Parliament passed an amendment to the 1997 Antiterrorism Act that increased penalties and prohibited bail for those who finance terrorism. Pakistan also drafted and won agreement for a regional convention against terrorist financing. However, the Government's failure to pass an anti-money laundering or counterterrorist financing law that meets international standards has inhibited Pakistan's ability to cooperate internationally on counterterrorism finance issues.

Pakistan's Antiterrorism Courts continue to prosecute terrorism cases. In 2004, the courts convicted a suspect in the 2003 bombing of the US Consulate in Karachi, several suspects in the assassination attempts against President Musharraf, seven suspects in the 2002 attack on a Christian school, and nine suspects in the bombing of the Macedonian Consulate in Karachi.

US-Pakistan joint counterterrorism efforts have been extensive. They include cooperative efforts in border security and criminal investigations, as well as several long-term training projects. A Joint Working Group on Counterterrorism and Law Enforcement, established in

2002, met in September to assess joint efforts and discuss enhanced cooperation.

Sri Lanka

Sri Lanka supports the global war on terror and continues to demonstrate a strong commitment to combating terrorism. The Sri Lankan Government has cooperated with US efforts to track terrorist financing, although no assets have been identified in Sri Lanka to date. The United States has worked with the Government of Sri Lanka to develop anti-money laundering legislation, develop a Sri Lankan financial intelligence unit, and provide training for relevant Government agencies and the banking sector. Sri Lankan police provided investigative assistance in response to US requests.

The 2002 ceasefire between the Sri Lankan Government and the Liberation Tigers of Tamil Eelam (LTTE), a designated Foreign Terrorist Organization, continued to hold despite lack of progress in resuming the negotiations broken off by the LTTE in April 2003. The Sri Lankan Army remains deployed across the country for counter-insurgency purposes. The paramilitary Special Task Force police (STF) is deployed in the east.

Numerous violations of the ceasefire agreement were reportedly committed, primarily by the LTTE, during the year. Fighting broke out between a dissident LTTE faction, led by eastern military commander Karuna, and the mainstream LTTE in March, leading initially to the deaths of at least 120 LTTE cadres and civilians in the east. Following the split, the LTTE began a campaign of targeted assassinations against political opponents, members of the Karuna faction, and suspected Sri Lankan Army informants, killing at least another 80 individuals during the year. In addition, at least 26 members of the mainstream LTTE were killed by suspected Karuna sympathizers, while six members of the Sri Lankan security forces were killed in isolated incidents by suspected LTTE terrorists. On July 7, a suspected LTTE suicide bomber detonated herself while being questioned inside a Colombo police station, killing herself and four policemen. Her intended target was believed to be the Minister of Hindu Affairs, a Tamil politician opposed to the LTTE.

The renewed violence in Sri Lanka has done much to dissipate the cautious optimism that surrounded the process last year. In September, State Department Coordinator for Counterterrorism Cofer Black affirmed that the United States would maintain the designation of the LTTE as a Foreign Terrorist Organization until it unequivocally renounces terrorism in both word and deed.

Western Hemisphere Overview

Terrorism in the Western Hemisphere historically has been perpetrated by groups advocating internal political change and by criminal organizations seeking to intimidate society and governments to allow them to exist and operate unfettered. The focus of terrorist groups has been primarily domestic. In the last year alone, Colombia's three US-designated Foreign Terrorist Organizations (FTOs) — the Revolutionary Armed Forces of Colombia (FARC), the National Liberation Army (ELN), and the United Self-Defense Forces of Colombia (AUC) — were responsible for murdering approximately 3,000 people, mostly Colombians. Shining Path's bloody 30-year campaign in the 1980s and early 1990s left over 35,000 Peruvians dead.

Terrorists in the region are becoming increasingly active in illicit transnational activities, including the drug trade, arms trafficking, money laundering, contraband smuggling, and document and currency fraud. The Western Hemisphere's lightly-defended "soft" targets — its tourism industry, large American expatriate communities, thriving aviation sector, and busy ports — as well as systemic disparities between countries in border security, legal and financial regulatory regimes, and the difficulty of maintaining an effective government presence in remote areas—represent targets and opportunities for domestic and foreign terrorists to exploit.

Although the threat of international terrorism in the Western Hemisphere remained relatively low during 2004 compared to other world regions, terrorists may seek safe-haven, financing, recruiting, illegal travel documentation, or access to the United States from the area and pose seri-



Members of the Salvadoran Special Forces participate in the inauguration ceremony of the "Fuerzas Comando 2004," a joint operation of Central American, South American, Dominican, and US troops to combat terrorism. (AP Photo/Edgar Romero)



Mexican President Vicente Fox shakes hands with US Secretary of State Condoleezza Rice when she arrived at the Los Pinos presidential residence in Mexico City on March 10, 2005. (AP Photo/Eduardo Verdugo)

ous threats. International terrorists have not hesitated to make the Western Hemisphere a battleground to advance their causes. The attacks of September 11, 2001, in the United States and the bombings of the Israeli Embassy in Buenos Aires in 1992 and the Argentine-Jewish Cultural Center in 1994 are stark reminders of this. Americans have fallen victim to terrorists elsewhere in the region; since 1992, the FARC has murdered at least 10 US citizens and currently holds three US Government civilian contractors hostage.

Various countries participated in joint counterterrorism training and simulations during 2004, including "Panama 2004" in August and "Fuerzas Comando 2004" (El Salvador) in July. Many countries in the Western Hemisphere are also active participants in the Counterterrorism Action Group (CTAG) meetings hosted by local US embassies. An initiative coming out of the US Government's chairmanship of CTAG in 2004, these meetings bring together local representatives of the G8, host government, and other regional governments to discuss counterterrorism capacity-building assistance. The countries of the hemisphere are also active in the OAS Inter-American Committee Against Terrorism (Spanish acronym, CICTE).

Significant developments in specific countries and sub-regions:

Colombia suffered continued terrorist violence as the Revolutionary Armed Forces of Colombia (FARC) and other narcoterrorist groups conducted car bombings, kidnappings, and political murders, as well as targeted critical infrastructure (water, oil, gas, electricity) and transportation systems. Three Americans, whose plane made an emergency crash landing in southern Colombia on February 13, 2003, continue to be held hostage by the FARC.

At the time of the crash, the FARC murdered a fourth American and a Colombian soldier. Under President Uribe, the Colombian military, police, and intelligence forces continued successfully to disrupt the activities of Colombian terrorist groups. Acts of terrorism, homicides, massacres, and kidnappings dropped significantly in 2004, while the Colombian Government captured FARC leaders, including Nayibe Rojas Cabrera (aka "Sonia") and Juvenal Ovidio Ricardo Palmera (aka "Simon Trinidad") who were extradited to the United States. Colombia demobilized thousands of AUC members, and continued aggressive coca and poppy eradication.

The United States continued strong cooperative relationships with Canada and Mexico on a range of counterterrorism issues, including border, aviation, maritime, and transportation security. In September 2004, Canada hosted a border symposium for the 34 OAS member states in Vancouver to demonstrate US-Canada cooperation on border security and encourage more active border security measures by CICTE members.

The primary focus in 2004 for many of the countries in the region was to strengthen capabilities to prevent or disrupt possible terrorist fundraising activity in their territories, and to bolster their ability to combat transnational crime, including activities that terrorists could undertake to support terrorism. In Central America, governments concentrated on strengthening intelligence collection and sharing capabilities, and on their ability to respond to terrorist threats and incidents. Efforts were made more difficult by widespread, unfounded media reports alleging formal links between transnational criminal gangs and Islamic extremists in the region.

The United States strengthened its cooperative dialogue with the "Three Plus One" partners Argentina, Brazil, and Paraguay, and provided advice and training support to El Salvador after Islamic terrorists threatened attacks to pun-



Revolutionary Armed Forces of Colombia (FARC) leader Ricardo Palmera (aka "Simon Trinidad") escorted by Colombian authorities in Bogota, Colombia, after his arrest in Ecuador in January. Later extradited to the United States, Palmera is the most senior FARC leader to face US drug and terrorism charges. (AP Photo/Javier Galeano, File)



Thousands attend the tenth anniversary of the 1994 bombing of the Buenos Aires Jewish community center AMIA in Buenos Aires, Argentina, on July 18. (AP Photo/Daniel Luna)

ish El Salvador's participation in the Coalition fighting to liberate Iraq. In the Caribbean, the US Government began a series of assessments requested by countries to determine ways to improve their counterterrorism regimes, and assisted countries to comply with new international norms for port security. Governments stepped up efforts to tighten border security and in general, vigilance against the development of Islamic extremism or other potential misuse of their territories, whether from within or from abroad.

Bolivia

Despite considerable political and economic instability in 2004, Bolivia continued to work closely with the US Government to combat terrorism both domestic and foreign. In late 2004, Bolivia's Financial Investigation Unit collaborated with the US Government to share information about possible terrorist-linked financial transactions and enhance the monitoring and enforcement of financial networks. The Bolivian Government established in 2004 a counterterrorism coordination unit in the Ministry of the Presidency, including elements of the Bolivian National Police and military, to develop national counterterrorism policy, manage terrorism-related information, and coordinate Bolivian Government agencies (military, police, diplomatic, intelligence) to address terrorist threats and activities. The Bolivian Government is an active participant in Counterterrorism Action Group (CTAG) meetings.

Although no significant acts of international terrorism occurred in Bolivia in 2004, domestic terrorism related mainly to the drug trade continued to be a threat, though relatively less than in 2003. Bolivia remains vulnerable to terrorists seeking to exploit its porous borders, resource constraints, corruption, and lack of investigative expertise to disrupt recruiting and fundraising. Members of the Revolutionary Armed Forces of Colombia (FARC), Peru's Shining Path (SL, in Spanish) and Tupac Amaru Revolutionary

Movement (MRTA) have at times been identified in Bolivia; FARC and SL are US Government-designated Foreign Terrorist Organizations (FTOs). More than 300 members of Shining Path and MRTA have been resettled in El Alto under United Nations auspices. Many maintain contacts in Peru and may have contributed to politically motivated violence in Bolivia. The widespread availability of explosives and miners skilled in detonation techniques has complicated Bolivia's counterterrorism efforts. On at least two occasions, domestic groups planned to attack the Congress with dynamite and small arms. Police acted quickly to quell the threats, although one distraught miner in March 2004 detonated charges inside the parliament, killing two policemen and himself, while injuring bystanders.

Colombian National Liberation Army (ELN) member Francisco "Pacho" Cortes — arrested in 2003 on espionage and terrorism charges while attempting to create an ELN-Bolivia branch — remains in custody, but the presiding judge in the case has ruled Cortes eligible for bail. NGOs and Cortes' supporters are attempting to raise funds for his release. The Bolivian Government continues to hunt for organized crime head Marco Marino Diodato, who escaped from prison in early 2004. Diodato is suspected of orchestrating the fatal car bombing of Bolivian prosecutor Monica von Borries in mid-2004, and has reportedly made threats against members of the US Embassy and other Americans in Bolivia. Little progress was made in the investigation of the 2000 torture and murder of police officer David Andrade and his wife, and the suspects remain at large.

Bolivia maintained its policy of forced coca eradication in the Chapare growing region, despite continued threats of violence against Government eradicators there. Violence in the Chapare dropped off, however, after the Government and coca grower syndicates signed an accord in October 2004 allowing for a limited exception of 3,200 hectares to remain untouched for one year. At the same time, there were incidents of violence in the Yungas growing region, a lawless area of both legal and illegal coca cultivation. Coca growers dynamited USAID alternative development projects, threatened police and other government officials, and delayed construction of a police checkpoint.

Bolivia has signed the Inter-American Convention Against Terrorism and the August 2003 Asuncion Declaration, in which several South American nations committed themselves to support the Colombian Government in its ongoing struggle against terrorism and drug trafficking.

Canada

The Canadian Government continued in 2004 to be a strong ally of the United States in the fight against international terrorism. Counterterrorism cooperation with Canada remains excellent. The Canadian Government has responded quickly to requests from the United States for

assistance in areas ranging from information-sharing to disrupting terrorism activities.

Day-to-day cooperation between US and Canadian law enforcement agencies is close and continuous. Canada's 2001 Antiterrorism Act strengthened its ability to identify, deter, disable, prosecute, convict, and punish terrorist groups. It also provides investigative tools for Canadian law enforcement agencies, while providing substantial safeguards to privacy and due process. In December 2003, the Canadian Government established Public Safety and Emergency Preparedness Canada (PSEPC), a counterpart of the US Department of Homeland Security, and gave it the mandate of protecting Canadians from criminals and terrorists.

Canada cooperates closely with the United States on investigations. There is a heavy volume of extradition requests between the two countries. Canadian privacy laws, limited resources, and criminal procedures limit a fuller and more timely exchange of information with the United States.

The diplomatic engagement between the United States and Canada on counterterrorism issues remains strong, maintained in long-standing bilateral fora. For over 15 years, the US-Canada Bilateral Consultative Group (BCG) has brought together government officials to develop ways to enhance cooperation on a broad range of counterterrorism issues, including technical research and development, terrorist designations, threat alerts, and cross-border crime. Canada plans to host the next round of the BCG in 2005.

On December 12, 2001, the United States and Canada signed the Smart Border Declaration, which sets forth a 30-point (later expanded to 32-point) action plan based on four pillars: the secure flow of people, the secure flow of goods, secure infrastructure, and coordination and information-sharing in the enforcement of these objectives. Under the Smart Border Declaration, 15 Integrated Border Enforcement Teams (IBETS) are coordinating US and Canadian efforts to disrupt cross-border criminal and potential terrorist activity. Canada and the United States cooperate on shared immigration issues through the Border Vision process, which began in 1997 and seeks to develop a joint regional approach to migration through information and intelligence sharing, policy coordination, joint overseas operations, and border cooperation.

Canada and the United States coordinate judicial efforts at the US-Canadian Cross-Border Crime Forum, which last met in Ottawa in October 2004 and has a sub-group on counterterrorism. Through the 1995 Shared Border Accord, Canada and the United States continue to streamline processes for legitimate travelers and commercial goods, provide enhanced protection against drug smuggling and the illegal entrance of people, and promote international trade. Canada was the first country to join the United States

in developing the Container Security Initiative (CSI) to screen incoming container shipments, and Canada has been an active participant in the Proliferation Security Initiative.

Canada and the United States also work multilaterally, in fora such as in the G8's Counterterrorism Action Group (CTAG) and the OAS Inter-American Committee Against Terrorism (CICTE), to build legal and financial counterterrorism capacity globally and to strengthen security at ports, airports, and land borders around the world. In September 2004, Canada hosted a border symposium, which brought representatives from the 34 OAS member states to Vancouver to view US-Canada cooperation on border security (land, air, and sea). Participants are expected to report on their border security programs to CICTE.

Canada implements terrorist finance listings in compliance with UN requirements and coordinates closely with the United States on plans to freeze assets. Efforts to counter terrorist financing include implementing the provisions of UN Security Council Resolution 1373, promoting the Special Recommendations on Terrorist Financing of the Financial Action Task Force (FATF), and actively participating in the G7, G8, and G20. Under Canadian law, all terrorist entities listed by the United Nations are automatically designated on a domestic basis within Canada as well. Although they are subject to prosecution under the Criminal Code of Canada, the law remains untested and no prosecutions have yet taken place.

Chile

Chile is a steadfast ally in the global war on terrorism. In 2004 Chile served as chair of the UN's al-Qa'ida and Taliban sanctions committee, and moved to address the potential threat from Islamic extremist fundraising in its free trade zone of Iquique. As host of the 2004 Asia-Pacific Economic Cooperation (APEC) Summit, Chile emphasized security and counterterrorism issues on the agenda.

There were no significant incidents of international terrorism in Chile in 2004, although various domestic groups firebombed a McDonald's restaurant and planted or detonated low-powered bombs outside banks, ATM machines, a subway, and in a restroom in the Brazilian consulate in Santiago. There were no injuries or deaths.

Chilean law enforcement agencies were consistently cooperative in investigating links to international terrorism, but, hampered by a restrictive law, the Investigative Police were unable to bring any investigation to prosecution. Chile has a 200-person designated counterterrorist force in the national uniformed police. In October 2004, a new National Intelligence Agency became fully operational as the coordinator of intelligence gathering for Chile. A number of Chilean Government entities and officials benefited from US-sponsored training during 2004, including the

Chilean Air Force and law enforcement personnel at various levels.

Chile's money laundering statute covers terrorist financing and expands the Government's ability to freeze and seize assets, although the Government has yet to charge anyone under that law or to apply it against terrorist assets identified by other governments or international institutions. Chile launched in June 2004 its financial analysis unit (UAF) charged with investigating suspicious transactions. However, the Constitutional Tribunal ruled some of the UAF provisions to be unconstitutional. Efforts are underway to amend the laws to provide the UAF with greater investigative authority.

Colombia

Colombia remained a steadfast ally of the United States in the fight against narcoterrorism in 2004. The Colombian Government, through bilateral, multilateral, military, and economic activities, continued to assist US Government counterterrorism efforts and to disrupt terrorist acts, block terrorist finances, and extradite terrorists to face justice in the United States.

The US Government has designated three Colombian armed groups as Foreign Terrorist Organizations (FTOs): the Revolutionary Armed Forces of Colombia (FARC), the National Liberation Army (ELN), and the United Self-Defense Forces of Colombia (AUC). In February 2004, the US Government also designated the FARC and the AUC as significant foreign narcotics traffickers under the Kingpin Act. All three Colombian FTOs are primarily focused on domestic change in Colombia and on maintaining their own influence and viability but recently have been suspected of assisting violent groups in other countries such as Paraguay. In 2004, the three FTOs conducted car bombings, kidnappings, political murders, and the indiscriminate use of landmines. They also targeted critical infrastructure (water, oil, gas, electricity), public recreational areas, and modes of transportation.

Some examples in 2004 included the FARC's Christmas Eve kidnapping of seven people in Antioquia Department (Province) and New Year's Eve massacre of at least 17 people for suspected affiliation with the AUC; the FARC's bombing in May of a popular nightclub in Apartado, Antioquia, which killed five and injured almost 100; the suspected FARC bombing in August of Medellin's annual flower festival that injured approximately 38; the FARC's attempted mass kidnapping in February in a condominium complex in Neiva, Huila Department (one hostage was released two months later and three hostages remain in captivity); and the ELN's July kidnapping of the Bishop of Yopal, Casanare Department. Paramilitaries continued to displace forcibly civilians who resided along drug and weapons transit corridors or who were suspected of being guerrilla sympathizers. In late June, the AUC kidnapped former Sena-

tor Jose Eduardo Gnecco and his family. Both FARC and the ELN continued attacks against the country's infrastructure and oil pipelines, albeit at reduced levels. Many more attacks were thwarted nationwide by the Colombian Government's excellent intelligence and security work.

All three FTOs carried out attacks in and around major urban areas in Colombia, including at supermarkets, places of entertainment, and other areas frequented by US citizens and expatriates. Colombia's FTOs continued to threaten and target US citizens in 2004. Historically, American victims of kidnappings and murders have included journalists, missionaries, scientists, human rights workers, US Government employees, and business people, as well as tourists and family visitors, and even small children. On February 13, 2003, a plane carrying five crew members (four US citizens who were US Government defense contractors and one Colombian citizen) crashed in a remote section of Colombia. Two crew members (the Colombian and one of the Americans) were killed by the FARC and the remaining crew members were taken hostage. The FARC continues to hold captive the three US citizens. In the past four years, 30 American citizens have been reported kidnapped in Colombia.

President Uribe's Government has made significant progress in achieving the goals of his national security strategy: to regain control of national territory from Colombia's FTOs, promote desertion and reintegration of former illegal armed militants, and demobilize AUC blocs. Colombian statistics for 2004 indicate that acts of terrorism fell by 42 percent, homicides by 13.2 percent, massacres by 43.5 percent, and kidnappings by 42.4 percent. At least 20 mid-level FARC leaders and financiers and at least 11 paramilitary field commanders have been killed or captured. Nayibe Rojas Cabrera (aka "Sonia"), who managed the finances and drug trafficking of the FARC's Southern Bloc, was captured in February 2004 and later extradited to the United States. In November, the Colombian Army killed FARC's Teofilo Forero Mobile Column Deputy and Operations Chief Humberto Valbuena (aka "Yerbas"), who had replaced Victor Hugo Navarro (aka "El Mocho") after he was killed by the Colombian Army in October 2003. On December 13, the Colombian Government arrested Rodrigo Granda Escobar, a reported FARC General Staff member, considered the FARC's "foreign minister." Nearly 7,000 insurgents and paramilitaries have been captured and more than 4,000 terrorists have deserted their FTOs. Approximately 1,100 extortionists and 400 kidnappers have been captured and 120 civilian hostages have been rescued. Government presence has been restored in all municipalities and internal displacement is down 50 percent.

The US-Colombian extradition relationship continues to be one of the most successful in the world; President Uribe's administration has extradited more than 180 individuals to the United States through the end of 2004. On December

31, the Colombian Government extradited senior FARC commander Juvenal Ovidio Ricardo Palmera (aka "Simon Trinidad") to the United States on charges of kidnapping, providing material support to terrorists, and narcotics trafficking. The threat of extradition has been cited as a significant concern of the FARC, ELN, and AUC leaders.

The Colombian Government's peace process with the AUC, involving AUC demobilization, made substantial progress in 2004 with the removal of nearly 3,000 AUC paramilitaries from combat in November and December 2004. This effort should further reduce overall violence and atrocities, disrupt drug trafficking, and serve as a model for future peace processes with the FARC and ELN.

Although kidnappings have declined, Colombia still suffers from the world's highest kidnapping rate (over 1,500 in 2004). The US Government has provided \$25 million to support the Colombian Government's Anti-Kidnapping Initiative, which trains and equips Colombian Army and Colombian National Police anti-kidnapping units (GAULAs); is developing an anti-kidnapping database to collect, analyze, and disseminate information on kidnappings; and has established a training facility near Bogota. US-trained GAULA units have rescued over 48 hostages, arrested over 200 hostage takers, and seized over \$7 million paid as ransom money.

In September, Colombia's Constitutional Court struck down the 2003 Antiterrorism Bill (proposed by President Uribe) that would have allowed the Colombian Government to conduct wiretaps, search residences, and detain suspects more easily.

Colombia continued to cooperate internationally in the war against terror. On December 16, 2004, the Bogota Appeals Court reversed an earlier decision to acquit three IRA members of providing support to the FARC, sentenced them to 17 years in prison, levied heavy fines, and ordered their recapture. It is unclear, however, whether they are still in Colombia, having been released under conditional parole based on earlier acquittal. This case reportedly came from an exchange of information by Interpol in 2000 about a possible three-way link among the FARC, the IRA, and ETA. Less than a year later, Colombian authorities arrested the IRA members, who had been preparing to leave the country; one of the three was the official Sinn Fein representative to Havana. Even though the IRA-ETA link is well established, there is little indication that ETA has ever actively engaged with the FARC.

Counterterrorism cooperation has paid dividends for Colombia, as illustrated by Ecuador's capture and deportation to Colombia in January 2004 of "Simon Trinidad." Canada and the European Union have added the FARC, ELN, and AUC to their terrorist lists. Mexico closed the official FARC office there in April 2002. Colombia continued to take an active role in the OAS Inter-American Committee Against

Terrorism (CICTE) to enhance hemispheric counterterrorism cooperation, information-sharing, and capacity-building. In August 2003, the Chiefs of State of Argentina, Bolivia, Brazil, Chile, Paraguay, Peru, and Uruguay signed the Asuncion Declaration supporting Colombia's struggle against terrorism and condemning terrorism and narcotic trafficking.

The use of areas along Colombia's porous border by the FARC, ELN, and AUC to find logistical support and rest, as well as to transship arms and drugs, poses a serious challenge to Colombia. Colombia seeks to cooperate with its neighbors to enhance border security. The situation on the Venezuelan side of the Colombian border, which all three Colombian FTO's exploit, is especially disconcerting. Even though the Colombian Government repeatedly made offers to Venezuela to enhance counterterrorism cooperation, the level and quality of cooperation from Venezuela has been very limited. This is despite the issuance by the Colombian Government of a strong statement condemning an alleged paramilitary plot against Venezuelan President Hugo Chavez in May 2004, and the release of prison records and criminal information on all individuals arrested.

Colombia continued to cooperate fully with the United States in blocking terrorist assets. The Colombian Financial Information and Analysis Unit collaborated with the US Government to close suspicious bank accounts. In August, the Colombian military, police, and investigative units produced an estimate of FARC finances. The Government plans to continue this research and expand it to include other terrorist groups in Colombia, which will assist in further developing strategies to cut off the FARC's financial resources. In September, US Secret Service and Colombian National Police seized \$3.6 million counterfeit dollars from the FARC, which had planned to use them to purchase weapons and explosives. The Government also took steps to reorganize and streamline its Inter-Institutional Committee Against Subversive Finances.

Colombia made significant strides in combating narcotrafficking, the primary source of revenue for Colombia's terrorist organizations. Eradication programs targeting coca and opium poppies continued throughout the year with record results for the third straight year. Interdiction operations also resulted in record seizures this year.

Ecuador

The Ecuadorian Government continued in 2004 to support US efforts to combat terrorism. Ecuadorian security forces were receptive to US requests to investigate domestic terrorist incidents and assist with international terrorism investigations. Ecuador shared terrorism-related information with US counterparts. Ecuador's Banking Superintendency cooperated in requesting that Ecuadorian financial institutions report transactions involving known

terrorists, as designated by the US Government or by the UN 1267 Sanctions Committee.

In 2004, the Ecuadorian Armed Forces (FFAA) and National Police (ENP) sustained an aggressive campaign to prevent Colombia's narcoterrorism from spreading to Ecuador, and in doing so, disrupted several Colombian narcoterrorist encampments in Ecuador. The FFAA in January and November conducted large-scale operations in Sucumbios province near the Colombian border, capturing several FARC members. FFAA has reportedly tripled its force posture to approximately 8,000 soldiers along its northern border with Colombia. Since 2003, Ecuadorian armed forces have interdicted thousands of gallons of smuggled petroleum ether, a precursor used in Colombian cocaine laboratories. The US Government provides assistance to Ecuadorian security forces to enhance border security along its northern border with Colombia.

Although no significant international acts of terrorism occurred in Ecuador in 2004, Ecuadorian police suspect several groups of domestic subversion and probable involvement in a dozen pamphlet and incendiary bombs. Prime among the suspected groups is the "Popular Combatants Group" (GCP, in Spanish), which reportedly numbers roughly 200 and is an armed faction of the Marxist-Leninist Communist Party of Ecuador.

Ecuador's porous borders, endemic corruption, and well-established illegal migrant networks may serve as attractive gateways for terrorists to exploit. The Revolutionary Armed Forces of Colombia (FARC), a US-designated Foreign Terrorist Organization, continues to utilize Ecuador for resupply, rest, and recuperation. However, the FARC realizes that Ecuador is less hospitable than before. Limited law enforcement (especially prosecutorial capacity) and military resources limit Ecuador's counterterrorism capabilities.

High rates of migrant smuggling from Ecuador to the United States remain a concern. In response, the Ecuadorian Government operates a US Government-supported anti-smuggling police unit (COAC, in Spanish), which supplied information that led to the 2004 conviction in the United States of an Iranian smuggler, Mehrzade Arbade, whom the COAC had arrested in Ecuador in 2003. In December 2004, the Ecuadorian Government sought US Government assistance and technology to establish a comprehensive entry/exit control system. Ecuador's four international ports met International Ship and Port Facility Security Code (ISPS) technical requirements in 2004.

Cooperation between Colombian and Ecuadorian police forces improved in 2004. On January 3, Juvenal Ovidio Ricardo Palmera (aka "Simon Trinidad"), the most senior FARC official to be captured in decades, was detained by the ENP in Quito and deported to Colombia. Cooperation between the two countries continued to grow through the year, leading to a meeting of Colombian and Ecuadorian law enforcement in Pasto, Colombia, in December 2004.

The Ecuadorian Government has signed and submitted for ratification to its Congress the Inter-American Convention Against Terrorism. In 2004, the Ecuadorian Government also submitted comprehensive anti-money laundering legislation that is moving through its legislature.

Mexico

Mexico is a key ally of the United States in combating terrorism. The Mexican Government works closely with the US Government to enhance aviation, border, maritime, and transportation security; protect US citizens, businesses, and Government facilities and personnel in Mexico; secure critical infrastructure; and combat terrorism financing.

The Mexican and US Governments have participated in a range of bilateral fora that sought to address shared counterterrorism-related concerns, including the US-Mexico Border Partnership Action Plan, Senior Law Enforcement Plenary, the Bi-National Commission, and the Mexico-US Committee on Transborder Critical Infrastructure Protection. On the multilateral front, Mexico hosted the Special Summit of the Americas in Monterrey on January 12-13, 2004, during which issues of regional counterterrorism cooperation were advanced.

In 2004, Mexico continued to offer outstanding cooperation in improving border security. The United States and Mexico continued to follow through on implementation of the US-Mexico Border Partnership Action Plan, signed in March 2002 in Monterrey, to improve infrastructure at ports of entry, expedite legitimate travel, and increase security related to the movement of goods. The US Government has provided \$25 million in support. Law enforcement officials on both sides of the border participated in a workshop on emergency responses to chemical incidents and terrorist attacks. Mexico's Plan Centinela, initiated in 2003, continued to integrate security efforts to manage issues along the northern and southern Mexican border, to protect infrastructure, and to enhance airport security.

The Mexican military continued to take steps to improve the capabilities of their counterterrorism forces with additional training and equipment. The Secretariat of the Navy increased security operations for passenger cruise ships and military vessels calling on Mexican ports. The Mexican Navy also established an offshore rapid response base for the protection of oil production infrastructure. Mexico has effectively undertaken implementation of International Ship and Port Facility Security Code (ISPS) and related port security efforts.

A continuing issue of strategic concern in 2004 to US-Mexico counterterrorism efforts remained the existence and continued exploitation of smuggling channels traversing the US-Mexico border. Despite active and prolonged cooperation by the Mexican Government to address these

smuggling routes, many smugglers have avoided prosecution. The Mexican Government continued in 2004 to step up efforts to address the flow of illegal migrants into Mexico, many of whom sought eventually to reach the United States. In October and November, a comprehensive operation targeting gangs and migrant smugglers began along Mexico's southern border that resulted in hundreds of arrests.

Panama

Panama is a stalwart supporter of the United States in the war on terror. As the custodian of key infrastructure astride a strategic location, Panama takes the threat of terror seriously, and is taking appropriate measures.

There were no significant incidents of international terrorism in Panama in 2004.

Panama's immediate terrorism concern is incursions by Colombian narcoterrorists into Panama's remote Darien region. Following the murder of four Panamanians by narcoterrorists in 2003, Panama entered into a border security cooperation agreement with Colombia and strengthened police presence in Darien, and along the frontier. To confront challenges in the medium and longer term, Panama is taking other steps.

Panama's new antiterrorism legislation mandates severe penalties for a variety of activities in support of terrorists. Heavy caseloads, lack of expertise for complex international investigations, and extra-legal influence hinder the police and judicial system, however. Panama's security and anti-money laundering authorities have taken good advantage of US-provided training opportunities and equipment. The Government could bolster its already strong political will to combat terrorism by devoting more of its own resources to counterterrorism efforts.

Panama has increased the security of its key infrastructure and of the Panama Canal significantly. The Government has installed surveillance technology at critical points, such as the Bridge of the Americas and container ports. The Panama Canal Authority has improved its collection of information on ships that use the Canal and has modernized its incident management center. Panama has also strengthened the capabilities of its national security authorities to collect, analyze, and disseminate intelligence. Anti-money laundering authorities are extremely cooperative in preventing terror financing through Panamanian institutions.

In 2004, Panama signed an agreement with the United States under the Proliferation Security Initiative (PSI) that facilitates boarding procedures to search vessels suspected of carrying cargoes of proliferation concern. Panama also provided enhanced force protection for US warships transiting the Canal.

Shortly before leaving office in September 2004, President Moscoso pardoned four foreigners arrested in 2000 and jailed for illegal possession of explosives. The Government of Cuba alleged that the suspects were plotting to kill Fidel Castro, who was attending the Ibero-American summit in Panama, and sought their extradition. Panama refused, on grounds that they would not be accorded a fair trial in Cuba. Upon their release, the Cuban Government suspended diplomatic relations with Panama. Relations were later restored.

Panama has a significant Muslim population, augmented recently by an influx of South Asian immigrants, that has traditionally remained apolitical and focused on business interests centered around the Colon Free Trade Zone and provincial towns. While rumors persist of ties between Panama's Muslim community and terrorist groups in the Middle East, there has been no credible evidence to support such speculation. The Panamanian Government remains cognizant of the potential threat posed by immigrants from countries associated with Islamic extremism.

Peru

Peru remained a supporter of US counterterrorism efforts in 2004. Even though the Shining Path (Sendero Luminoso, or SL), a US Government-designated Foreign Terrorist Organization (FTO), remains small and isolated, SL continues to pose a threat to US and Peruvian interests. SL conducted several deadly attacks in remote Peruvian areas in 2004. SL has a few hundred armed members concentrated in the coca-growing valleys where they reportedly are increasing their involvement in the drug trade, gaining more resources for terrorist activities. Lack of an effective Government presence in these areas has complicated efforts to disrupt SL activity. A purported SL leader threatened attacks against US and Peruvian coca eradication efforts in Huanaco Department (Province). Armed terrorist incidents fell to 40 in 2004 from 100 in 2003. Reports suggest that SL is trying to rebuild support in the universities where they exercised considerable influence in the 1980s. The Peruvian Government arrested 161 suspected SL members, including alleged key leader Gavino Mendoza. Peru successfully extradited from Spain suspected SL leader Adolfo Olaechea in 2003; his case will be tried in 2005.

The Tupac Amaru Revolutionary Movement (MRTA) was significantly reduced in numbers in recent years, but it appears to be quietly trying to rebuild its membership. The MRTA has not conducted a significant terrorist attack since the December 1996 hostage siege at the Japanese Ambassador's residence in Lima, and posed a very limited threat in 2004. The Peruvian Communist Party (Patria Roja) has not engaged in terrorist acts but has been suspected of advocating violent confrontation with Peruvian security forces.

There is only limited evidence of the Revolutionary Armed Forces of Colombia (FARC) or Colombia's National Liberation Army (ELN) operating inside Peru or working with SL. In January 2004, a FARC member and several Peruvians were arrested for arms trafficking in northern Peru. In 2004, Peru, Colombia, and Brazil signed a border security agreement to enhance cooperation to combat terrorism and arms trafficking.

President Toledo has pledged increased funding for security forces and social development projects in areas where SL and other terrorist groups operate. The Peruvian Congress approved the President's request to create a National Defense and Security Fund, totaling \$40 million for 2005. The Peruvian Congress created a national security system designed to improve inter-governmental cooperation and strengthen prosecutors. The National Police (PNP) Directorate of Counterterrorism (DIRCOTE) is the primary Peruvian agency coordinating counterterrorism efforts, along with the Peruvian Army, which operates approximately 75 bases.

President Toledo has repeatedly extended a state of emergency, which suspends some civil liberties and gives the Armed Forces authority to maintain order, for successive periods of up to 60 days in parts of Peru's five departments where SL is believed still to have armed members. The Peruvian Government and civil society are working to implement the 2002 recommendations of the Truth and Reconciliation Commission to heal wounds from the terrorist conflict of the 1990s. President Toledo's Peace and Development Commissions, formed in 2002, continued to promote cooperation between police, military, and residents in the areas where SL and MRTA conflicts had been the greatest.

The Government continued to prosecute terrorist suspects aggressively. Peru's special antiterrorism court is retrying around 750 of the 1,900 overturned convictions, in conformance with the findings of the Inter-American Court of Human Rights (IACHR), of SL and MRTA defendants who had been tried on Fujimori-era decree laws on terrorism. All the cases must be re-tried by January 2006 or the defendants will be released in accordance with Peruvian law. A retrial ("megatrial") of SL founder Abimael Guzman and 15 co-defendants began in November 2004. The retrial of 13 MRTA leaders, including its founder Victor Polay, together in another "megatrial" began in December 2004. Six SL members remain in various stages of trials and appeals for complicity in the March 2002 bombing near the US Embassy that killed ten people; two defendants were released for lack of evidence. A principal SL leader, Osman Morote, was acquitted of charges relating to a 1992 television station bombing, although three other SL members were convicted and sentenced. Morote continues to serve an 18-year sentence on a previous terrorism conviction and is one of the "megatrial" defendants.

In May 2004, the IACHR issued its decision in the case brought by Lori Berenson, a US citizen and convicted MRTA member, who claimed that the terrorism law enacted to deal with the overturned terrorist convictions still violated international due process of law. While the Court found against Peru on some claims, the Court did not invalidate Berenson's conviction or 20-year sentence.

Peru passed legislation in July 2004 to strengthen and expand the authorities of its financial intelligence unit (FIU). The new legislation included counterterrorist finance activities among the FIU's functions; greatly expanded the FIU's capacity to engage in joint investigations and information-sharing with foreign FIU's; enhanced the FIU's capacity to exchange information and pursue joint cases with other agencies of the Peruvian Government; and required that individuals and entities transporting more than \$10,000 in currency or monetary instruments into or out of Peru file reports with Peruvian Customs. The US Government continued to provide assistance, including a technical advisor and funding for hardware and software, to help Peru fight money laundering and other financial crimes.

All of Peru's major seaports achieved UN and private sector security certifications. The US Government supports a port security program in Peru that focuses on narco-trafficking but also counters terrorist threats and arms smuggling. Airport security in Peru has been enhanced with US assistance.

Peru has ratified the Inter-American Convention Against Terrorism and signed the August 2003 Asuncion Declaration, by which several South American nations committed themselves to support the Colombian Government in its ongoing struggle against terrorism and drug trafficking. Peru has been an active participant in the United Nations and OAS Inter-American Committee Against Terrorism (CICTE).

Triborder Area (Argentina, Brazil, and Paraguay)

The countries of the Triborder Area (TBA) — Argentina, Brazil, and Paraguay — have long been concerned about the pervasiveness of transnational crime in the region where the three nations converge. In the early 1990s, the countries established a mechanism for addressing jointly arms and drug trafficking, contraband smuggling, document and currency fraud, money laundering, and the manufacture and movement of pirated goods. In 2002, at their invitation, the United States joined them in a consultative mechanism — the "Three Plus One" Group on Triborder Area Security — to strengthen the capabilities to fight cross-border crime and thwart money laundering and terrorist fundraising activities. The United States remains concerned that Hizballah and HAMAS raise funds among the sizable Muslim communities in the region, and that the high incidence of illicit activity could tempt terrorist groups to seek to establish safe havens in this largely uncontrolled area. Persons suspected of ties to terrorist

groups have been spotted in the TBA, but no operational activities of terrorism have been detected.

In December 2004, the United States hosted the fourth high-level meeting of the "Three Plus One," at which the partners exchanged views on measures taken and progress confronting the region's security challenges. Argentina, Brazil, and Paraguay agreed to develop guidelines for detecting and monitoring potentially illegal flights in the TBA, to exchange information on cargo flights, and to explore the feasibility of conducting joint patrols on Iguacu waterways. They also agreed to meet in 2005 to strengthen institutional ties among prosecutors, to consider integrated border and customs controls, to enhance cooperation among their financial analysis units, and to begin looking at charities to prevent their abuse of fundraising. Brazil announced the creation of a Regional Intelligence Center in Foz do Iguacu, and Argentina and Paraguay committed to designate liaisons to it. The parties agreed to continue to work among themselves and with the United States to confront transnational crime and continue to deny the TBA to terrorists.

Individually, the TBA countries maintained strong stances against international terrorism.

Argentina continued to cooperate with the United Nations, the OAS, its neighbors, and the United States on a number of counterterrorism initiatives. Argentine security forces have been especially vigilant in monitoring illicit activity and its potential links to Islamic radical groups in the TBA. There is no credible evidence that operational Islamic terrorist cells exist in Argentina. Argentina maintains a leading role in the OAS Inter-American Committee Against Terrorism (CICTE), established on Argentina's initiative in the 1990s.

There were no significant acts of international terrorism in Argentina in 2004. In November, small explosive devices set to detonate after hours at three foreign bank branches (one US) killed a security guard and injured a policeman. No group has claimed responsibility. In September, a three-judge panel acquitted all 22 Argentine defendants charged in connection with the 1994 terrorist bombing of the Buenos Aires Jewish Community Center, in which at least 85 persons were killed. The panel faulted the investigation of the original judge and prosecutors and called for an investigation of their handling of the case and trial. An Argentine criminal court judge reconfirmed the validity of international arrest warrants against 12 Iranian nationals, including diplomats stationed in Buenos Aires in 1994, and one Lebanese official believed to head Hizballah's terrorist wing. There were no new developments in the investigation of the 1992 bombing of the Israeli Embassy, in which at least 29 persons were killed.

Draft legislation to criminalize terrorist financing introduced in the Argentine Chamber of Deputies in 2003 remained stalled through 2004. The draft provides penal-

ties for violations of international conventions, including the UN's Convention for the Suppression of the Financing of Terrorism. Argentina's lower legislative chamber will consider the new legislation once it ratifies the UN pact, as well as the Inter-American Convention Against Terrorism.

Argentine executive branch officials and the Central Bank continued to be extremely cooperative in 2004, responding quickly and effectively to ensure that the assets of terrorist groups identified by the United States or the UN would be frozen if detected in Argentine financial institutions. New regulations require travelers to report the cross-border transport of currency in excess of \$10,000, whether inbound or outbound and the country is establishing an automated entry/exit system at ports of entry.

Brazil continues to extend practical and effective support for US counterterrorism efforts on all fronts, including intelligence, law enforcement, and finance. There were no international terrorism incidents of significance in Brazil in 2004, and no credible evidence of the existence of operational terrorist cells. The United States remained concerned about the possible use of Brazilian territory for transit by terrorists using established illegal migrant smuggling groups or for fundraising for terrorist groups.

In May 2004, the Government of Brazil created a technical team from five key ministries and the Armed Forces to formulate a national policy to combat terrorism. The group's recommendations are intended as the basis of a bill to establish a national authority for combating terrorism. By the end of 2004, however, the administration of President Lula da Silva had yet to submit a bill to the legislature. Also awaiting legislative action were a bill introduced in 2003 aimed at preventing terrorist attacks on Brazil's cyber infrastructure and measures to update Brazil's money laundering law that dates back to 1978. There are no significant impediments to the prosecution or extradition of suspected terrorists by Brazil, although Brazil's legal procedures can be protracted.

Brazil is increasingly capable of monitoring domestic financial operations and effectively utilizes its Financial Activities Oversight Council (COAF, in Portuguese) to identify possible funding sources for terrorist groups. The United States recently provided assistance and training to COAF to upgrade its database and data collection mechanism. In January 2005, the Brazilian Federal Police will inaugurate a regional field office in Foz do Iguacu to coordinate its law enforcement efforts in the TBA.

Paraguay has cooperated in the global war against terrorism by actively supporting counterterrorism initiatives at the UN and the OAS. In December 2004, at the fourth meeting of the "Three Plus One", Paraguay offered to host a conference of TBA financial intelligence units in the first half of 2005.

In September 2004, Cecilia Cubas, the daughter of a former president of Paraguay, was abducted and subsequently murdered. The Paraguayan Government charged, credibly, that what appeared as a kidnap for profit gone awry was really the work of a radical leftist group with possible ties to the Revolutionary Armed Forces of Colombia (FARC).

Paraguay remained vigilant throughout 2004 against extremists seeking to raise funds among Paraguay's Muslim community for terrorist activities outside Paraguay. There was no credible evidence of operational Islamic terrorist cells in Paraguay.

The executive branch's strong political will to combat terrorism notwithstanding, the Government remained hampered by weak or non-existent legislation and by limited law enforcement and intelligence capabilities. In particular, Paraguay lacks an antiterrorism law that would afford authorities the special powers needed to investigate and prosecute terrorism-related crimes. Lacking such a law, and adequate money laundering legislation, the Government is only able to prosecute suspected terrorist financiers for tax evasion or other crimes. To address these deficiencies, the Government in 2004 prepared for consideration by the legislature draft legislation to strengthen Paraguay's anti-money laundering regime and an antiterrorism bill that would outlaw support for terrorists. Both need to be adopted by the legislature. These initiatives are key to Paraguay meeting its international counterterrorism obligations as set forth in UN Security Council Resolutions.

Despite the lack of specific antiterrorist statutes, Paraguay has actively prosecuted suspected terrorist fundraisers under other statutes. Hizballah fundraisers Sobhi Fayad and Ali Nizar Dahroug were sentenced to lengthy prison terms in November 2002 and August 2003, respectively, for tax evasion. A major accomplishment in 2004 was the successful prosecution and conviction in May of Hizballah fundraiser Assad Ahmad Barakat on charges of tax evasion, following his extradition from Brazil. He was sentenced to six and one-half years. The Government is considering additional charges of bank fraud, pending concurrence by Brazil. (The terms of the Paraguay-Brazil extradition treaty prohibit prosecution of extradited suspects on charges other than those that were the basis for extradition.) Separately, in March Paraguay opened a case of tax evasion against a money exchange house and 46 individuals suspected of involvement in money laundering. In August, Paraguay brought charges of document fraud against Barakat's brother Hatem Barakat, also a suspected terrorist financier. Paraguay's antiterrorist police Secretariat for the Prevention of International Terrorism (SEPRINTE) continued to provide excellent support in these and other investigations.

Uruguay

The Government of Uruguay cooperates fully with the United States and international institutions in the war on terrorism, but has not devoted great resources to the effort. There were no significant incidents of international terrorism in Uruguay in 2004.

Uruguayan banking and law enforcement agencies profess to search for financial assets, individuals, and groups with links to terrorism, but they have not discovered any terrorist assets in Uruguayan financial institutions, nor any terrorist operatives in Uruguay. The Government has occasionally assisted in monitoring the possibility of extremists raising funds for terrorist groups from Muslim communities in the Triborder area and along Uruguay's northern frontier with Brazil.

In September 2004, Uruguay approved legislation that significantly strengthened its anti-money laundering regime. It also signed the Asuncion Declaration in support of Colombia's efforts against terrorism and drug trafficking. Uruguay seconded personnel to the Executive Secretariat of the Organization of American States' Committee to Combat Terrorism (CICTE) and, as CICTE Chair, hosted the annual meeting in Montevideo in January 2004.

Venezuela

In 2004, Venezuelan-US counterterrorism cooperation continued to be inconsistent at best. Public recriminations against US counterterrorism policies by President Chavez and his close supporters overshadowed and detracted from the limited cooperation that exists among specialists and technicians of the two nations.

Venezuela continued in 2004 to be unwilling or unable to assert control over its 1,400-mile border with Colombia. Consequently, Colombia's three US-designated Foreign Terrorist Organizations (FTOs) — the Revolutionary Armed Forces of Colombia (FARC), the National Liberation Army (ELN), and the United Self-Defense Forces of Colombia (AUC) — continued to regard Venezuelan territory near the border as a safe area to conduct cross-border incursions, transship arms and drugs, rest, and secure logistical supplies, as well as to commit kidnappings and extortion for profit. Weapons and ammunition — some from official Venezuelan stocks and facilities — continued flowing from Venezuelan suppliers and intermediaries into the hands of Colombia's FTOs. It is unclear to what extent and at what level the Venezuelan Government approves of or condones material support to Colombian terrorists. President Chavez's close ties to Cuba, a US-designated state sponsor of terrorism, continue to concern the US Government.

Current Venezuelan law does not specifically mention crimes of terrorism, although the UN Convention on Ter-

rorist Bombings of 1997 and the UN Convention on Terrorism Financing of 1999 became law in Venezuela in July 2003. Venezuela neither maintains a foreign terrorist list nor designates groups as such. Venezuela signed the OAS Inter-American Convention Against Terrorism in June 2002 and ratified it in January 2004. Legislation considered throughout 2004 — including the organized crime bill, anti-terrorism bill, and proposed changes to the penal code — defined terrorist activities, established punishments, facilitated investigation and prosecution, and froze the assets of terrorism financiers. However, other proposed changes to the penal code would undercut political freedoms. The law modifying the penal code passed in the Assembly on January 6, 2005, and is awaiting Chavez's signature.

President Chavez's stated ideological affinity with FARC and ELN — both US-designated Foreign Terrorist Organizations (FTOs) — further limited Venezuelan counterterrorism cooperation with Colombia, which in 2004 continued to receive less cooperation from Venezuela than from its other neighbors. Venezuelan and Colombian military and police cooperated on some terrorism and drug-related cases. Moreover, the September 17 murder of at least six Venezuelan National Guard members and a civilian engineer near the border with Colombia, reportedly by FARC forces, publicly upset Chavez and raised expectations that border policing would be stepped up with additional resources and political will.

However, President Chavez's and the Venezuelan Government's acerbic reaction to the December 13 detention of Rodrigo Granda Escobar, a reported FARC General Staff member who is considered the FARC's "foreign minister," complicated efforts to enhance Venezuelan-Colombian counterterrorism cooperation. Granda had reportedly been captured in Venezuela by bounty hunters, and then brought to Cucuta, Colombia (near the Venezuelan border), where he was detained by Colombian officials. President Chavez and the Venezuelan Government publicly accused the Colombian Government of infringing on Venezuela's sovereignty, suspended trade and business accords with Colombia, and recalled Venezuela's Ambassador to Colombia. President Chavez rejected Colombian President Uribe's offer to meet face-to-face to resolve the impasse and conditioned any meeting with Uribe — as well as the resumption of trade relations and return of Venezuela's Ambassador to Colombia — on Uribe's apologizing to Chavez and accepting responsibility for violating Venezuela's sovereignty. In early 2005, Chavez and Uribe resolved to move past this incident. However, future counterterrorism cooperation between Venezuela and Colombia remains uncertain.

Following the killing of prosecutor Danilo Anderson on November 18, 2004, President Chavez ordered Venezuela's National Defense Council to define an anti-terrorism strategy to include tighter border and

Inter-American Committee Against Terrorism (CICTE)

A continuing positive trend in the Western Hemisphere has been the high level of political will to combat terrorism. Although counterterrorism capacity and expertise remain lacking in many states in the hemisphere, countries continued efforts to strengthen their counterterrorism regimes on all fronts, with an emphasis on cooperation.

At the heart of this cooperation lies the Organization of American States' Inter-American Committee Against Terrorism (CICTE, in Spanish), which continued in 2004 to enhance regional counterterrorism cooperation and capacity-building. Then-Coordinator for Counterterrorism Cofer Black led the US delegation to the January 2004 CICTE Fourth Regular Session in Montevideo, Uruguay, during which CICTE expanded its mission beyond disrupting terrorism financing and enhancing border security to addressing threats to transportation security (aviation and seaport) and cyber security. To accomplish this enhanced mission, CICTE has four ongoing counterterrorism capacity-building programs: airport security training, border security (land, air, sea) and financial controls, policy engagement exercises, and counterterrorism needs assessments.

CICTE has delivered over \$3 million in counterterrorism capacity-building assistance in the region. In 2004, CICTE provided training to over 300 port and airport security officials from 28 member states to help meet the requirements of the International Maritime Organization's International Ship and Port Facility Security (ISPS) code, and the International Civil Aviation Organization's (ICAO) new air security standards. CICTE has advised 15 member state governments on how to meet the requirements of UNSCR 1373, the 12 UN conventions and protocols relating to terrorism, and the Inter-American Convention Against Terrorism.

In 2004, Chile, Dominica, Honduras, Panama, and Venezuela ratified the Inter-American Convention Against Terrorism, bringing the total number to 12. Having received the 10th ratification, a meeting of states parties, as called for in the Convention, will be held in 2005. The Convention has been signed by all but one OAS member state, and it came into force July 10, 2003. The Convention complements and expands on the 12 UN conventions and protocols relating to terrorism.

communications security. At President Chavez's instruction, the National Assembly formed a committee to develop an antiterrorism law, and the Supreme Court designated a group of judges to handle terrorism cases. Nevertheless, there are concerns within Venezuela, based on preliminary details of the antiterrorism law, that Chavez's recent attention to "terrorism" may be intended to target domestic opponents of his Government. An increasingly politicized judiciary and the recent appointment of Venezuelan Government supporters to fill the 12 new seats added to the Supreme Court (plus five vacancies) cast serious doubts on the judges' independence and impartiality.

Terrorist tactics were employed throughout 2004 by unidentified domestic groups attempting to influence the tenuous political situation, particularly in Caracas. A series of small bombs and threats throughout the year were in some cases blamed on supporters of President Chavez or on the Government's political opponents. The Venezuelan Government alleged in 2004 that exile groups and the US Government sought to overthrow or assassinate President Chavez, but offered no proof to support its claims. The Government claimed on May 8 that some 100 Colombian paramilitaries were training secretly near Caracas; those detained turned out to be unarmed Colombian agricultural workers.

Venezuela's limited document security, especially for citizenship, identity, and travel documents, makes it an

attractive venue for persons involved in criminal activities, including terrorism. Venezuela could serve as a transit point for those seeking illegal entry into the United States, Europe, or other destinations.

Most examples of positive counterterrorism cooperation with the United States pre-date 2004. In the wake of 9/11, Venezuela supported the invocation of the Inter-American Treaty of Reciprocal Assistance ("The Rio Treaty"), which calls for the collective self-defense of OAS member states in response to an attack on any member. Venezuela had provided limited cooperation to the US Government on counterterrorism and counterterrorist finance efforts, as well as US Government counternarcotics initiatives. In November 2002, a US Financial Systems Assessment Team (FSAT) visited Venezuela and met with Venezuelan Government officials to assess Venezuela's counterterrorism finance regime. Venezuelan officials have participated in various US Government counterterrorism finance courses, identified by the FSAT. The Venezuelan military has received anti-kidnapping training from the US military. Venezuela helped provide evidence that led to the indictment of FARC members for the 1999 murder of three American indigenous activists. Future counterterrorism cooperation with the United States remains uncertain, especially given President Chavez's and the Venezuelan Government's actions in 2004.

State Sponsors of Terrorism Overview

Iraq, as it transitioned to democracy, ceased to support terrorism and its designation as a state sponsor of terrorism was rescinded in October 2004. Libya and Sudan took significant steps to cooperate in the global war on terrorism in 2004. Cuba, Iran, North Korea, and Syria, however, continued to maintain their ties to terrorism. Although some countries in this latter group have taken steps to improve cooperation with global counterterrorism efforts in some areas, all have also continued the actions that led them to be designated as state sponsors.

State sponsors of terrorism impede the efforts of the United States and the international community to fight terrorism. These countries provide a critical foundation for terrorist groups. Without state sponsors, terrorist groups would have a much more difficult time obtaining the funds, weapons, materials, and secure areas they require to plan and conduct operations. Most worrisome is that these countries also have the capabilities to manufacture weapons of mass destruction and other destabilizing technologies that could fall into the hands of terrorists. The United States will continue to insist that these countries end the support they give to terrorist groups.

Cuba

Throughout 2004, Cuba continued to actively oppose the US-led coalition prosecuting the global war on terrorism. Cuba continues to maintain at the UN and other fora that acts by legitimate national liberation movements cannot be defined as terrorism, and has sought to characterize as “legitimate national liberation movements” a number of groups that intentionally target innocent civilians to advance their political, religious, or social agendas. The Cuban Government claims, despite the absence of evidence, that it is a principal victim of terrorism sponsored by Cuban-Americans in the United States. The Cuban Government’s actions and public statements run contrary to the spirit of the UN conventions on terrorism that it has signed.

In 2004, Cuba continued to provide limited support to designated Foreign Terrorist Organizations, as well as safehaven for terrorists. The Cuban Government refuses to turn over suspected terrorists to countries that have charged them with terrorist acts, alleging that the receiving government would not provide a fair trial on charges that are “political.” Havana permitted various ETA members to reside in Cuba, despite a November 2003 public request from the Spanish Government to deny them sanctuary, and provided safehaven and some degree of support to members of the Colombian FARC and ELN guerilla groups.

Many of the over seventy fugitives from US justice that have taken refuge on the island are accused of committing violent acts in the United States that targeted innocents in order to advance political causes. They include Joanne Chesimard, who is wanted for the murder of a New Jersey

State Sponsor: Implications

Designating countries that repeatedly provide support for acts of international terrorism results in the imposition of four main sets of US Government sanctions:

1. A ban on arms-related exports and sales.
2. A requirement for notification to Congress of any license issued for exports that could make a significant contribution to the state sponsor’s military potential or could enhance their ability to support acts of international terrorism.
3. Prohibitions on foreign assistance.
4. Miscellaneous financial and other restrictions, including:
 - US opposition to loans by the World Bank and other international financial institutions.
 - Providing an exception to sovereign immunity to allow families of terrorist victims to file civil lawsuits in US courts.
 - Restrictions on tax credits for income earned in state sponsor countries.
 - Denial of duty-free treatment of goods exported to the United States.
 - Prohibition of certain Defense Department contracts with companies controlled by state sponsors.

State Trooper in 1973. On a few rare occasions the Cuban government has transferred fugitives to the United States, although it maintains that fugitives would not receive a fair trial in the United States.

Iran

Iran remained the most active state sponsor of terrorism in 2004. Its Islamic Revolutionary Guard Corps and Ministry of Intelligence and Security were involved in the planning and support of terrorist acts and continued to exhort a variety of groups to use terrorism in pursuit of their goals.

Iran continued to be unwilling to bring to justice senior al-Qa’ida members it detained in 2003. Iran has refused to identify publicly these senior members in its custody on “security grounds.” Iran has also resisted numerous calls to transfer custody of its al-Qa’ida detainees to their countries of origin or third countries for interrogation and/or trial. Iranian judiciary officials claimed to have tried and convicted some Iranian supporters of al-Qa’ida during 2004, but refused to provide details. Iran also continued to fail to control the activities of some al-Qa’ida members who fled to Iran following the fall of the Taliban regime in Afghanistan.

During 2004, Iran maintained a high-profile role in encouraging anti-Israeli terrorist activity, both rhetorically and operationally. Supreme Leader Khamenei praised Palestinian terrorist operations, and Iran provided Lebanese Hizballah and Palestinian terrorist groups — notably

HAMAS, the Palestinian Islamic Jihad, the al-Aqsa Martyrs Brigades, and the Popular Front for the Liberation of Palestine-General Command — with funding, safe haven, training, and weapons. Iran provided an unmanned aerial vehicle that Lebanese Hizballah sent into Israeli airspace on November 7, 2004.

Iran pursued a variety of policies in Iraq during 2004, some of which appeared to be inconsistent with Iran's stated objectives regarding stability in Iraq as well as those of the Iraqi Interim Government (IIG) and the Coalition. Senior IIG officials have publicly expressed concern over Iranian interference in Iraq, and there were reports that Iran provided funding, safe transit, and arms to insurgent elements, including Muqtada al-Sadr's forces.

Libya

Following Libya's December 19, 2003, announcement that it would eliminate its weapons of mass destruction and non-Missile Technology Control Regime class missiles, the United States, the United Kingdom, and relevant international agencies worked with Libya to eliminate these weapons in a transparent and verifiable manner. In recognition of Libya's actions, the United States and Libya began the process of improving diplomatic relations. On February 26, the United States lifted its restriction on the use of US passports for travel to Libya and eased some economic sanctions. On April 23, the United States eased more sanctions and terminated the applicability of the Iran-Libya Sanctions Act provisions to Libya. On June 28, the United States reestablished direct diplomatic relations with Libya by upgrading its Interests Section to a US Liaison Office. On September 20, the President terminated the state of emergency declared in 1986 and revoked the related executive orders. This rescinded the remaining economic sanctions against Libya under the International Emergency Economic Powers Act (IEEPA).

Libya remains designated as a state sponsor of terrorism and is still subject to the related sanctions. In 2004, Libya held to its practice in recent years of curtailing support for international terrorism, although there are outstanding questions over its residual contacts with some past terrorist clients. Libya has provided cooperation in the global war on terrorism, and Libyan leader Muammar Qadhafi continued his efforts to identify Libya with the international community in the war on terrorism. Prior to the January 30, 2005, elections in Iraq, senior Libyan officials made statements that defended insurgent attacks on US and Coalition forces; following strong US protests, Libya encouraged Iraqi participation in the elections, indicating its intent to recognize the upcoming Transitional Iraqi Government, and support reciprocal diplomatic missions with Iraq.

Following Libya's steps to eliminate its weapons of mass destruction and the September 20 revocation of US economic sanctions related to the national emergency, Libya

authorized a second payment of \$4 million per family to the families of the 270 victims of the 1988 Pan Am 103 bombing over Lockerbie, Scotland. This payment was part of a deal concluded in 2003 between Libya and the families in which Libya agreed to pay \$10 million per family, or \$2.7 billion, contingent upon the lifting of UN and US sanctions and removal of Libya from the state sponsors of terrorism list. By year's end, UN and US sanctions were lifted and the families had received a total of \$8 million each, even though Libya remained designated as a state sponsor of terrorism. A remaining \$2 million per family remained in a third-country escrow account, pending Libya's removal from the terrorism list.

Libya resolved two other outstanding international disputes stemming from terrorist attacks that Libya conducted during the 1980s. In January, the Qadhafi Foundation agreed to pay \$170 million to the non-US families of victims of the 1989 bombing of a French UTA passenger aircraft. Separate cases for compensation filed by US victims' families are still pending in the US courts. In 2001, a German court issued a written opinion finding that the Libyan intelligence service had orchestrated the 1986 bombing of the La Belle nightclub in Berlin, in which two US servicemen and a Turkish woman were killed and 229 people were injured. The Court convicted four individuals for carrying out the attack. In August, the Qadhafi Foundation agreed to pay \$35 million to compensate non-US victims of the La Belle attack. In reaching the agreement to pay compensation, Libya stressed that it was not acknowledging responsibility for the attack, but was making a humanitarian gesture. The families of the US victims are pursuing separate legal cases, and Libyan officials publicly called for compensation for their own victims of the 1986 US air strikes in Libya.

In October, Libya was instrumental in the handover of Amari Saifi, also known as Abderrazak al-Para, the number two figure in the Salafist Group for Call and Combat (GSPC), to Algeria. Al-Para, responsible for the kidnapping of 32 Western tourists in Algeria in 2003, had been held by a Chadian rebel group, the Movement for Democracy and Justice, for several months. In August, Abdulrahman Alamoudi pled guilty to one count of unlicensed travel and commerce with Libya. Alamoudi stated that he had been part of a 2003 plot to assassinate Saudi Crown Prince Abdullah at the behest of Libyan officials. The United States expressed its serious concerns about these allegations and continues to evaluate Libya's December 2003 assurances to halt all use of violence for political purposes.

In December 2004, the US designated the Libyan Islamic Fighting Group (LIFG) as a Foreign Terrorist Organization.

North Korea

The Democratic People's Republic of Korea (DPRK) is not known to have sponsored any terrorist acts since the bombing of a Korean Airlines flight in 1987.

At a summit with Japanese Prime Minister Koizumi in Pyongyang in September 2002, National Defense Commission Chairman Kim Jong Il acknowledged the involvement of DPRK "special institutions" in the kidnapping of Japanese citizens and said that those responsible had already been punished. Pyongyang in 2003 allowed the return to Japan of five surviving abductees, and in 2004 of eight family members, mostly children, of those abductees. Questions about the fate of other abductees remain the subject of ongoing negotiations between Japan and the DPRK. In November, the DPRK returned to Japan what it identified as the remains of two Japanese abductees whom the North had reported as having died in North Korea. Subsequent DNA testing in Japan indicated that the remains were not those of Megumi Yokota or Kaoru Matsuki, as Pyongyang had claimed, and the issue remained contentious at year's end. Four Japanese Red Army members remain in the DPRK following their involvement in a jet hijacking in 1970; five of their family members returned to Japan in 2004.

Although it is a party to six international conventions and protocols relating to terrorism, Pyongyang has not taken substantial steps to cooperate in efforts to combat international terrorism.

Sudan

In 2004, despite serious strains in US-Sudanese relations regarding the ongoing violence in Darfur, US-Sudanese counterterrorism cooperation continued to improve. While Sudan's overall cooperation and information sharing improved markedly and produced significant progress in combating terrorist activity, areas of concern remain. In May, the US Government certified to Congress a list of countries not fully cooperating in US antiterrorism efforts. For the first time in many years, this list did not include Sudan.

Sudan increased cooperation with Ugandan authorities to diminish the capabilities of the Lord's Resistance Army (LRA), a Ugandan group which has terrorized civilians in northern Uganda and has claimed that it wants to overthrow the current Ugandan Government. The Ugandan military, with Sudanese Government cooperation, inflicted a series of defeats on the LRA at its hideouts in southern Sudan, forcing its leaders to flee into Uganda and engage in peace talks with the Ugandan Government.

Domestically, the Government of Sudan stepped up efforts to disrupt extremist activities and deter terrorists from operating in Sudan. In March 2004, a new HAMAS representative arrived in Khartoum. According to some press

reports, he was received by Sudanese officials in an official capacity. In response to ongoing US concern, the Sudanese Government closed a HAMAS office in Khartoum in September. In August, Sudanese authorities arrested, prosecuted, and convicted Eritreans who had hijacked a Libyan aircraft and forced it to land in Khartoum. In October, the United States designated the Khartoum-based NGO Islamic African Relief Agency as a supporter of terrorism under EO 13224 for its support of Usama bin Ladin and al-Qa'ida.

The Sudanese Government also took steps in 2004 to strengthen its legislative and bureaucratic instruments for fighting terrorism. In January, Sudan co-hosted a three-day workshop on international cooperation on counterterrorism and the fight against transnational organized crime with the United Nations Office of Drug Control. Neighboring countries from the Horn of Africa and member states of the Inter-Governmental Authority on Development (IGAD) attended the workshop, which culminated in the "Khartoum Declaration on Terrorism and Transnational Organized Crime," in which IGAD member states reaffirmed their commitment to the fight against terrorism. The Khartoum Declaration also focused on the technical assistance needs of the IGAD member states with regard to implementing the 12 international conventions and protocols against terrorism.

Syria

The Syrian Government in 2004 continued to provide political and material support to both Lebanese Hizballah and Palestinian terrorist groups. HAMAS, Palestinian Islamic Jihad (PIJ), the Popular Front for the Liberation of Palestine (PFLP) and the Popular Front for the Liberation of Palestine-General Command (PFLP-GC), among others, continue to operate from Syria, although they have lowered their public profiles since May 2003, when Damascus announced that the groups had voluntarily closed their offices. Many of these Palestinian groups, in statements originating from both inside and outside of Syria, claimed responsibility for anti-Israeli terrorist attacks in 2004. The Syrian Government insists that these Damascus-based offices undertake only political and informational activities. Syria also continued to permit Iran to use Damascus as a transshipment point for resupplying Lebanese Hizballah in Lebanon.

Syrian officials have publicly condemned international terrorism, but make a distinction between terrorism and what they consider to be the legitimate armed resistance of Palestinians in the occupied territories and of Lebanese Hizballah. The Syrian Government has not been implicated directly in an act of terrorism since 1986, although Israeli officials accused Syria of being indirectly involved in the August 31, 2004, Beersheva bus bombings that left 16 dead.

Chemical, Biological, Radiological, Nuclear (CBRN) Terrorism

Production of weapons of mass destruction (WMD) and their delivery systems constitutes a major threat to international peace and security. The threat is compounded by the interests of terrorists in acquiring WMD. This would undermine the foundations of international order. We pledge to use all means available to avert WMD proliferation and the calamities that would follow.

Joint statement by President George W. Bush, European Council President Konstandinos Simitis, and European Commission President Romano Prodi

The September 11, 2001, attacks confirmed that terrorists will seek to produce mass casualties whenever they believe it serves their purposes. Although terrorists will probably continue to rely on traditional terrorist tactics, several groups — including al-Qa'ida — increasingly look to chemical, biological, radiological, or nuclear (CBRN) materials as a means to cause mass casualties rivaling or exceeding those of September 11. Troublesome amounts of dangerous materials, and information about how to create and deliver CBRN weapons, remain available to terrorists.

Usama bin Ladin has said he sees the acquisition of WMD as a “religious duty,” and he has threatened to use such weapons. This rhetoric was underscored by reports that documents retrieved from al-Qa'ida facilities in Afghanistan contain information on CBRN materials.

However, the threat is not limited to bin Ladin and al-Qa'ida. Information indicates that small but growing numbers of other terrorist groups are also interested in CBRN materials. In Europe, French police seized a chemical contamination suit and arrested a terrorist cell in December 2002 that allegedly was planning an attack using chemical agents.

CBRN terrorism events to date have generally involved crude and improvised delivery means that have been only marginally effective. With the exceptions of the 1995 Aum Shinrikyo attacks in Tokyo and the 2001 US anthrax attacks, the materials employed in these events also have been crudely manufactured. Other events have involved dual-use materials that have legitimate civilian applications, such as industrial chemicals, poisons, pesticides, and radiological source materials embedded in legitimate measuring instruments. Although terrorist events involving these materials and improvised delivery systems can cause significant casualties, damage, and disruption, such events pale in comparison to the casualties and damage that could occur if terrorists acquired WMD and the ability to deliver them effectively.

Preventing the proliferation of WMD, their delivery systems, and related materials and technologies has long been a pillar of national security. Since September 11, the nonproliferation of WMD has become an even more urgent priority. President Bush made this clear in his December 2002 National Strategy to Combat Weapons of Mass Destruction, in which he set out a comprehensive strategy to prevent WMD proliferation, including to terrorists.

In May 2003, President Bush announced the Proliferation Security Initiative (PSI), a global multilateral arrangement to seize sensitive cargoes that may be in transit to and from states and nonstate actors of proliferation concern. PSI is an interdiction program. PSI participants jointly explore and train in the best use of counterproliferation tools — diplomatic, intelligence, and operational — to stop proliferation at sea, in the air, and on land. The United States is working within multilateral non-proliferation regimes and other international fora. Bilaterally, the United States promotes more stringent non-proliferation policies and programs; strengthened export controls; and improved border security to prevent terrorists or their state sponsors from acquiring WMD, their delivery systems, related materials, or technologies. As the President's National Strategy notes, however, should diplomatic efforts fall short, the United States will be prepared to deter and defend against the full range of WMD threats.

Damascus has cooperated with the United States and other foreign governments against al-Qa'ida and other terrorist organizations and individuals; it also has discouraged signs of public support for al-Qa'ida, including in the media and at mosques.

In September 2004, Syria hosted border security discussions with the Iraqis and took a number of measures to

improve the physical security of the border and establish security cooperation mechanisms. Although these and other efforts by the Syrian Government have been partly successful, more must be done in order to prevent the use of Syrian territory by those individuals and groups supporting the insurgency in Iraq.