



Country Reports on Terrorism - [Report Home Page](#)

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Chapter 2 -- Country Reports: East Asia and Pacific Overview

"We fight terrorism. It threatens our sovereign, democratic, compassionate, and decent way of life. Therefore, in the fight against lawless violence, we must uphold these values. It is never right and always wrong to fight terror with terror."

—Gloria Macapagal-Arroyo, President of the Philippines
July 23, 2007

The Jemaah Islamiya regional terrorist network (JI) remained a serious threat to Western and regional interests, particularly in Indonesia and the Southern Philippines, although its capabilities were degraded in large part as a result of regional counterterrorism successes in 2005-2007. The Government of Indonesia continued to create a legal and law enforcement environment conducive to fighting terrorism, and the Indonesian National Police scored major successes in breaking up terrorist cells linked to Jemaah Islamiya (JI) and other violent Islamic extremist organizations. In January, DNA analysis conducted by the FBI confirmed the death of Abu Sayyaf Group's (ASG) nominal leader, Khaddafy Janjalani, at the hands of the Armed Forces of the Philippines. Philippine forces also killed ASG spokesperson Abu Solaiman, while Indonesian police broke up JI cells in Sulawesi and Central Java. These actions represented major blows to JI and the ASG, but did not eliminate the overall threat to United States interests in the region. JI bombers Dulmatin and Patek remained on the run, probably on Jolo Island. Other terrorists remained at large, such as key JI operative Noordin Mohammad Top, in Indonesia.

Geography made effective border control problematic for archipelagic states like Indonesia and the Philippines. Monitoring remote locations among the thousands of islands in the Sulawesi Sea and Sulu Archipelago that span the boundaries between Indonesia, Malaysia, and the Philippines was extremely difficult, which made this tri-border area accessible for such terrorist activities as movement of personnel, equipment, and funds. This made building regional capacity a priority goal, in addition to bilateral cooperation and national capacity-building. Institutes like the United States-Thailand International Law Enforcement Academy (ILEA) in Bangkok, the Australian-Indonesian Jakarta Center for Law Enforcement Cooperation (JCLEC), and the Southeast Asia Regional Center for Counterterrorism (SEARCCT) in Malaysia, sought to expand their activities to provide effective counterterrorism training to law enforcement officers throughout the region. Multilateral fora, including the UN Security Council's Counterterrorism Committee (UNCTC), the G8's Roma-Lyon Group and Counterterrorism Action Group (CTAG), the Asia-Pacific Economic Cooperation (APEC) forum, the Association of Southeast Asian Nations (ASEAN), which adopted a new ASEAN Convention on Counterterrorism pending ratification, and the ASEAN Regional Forum (ARF), also promoted regional counterterrorism cooperation.

Australia maintained its position as a regional leader in the fight against terrorism and worked to strengthen the Asia-Pacific region's counterterrorism capacity through a range of bilateral and regional initiatives, in fora such as APEC, the ASEAN ARF, and the Pacific Island Forum (PIF).

China increased its efforts to build its domestic counterterrorism capabilities to improve security for the 2008 Beijing Olympics. In 2007, Beijing expressed concern that terrorists operated on Chinese territory and asserted that some members of the Uighur minority in Xinjiang Province posed a threat to China's domestic stability.

Japan strengthened its own security by contributing to counterterrorism capacity-building among Asian countries. Japan used Official Development Assistance (ODA) grants to expand counterterrorism capacity in Southeast Asia. The Ministry of Foreign Affairs Economic Cooperation Bureau increased funding for the annual Cooperation on Counterterrorism and Security Enhancement grant aid program. This FY-2007 65 million USD program included projects aimed at bolstering piracy prevention, increasing maritime and port security, and preventing weapons proliferation.

Traditionally focused on potential terrorism from the Democratic People's Republic of Korea (DPRK or North Korea), the South Korean government broadened its attention to acts of terror beyond the Korean Peninsula, and continued its active participation in regional training and capacity-building programs.

Counterterrorism cooperation with the Government of Thailand remained strong. Thai and USG officials were concerned that transnational terror groups could establish links with southern Thailand-based separatist groups. However, there were no indications that transnational terrorist groups were directly involved in the violence in the south, and there was no evidence of direct operational links between southern Thai separatist groups and regional terror networks.

Australia

Australia maintained its position as a regional leader in the fight against terrorism. In June, Australia hosted the Trilateral Counterterrorism Consultations in Sydney and pushed for concrete measures to broaden the relationship between the Trilateral partners (Australia, Japan, and the United States) and regional stakeholders. Australia hosted a subregional ministerial conference on counterterrorism and the Asia-Pacific seminar on combating nuclear terrorism, and proposed that the partners develop and implement a special policy and operational "Combating Bioterrorism" workshop for Southeast Asian nations. The proposed workshop would strengthen local capacity to combat bioterrorism and improve the overall counterterrorism infrastructure in Southeast Asia by ensuring early detection of and effective response to bioterrorism.

The Jakarta Center for Law Enforcement Cooperation (JCLEC), continued to reap benefits for Australia and its regional partners. At the Counterterrorism Trilateral in Sydney, the partners proposed that JCLEC be expanded and serve as a platform for more diverse training. There were over 100 courses of training in place at JCLEC. Australia also continued its commitment to the designation of terrorist organizations; it has designated a total of 19 terrorist organizations under its domestic criminal code.

The Australian Federal Police (AFP) received further funding to expand its investigative and specialist training, currently delivered to regional law enforcement partners through facilities like JCLEC. Funding was targeted toward:

- conducting offshore exercises and training with regional partners,
- increasing the number of counterterrorism advisers working in AFP's international liaison officer network,
- introducing to high priority locations a custom-built Case Management and Information System developed for use in overseas jurisdictions, and
- enhancing specialist forensic and technical training for law enforcement agencies in the region.

In 2007, 350 officers of the AFP's International Deployment Group (IDG) were deployed overseas, many in counterterrorism technical assistance and operational/liaison roles. The AFP Operational Response Group was designed to respond on short notice to emerging law and order issues and to conduct stabilization operations to head off lawless situations that terrorists could exploit. Australia continued to provide legal drafting assistance to regional states, including the South Pacific islands, seeking to adopt international conventions and protocols against terrorism, and to bring domestic laws into conformity with these conventions.

The Australian Transaction Reports Analysis Centre (AUSTRAC), which monitors financial transactions, serves as the national AML/CTF regulator with supervisory, monitoring, and enforcement functions over a diverse range of industry sectors. A new set of regulatory reforms, introduced in draft legislation made public in August,

included new regulations regarding real estate, precious gems and stones; and specified legal, accounting, and trust services. Australia continued to seek and fund additional staff and technical capabilities, and established identity security strike teams to investigate and prosecute people and syndicates involved in manufacturing false identities.

In May, Australia (with New Zealand, Indonesia, and the Philippines) cosponsored the Third Asia-Pacific Interfaith Dialogue, held in New Zealand. The Dialogue, involving religious and community leaders from 15 South East Asia and Pacific countries, aims to foster mutual respect, understanding, and tolerance, and to isolate religious extremism.

Australia is a partner with both the United States in exchanging information on known and suspected terrorists using the Terrorist Screening Center as the operational hub for encounter management; and with the United States in APEC's Regional Movement Alert System (RMAS). Both programs enhance our joint ability to disrupt travel by known and suspected terrorists.

In Afghanistan, Australia continued its support of a Dutch-led provincial reconstruction team. By year's end, there were 960 and 970 Australian troops in Iraq and Afghanistan, respectively.

Burma

Bilateral relations between Burma and the United States remained strained. The government defined almost all anti-regime activities as "acts of terrorism" and made little distinction between peaceful political dissent and violent attacks by insurgents or criminals. The Burmese government was quick to characterize dissident groups as aligned with terrorist organizations and used this as justification to scrutinize and disrupt their activities. In the past several years, bombs have exploded in Rangoon and other parts of Burma. In most incidents, the Government of Burma claimed the incidents were a subversive act, "committed by a group of insurgent destructive elements who wanted to disturb and destroy stability of the state." Authorities did not make public any evidence of a genuine investigation or identify the specific perpetrator(s). Requests by the U.S. Embassy to view either the scenes or remaining fragments of the explosive devices were consistently denied.

Cambodia

Cambodia's political leadership demonstrated a strong commitment to take aggressive legal action against terrorists. However, Cambodia's ability to investigate potential terrorist activities was limited by a lack of training and resources. The government passed a counterterrorism law and a law to combat terrorist financing, and comprehensive domestic legislation has been promulgated and implemented. To date, the Cambodian government has fully cooperated with United States counterterrorism efforts on many levels, despite its limited resources.

Conditions in Cambodia, such as porous borders, endemic corruption, massive poverty, high unemployment, a poor education system, and disaffected elements within the Cham Muslim population, which makes up approximately five percent of the population, could make the country vulnerable to terrorists and terrorist influence. Although the Cham were not generally politically active, the Cambodian government feared that Cham areas might provide safe haven to terrorists. For example, Hambali, the Indonesian national and key member of Jemaah Islamiya accused of involvement in the 2002 Bali nightclub bombings, took refuge in a Muslim school in Kandal Province in 2002-2003.

One violent group among the many peaceful and law-abiding Kampuchea Khmer Krom groups attempted to blow up the Vietnam-Cambodia Friendship memorial using three improvised explosive devices in July, providing evidence that terrorist groups were capable of conducting domestic attacks in Cambodia. Although no one was injured, the Cambodian government thoroughly investigated this case, and eventually arrested and jailed the responsible individuals.

Cambodia's National Counterterrorism Committee (NCTC), a policy level decision making body established by the government in 2005 and chaired by the prime minister, continued to develop its resources. In December, several NCTC officials traveled to the United States for USG consultations.

In July, Cambodia's Senate approved a Counterterrorism Law after it was passed by Cambodia's National Assembly on June 26. On July 20, following the Senate's approval, the King enacted the law, which addressed aircraft safety, maritime navigation safety, the protection of nuclear materials, the financing and provision of material support to terrorism, and other important issues affecting national security and safety. It also implemented measures to enhance international cooperation regarding terrorism offenses.

In June, the Cambodian government enacted the Law on Anti-Money Laundering and Combating the Financing of Terrorism. The government was also working on decrees and sub-decrees to bring these counterterrorism laws fully into effect. In addition, the National Bank of Cambodia (NBC) circulated nationwide the UN Security Council lists of individuals and entities involved in global terrorism. The NBC officially instructed all financial and banking institutions operating in Cambodia to scrutinize and freeze assets of these persons and entities.

The Australian and Cambodian governments jointly sponsored a Maritime Security seminar in November to train Cambodian military, police, and other officials. At this seminar, Prime Minister Hun Sen stated that Cambodia's maritime security is a priority in fighting against drug trafficking, human trafficking, terrorism, crossborder crimes, and piracy. He added that cooperation with international partners to combat terrorism and crossborder criminals had improved. As part of ongoing cooperation on counterterrorism capacity-building, training was conducted with elements of the U.S. military in conjunction with the USS Essex ship visit to Cambodia.

In June, the Royal Government of Cambodia designated three government focal points to work on the multilateral Global Initiative to Combat Nuclear Terrorism, co-chaired by the United States and the Russian Federation. The government strictly controlled the use of weapons, explosive devices, chemical substances, and radioactive materials.

With U.S. assistance, the Government of Cambodia installed computerized border control systems at Phnom Penh and Siem Reap airports, and at the land border crossing of Poipet and Koh Kong. There are 20 land border checkpoints. During a November International Ship and Port Facility Security Code (ISPS Code) assessment visit by the U.S. Coast Guard, various Port security officials expressed a need for additional USG-funded training, tactical equipment, and technical materials in order to continue improving security standards. The Cambodian government also cooperated fully with U.S. requests to monitor terrorists and terrorist entities listed as supporters of terrorist financing.

The Cambodian government cooperated with a number of other governments on counterterrorism issues. The FBI conducted a "Major Case Management" course in Cambodia which reviewed Cambodia's new Criminal Procedures Law, instructed best practices in evaluating evidence, and increased the government's investigative capacity. Counterterrorism training was also provided by Singapore, Australia, Russia, Thailand, and Vietnam.

The Germans, as G8 President, convened a local CTAG (the G8's Counterterrorism Action Group) meeting December 13, to exchange views on the nature of the terrorist threat in Cambodia and the region; to share information about assistance programs in Cambodia building capacity and countering terrorist threats; to discuss the question of whether the UN Office of Drugs and Crime (UNODC) "menu of services" included any activities of interest to donors; to hear a readout of the Australian-sponsored maritime security seminar; and to exchange information on the National Counterterrorism Committee.

China

In the lead up to the 2008 Olympics, China continued to boost counterterrorism cooperation with the United States and other nations. China participated in the UN Security Council's Fifth Special Meeting of the Counterterrorism Committee held in Nairobi, Kenya, and attended a United Nations, Organization of Islamic Conference (OIC), and Islamic Educational, Scientific, and Cultural Organization Antiterrorism conference held in Tunis, Tunisia. China, a founding member of the Shanghai

Cooperation Organization (SCO), has made counterterrorism one of the group's main objectives. In August, troops from the six SCO member states conducted an "antiterrorist operation" joint military exercise in Russia. In December, Chinese and Indian troops conducted joint antiterrorism training in Kunming, China.

China selected Yangshan Deepwater Port in Shanghai as the pilot port for the Megaports Initiative, designed to detect and interdict illicit nuclear and radiological materials that could be smuggled in United States-bound cargo.

In February, at the second meeting of the Global Initiative to Combat Nuclear Terrorism in Ankara, China offered to host a workshop on radiation emergency response. Fifteen countries attended this workshop, which was hosted by the Chinese Ministry of Foreign Affairs in Beijing in December. China continued its participation in the Container Security Initiative with United States Customs and Border Protection inspectors stationed at the ports of Shanghai and Shenzhen.

China's new Anti-Money Laundering Law took effect January 1. The law expanded the criminalization of money laundering-related offenses and broadened the scope of existing anti-money laundering regulations to hold a greater range of financial institutions accountable for recording customer information and reporting suspicious transactions. It also firmly established the People's Bank of China (PBOC) as the lead agency for all anti-money laundering activities in China. The Ministry of Public Security (MPS) Anti-Money Laundering Division and Anti-Terrorism Bureau are responsible for criminal investigations.

China's cash-based economy and robust crossborder trade contributed to a high volume of difficult-to-track cash transactions. While mechanisms were in place for tracking financial transactions in the formal banking sector, the large size of the informal economy, prevalence of counterfeit identity documents, and vast numbers of underground banks presented major obstacles to law enforcement authorities. According to International Monetary Fund (IMF) statistics, money laundering in China may account for as much as \$24 billion dollars per year.

Terrorist financing is a criminal offense in China, and the government had the authority to identify, freeze, and seize terrorist financial assets, but laws defining terrorist financing were not yet consistent with international standards, according to reporting by the Financial Action Task Force. China's Financial Intelligence Unit (FIU), housed by PBOC, worked closely with the Financial Crimes Enforcement Network (FINCEN) in the United States to develop its capabilities. In addition to its domestic collection and analysis activities, the FIU exchanged information with foreign FIUs on a case-by-case basis, but coordination in this area could be enhanced through membership in the Egmont Group, an umbrella body that coordinates the activities of over 100 FIUs worldwide. China applied for membership in the Egmont Group, but domestic political concerns about Taiwan's participation in the organization have reportedly hampered membership discussions.

China expanded its role in international efforts to combat terrorist finance and money laundering by becoming a full member of the Financial Action Task Force (FATF) in June. Since 2004, China has also been a member of the Eurasian Group (EAG), a FATF-style regional grouping that includes China, Russia, and several Central Asian countries.

Human rights organizations have accused China of using counterterrorism as a pretext to suppress Uighurs, a predominantly Muslim ethnic group composed of the majority of the population of the Xinjiang Uighur Autonomous Region (XUAR) of western China. In January, Chinese authorities raided an alleged terrorist camp affiliated with the East Turkestan Islamic Movement (ETIM) in the XUAR, killing 18 and arresting 17.

According to police reports, Chinese police seized hand grenades, unassembled explosives, detonators, and the equivalent of \$38,705 dollars in cash. Six of the 17 arrested were sentenced in November: three were sentenced to death, two received suspended death sentences, and another was given life imprisonment. In August 2006, upon Chinese request, Uzbekistan extradited a Canadian citizen of Uighur ethnicity to China where he was convicted for alleged involvement in East Turkistan terrorist activities. In November 2006, China gave Canada assurances that he would not be executed for his alleged crimes, and in September 2007, China denied the appeal of his life imprisonment sentence; at year's end he remained in prison.

Formally established in 2002, the FBI Legal Attaché Office in Beijing bolstered United States-China cooperation on counterterrorism investigations. China provided substantive intelligence in some counterterrorism cases, but more work remained to be done in terms of the depth and overall responsiveness to United States requests.

In 2006, Chinese Air Marshals completed their first mission to the United States, and in July 2007, United States Air Marshals made inaugural trips to Shanghai and Guangzhou. The CAAC sent the Commander of the Air Marshals to attend an International In-Flight Security Officer Conference held in Miami in September. In October, the Administrator of the Transportation Security Administration (TSA) made the first high-level TSA visit to Beijing to discuss future formal collaboration on security matters in both the aviation and mass transit sectors.

Although not publicly attributing any particular incident to terrorism, Chinese authorities asserted that terrorists, primarily based in Xinjiang, continued to operate clandestinely on Chinese territory. The Chinese government increased the number of deployed security personnel in response to perceived terrorist activities in Xinjiang.

Hong Kong

Hong Kong's position as a major transit point for cargo, finances, and people and its open trade and financial regime made it a potential site for money laundering and terrorist financing activities. The high level of cooperation and the successful implementation of the Container Security Initiative (CSI) by Hong Kong Customs officials received continued praise from visiting USG delegations, which described it as a model for CSI implementation. In cooperation with Hong Kong Customs and one of Hong Kong's port terminal operators, the United States began implementation of the Strategic Freight Initiative (SFI) pilot project to screen 100 percent of U.S.-bound containers using non-invasive inspection techniques to scan for nuclear and radiological materials.

Hong Kong law enforcement agencies provided full support and cooperation to their overseas counterparts in tracing financial transactions suspected of being linked to terrorist activities.

Hong Kong actively participated in various anti-money laundering and counterterrorist financing initiatives, including the Financial Action Task Force (FATF) and the Asia/Pacific Group (APG) on Money Laundering. Hong Kong's Joint Financial Intelligence Unit (JFIU), operated by Hong Kong Police and the Customs and Excises Department, is a member of the Egmont Group. Hong Kong completed a mutual evaluation by the FATF and APG in November; the results of this review will be announced in mid-2008.

Macau

The Macau Special Administrative Region is a member of the Asia Pacific Group (APG) and completed a mutual evaluation of its Anti-Money Laundering Regime in 2007. APG examiners reviewed Macau government regulations, suspicious transaction reporting; bank record-keeping and reporting requirements; and also interviewed frontline staff, senior management, and money laundering compliance officers. The APG report, published in September, made a series of recommendations including making the FIO a permanent body, establishing disclosure or declaration systems for crossborder transport of currency, and tighter due-diligence requirements for casinos.

The Government of Macau continued to exchange information with the Hong Kong Special Administrative Region and counterparts in mainland China. Additionally, Macau continued to cooperate internationally in counterterrorism efforts, through INTERPOL and other security-focused organizations within the Asia Pacific Region. Macau was considering information sharing mechanisms that would allow it to join the Egmont Group.

Indonesia

Indonesia experienced its second consecutive year of no major terrorist incidents. Radical groups in Indonesia had their ability to carry out attacks further diminished as a result of the Indonesian government's counterterrorism efforts. The Indonesian National Police (INP) scored major successes in breaking up terrorist cells linked to Jemaah Islamiyah (JI) and other violent Islamic extremist organizations. While JI cells in Java and Central Sulawesi were weakened, JI and its radical associates remained a security threat to both Western and domestic targets. The Attorney General's Office made some strides toward conducting more efficient and effective counterterrorism

prosecutions despite weaknesses in Indonesia's counterterrorism law. The Government of Indonesia continued to create a legal and law enforcement environment conducive to fighting terrorism within its borders, and numerous terrorists were convicted of crimes. One measure of the successful efforts to curb terrorism was the return of tourists to the country. In 2007, the number of tourists to Indonesia increased 14 percent; Bali, where tourists have been the target of terrorist attacks, experienced a 32 percent increase in tourism.

In January, the INP conducted two raids against a radical stronghold in Poso, Central Sulawesi. The second raid used 500 security force personnel against a large group of terrorists and their supporters, who were armed with small arms and Improvised Explosive Devices (IEDs). The raids ended with 18 dead, 18 injured, and 28 captured. Subsequent operations netted five more suspects. While the Poso operation was criticized as "heavy-handed" by some members of the local community, it calmed the previously tense situation in Central Sulawesi. There were no reprisal attacks following the raids. In March, information gained from the Poso suspects helped the INP initiate a series of raids in Central and East Java which resulted in the arrest of several members of the so-called "military wing" of JI and several cell leaders and the seizure of a large cache of explosives in East Java. In June, INP's Special Detachment 88 (SD-88) in Central Java, arrested several key JI terrorist operatives, including alleged JI Emir Ustad Syahroni (aka Zarkasih) and senior JI operative Abu Dujana (aka Ainul Bahri). As the JI Emir, Afghanistan-veteran Zarkasih, a former JI leader, is thought to be senior to Dujana in the JI hierarchy. Dujana, also an Afghanistan-veteran, was part of JI's central command and was involved in several JI attacks in recent years.

The arrests in January, March, and June removed several key JI leaders. To create sympathy for these radical groups and to discredit the INP (especially SD-88), lawsuits were brought against the INP by Abu Dujana's wife and by JI cofounder and spiritual leader, Abu Bakar Ba'asyir. The two lawsuits did not create the expected groundswell of public attention and were eventually thrown out of court.

The newly formed USG-funded Attorney General's Task Force on Terrorism and Transnational Crime took the leading role in handling prosecutions of terrorists. The Task Force won convictions against: Hasanuddin, a JI leader in Poso; four men who participated in the 2005 schoolgirl beheadings; and three others who were involved in the 2005 Tentena market bombings. The Attorney General also won convictions against 17 Poso Christians who had murdered two Muslims in revenge killings in September 2006. The Task Force is currently prosecuting a dozen members of JI's military unit who were arrested in the March and June raids, including Dujana and Zarkasih.

Other Indonesian legal institutions took a hard line against terrorists. In September, the Supreme Court rejected the final appeals of three men on death row for carrying out the 2002 Bali bombings. The Court also upheld the life sentence imposed on JI trainer/recruiter Subur Sugiyarto. In October, the Ministry of Law and Human Rights announced that convicted terrorists would no longer be given automatic sentence remissions at major holidays. The new policy came too late to prevent the early release of some 20 convicted terrorists in 2007, but most of these were minor figures.

The Indonesian government made genuine efforts to develop an effective anti-money laundering system for investigations and prosecutions. Indonesian police froze terrorist financial assets uncovered during investigations. However, the government's implementation of the UNSCR 1267 sanctions was hampered by poor interagency coordination and by continued lack of human and technical capacity within both the government and financial institutions. It remains to be seen whether or not the Government of Indonesia has the political will to do what is necessary to implement UNSCR 1267.

USAID is promoting capacity-building through its Financial Crimes Prevention Project, a multi-year program to provide technical advisors and support to Indonesia's effort to develop an effective and credible regime against money laundering and terrorism finance. Other donors are also providing assistance to the Financial Crimes Transaction and Analysis Center (PPATK). The unit receives Suspicious Transaction Reports (STRs) and Cash Transaction Reports. PPATK has dramatically increased the number of STRs from 10 per month in 2002 to 483 per month in 2007 and these reports have led to 32 successful prosecutions to date. While only one of these had a terrorist component, strengthened financial oversight will assist the Indonesian government in tracking potential terrorist financial transactions.

The Indonesian National Police (INP) continued a program to "de-radicalize" convicted terrorists. The program identified individuals who may be open to more moderate teachings and INP officials work with them while they are in prison. The program focuses on providing spiritual support to the men and modest financial support to their families. By providing this support, the police attempt to gain the trust of the men and receive valuable information about terrorist networks. The program aims to reduce terrorist recruitment inside prisons.

While Indonesia's counterterrorism efforts have been impressive, more could be done in some areas. Despite the successes in Sulawesi and Central Java, JI networks and "sleepers" cells may remain intact and have the capacity to go operational with little warning. Moreover, Malaysian JI operative and recruiter Noordin Mohammed Top, who is suspected of involvement in every anti-Western terrorist attack in Indonesia since 2002, remains at large.

Japan

Domestically, Japan bolstered its defenses against terrorism by improving crisis management and first responder capabilities and took steps to strengthen border security. In 2007, 98 percent of local governments adopted plans to better protect the public from terrorist attacks. Japan held local drills simulating terrorist attacks to boost response capabilities. In January, Japan made it mandatory for both ship and air carriers to provide manifest information prior to the arrival of the conveyance.

In November, immigration officials began to collect and electronically store finger prints and facial imagery from foreigners under the revised Immigration and Refugee Control Act. The Ministry of Justice Immigration Bureau continued testing that began in 2004 on a biometric fingerprint and facial recognition system at Narita and Kansai airports with the aim of identifying people trying to enter Japan on fake passports.

Japan used Official Development Assistance (ODA) grants to expand counterterrorism capacity in Southeast Asia. The Ministry of Foreign Affairs (MOFA) Economic Cooperation Bureau increased funding for the annual Cooperation on Counterterrorism and Security Enhancement grant aid program. This FY-2007 65 million USD program included projects aimed at bolstering piracy prevention, increasing maritime and port security, and preventing weapons proliferation.

Japan made valuable contributions to building counterterrorism capacity among Asian countries. In May, Japan hosted a two-day Asia-Europe Meeting (ASEM) conference aimed at battling terrorism in Asia, Europe, and beyond. Participants shared threat assessments and discussed ways to increase counterterrorism capacity-building. Japan provided assistance to the G8 Counterterrorism Action Group (CTAG) and maintained momentum on improving port security via the G8 adopted Secure and Facilitated International Travel Initiative (SAFTI). Japanese experts participated in G8 bioterrorism workshops on forensic epidemiology and decontamination. In March, Japan hosted a seminar in which several Southeast Asian countries, as well as the United States and Australia, participated to promote accession and ratification of international counterterrorism treaties. In September, Japan hosted the ASEAN-Japan Counterterrorism Dialogue. In October, Japan became a partner nation in the U.S. Global Initiative to Combat Nuclear Terrorism.

Japan increased efforts to combat terrorist financing. On April 1, 2007, the Japanese government promulgated a new anti-money laundering law, the Law for Prevention of Transfer of Criminal Proceeds, which expanded the scope of businesses and professions under the previous law's jurisdiction, and moved the financial intelligence unit from the Financial Regulatory Agency to the National Police Agency (NPA) in accordance with FATF recommendations. Furthermore, the Foreign Exchange and Foreign Trade Law's January revision now requires Japanese financial institutions to confirm the identity of customers sending 100,000 yen (\$900) or more overseas. The Financial Services Agency announced a similar change for domestic remittances; in an amendment to the Customer Identification by Financial Institutions rule, financial institutions are now required to identify the originators of wire transfers over 100,000 yen.

In June, Japan implemented revised infectious disease legislation aimed at tightening control of harmful pathogens that could be used for terrorism. In July, the Japanese government held a seminar on the prevention and crisis management of bioterrorism to strengthen mechanisms to combat CBRN (chemical, biological, radiological, nuclear) terrorism in the Asia Pacific. Participants included ASEAN countries, China, Korea, and the Southeast Asia Regional Centre for Counterterrorism (SEARCCT). In August, Japan ratified the International Convention for the Suppression of Acts of Nuclear Terrorism.

Japan continued to reach beyond the region in its fight against terrorism; its trilateral counterterrorism cooperation with the United States and Australia remained strong. In June, Japan participated in a counterterrorism trilateral meeting in Australia to better synchronize regional activities.

Japan Air Self-Defense Forces, based in Kuwait, continued to provide airlift operations in support of Iraq. In July, the Cabinet approved a one-year extension of the deployment. During January thru October, the Maritime Self-Defense Forces provided approximately 5.7 million gallons of fuel to U.S. and allied naval vessels engaged in Operation Enduring Freedom (but ended refueling operations in the Indian Ocean in November).

Bilaterally, Japan was a responsive counterterrorism partner. In January, Japan and the United States initiated a pilot Immigration Advisory Program (IAP) at Narita Airport to identify high risk travelers before they board flights destined for the United States. The IAP pilot has been extended until July 2008; negotiations were underway to convert the pilot IAP into a longterm program.

Japan and the United States continued to improve the preparedness and interoperability of U.S. and Japanese armed forces and civilian entities to respond to and sustain operations during a CBRN attack. The bilateral CBRN Defense Working Group (CDWG), established under the U.S.-Japan Security Consultative Committee (SCC), held plenary meetings, conducted seminars on decontamination and medical response and engaged in table top exercises in the United States and Japan. Representatives from the Ministries of Defense and Foreign Affairs, the Japanese Self Defense Forces, Cabinet Secretariat, the NPA, the Fire and Disaster Management Agency, and the Nuclear Safety Commission, and other government agencies, participated in the CDWG.

The NPA and the Public Security Intelligence Agency (PSIA) continued to monitor the activities of Aum Shinrikyo, renamed Aleph. In May, Fumihiro Joyu, a former spokesman and Aum leader, along with approximately 200 Aleph members, split and formed a new organization called Hikari No Wa (Ring of Light). PSIA and NPA continued to monitor both groups and inspected their facilities in 2007. The Tokyo High Court, in June, upheld the death sentence for Seichi Endo for his involvement in the Matsumoto and Tokyo sarin attacks. In July, the Tokyo Court upheld the death sentence for former senior Aum member Tomomasa Nakagawa for his role in 11 crimes, including the 1995 Tokyo subway sarin gas attack. In August, the Supreme Court upheld the death sentence for Masato Yokoyama for his involvement in the 1995 attack; he is not eligible for future appeals. The Supreme Court, in October, upheld the death sentence for Aum Shinrikyo member Satoru Hashimoto, who carried out the 1994 sarin gas attack in Matsumoto. In November, the Supreme Court upheld the death sentence for Satoru Hashimoto, for his involvement in the 1994 attack.

In April, police arrested suspected former Japan Red Army member Yu Kikumura upon reentry to Japan following deportation from the United States; Kikumura was deported after his release from U.S. prison for serving time for transporting home made bombs. In May, the Tokyo High Court upheld the life in prison sentence for Haruo Wako, for his role in both the 1974 seizure of the French Embassy in The Hague and the 1975 seizure of the U.S. Embassy in Kuala Lumpur. The Tokyo District Court sentenced Jun Nishikawa to life in prison for his role in the 1974 seizure of the French Embassy in The Hague and the 1977 hijacking of a Japan Airlines plane.

Korea, North

[See Chapter 3, State Sponsors of Terrorism.](#)

Korea, South

The Republic of Korea (ROK) demonstrated excellent law enforcement and intelligence capabilities, and provided terrorism-related training to law enforcement officials from various developing countries. Traditionally focused on potential terrorism from the Democratic People's Republic of Korea (DPRK or North Korea), the South Korean government broadened its attention to acts of terror beyond the Korean Peninsula. South Korean citizens were victims of terrorism in Afghanistan, Nigeria, and Somalia. Seoul supported U.S. goals in Afghanistan and maintained the third-largest foreign troop contingent in Iraq through most of 2007. Additionally, Seoul leads a Coalition Provincial Reconstruction Team in Irbil Province. The South Korean government remained a valued international partner in the fight against terror financing and money laundering.

In recognition of its regional efforts to combat terrorism, the Republic of Korea held the position of Chair Economy of the Asia-Pacific Economic Cooperation (APEC) Counterterrorism Task Force (CTTF) in 2007. The South Korean Ambassador for International Counterterrorism Cooperation presided over three CTTF meetings. The ASEAN Regional Forum's (ARF) 4th Seminar of Cyber Terrorism was held in October in Busan, Korea. The seminar, cohosted by the Ministry of Foreign Affairs and Trade (MOFAT) and the National Cyber Security Center, welcomed 90 officials and experts from 24 ARF participating countries. The South Korean government also held bilateral consultations with Mexico, Germany, and France.

South Korean immigration and law enforcement agencies had an excellent record of tracking suspicious individuals entering their territory and reacting quickly to thwart potential terrorist acts. The government is on schedule to begin issuing e-passports that will further protect the identity of lawful travelers and prevent terrorists from using counterfeit passports. In November, the National Assembly passed Anti-Terrorist Financing legislation to further curb money laundering by terrorist organizations in and through the country.

Seoul continued its active participation in regional training and capacity-building programs. The South Korean government hosted representatives from Vietnam and other Southeast Asian countries for training in crime prevention, criminal justice, counterterrorism, forensic science, prevention of money laundering, narcotics law enforcement, and antipiracy and terrorism management.

Laos

Since 2002, the Government of Laos has consistently denounced international terrorism and expressed a willingness to cooperate with the international community on counterterrorism, but has taken little proactive action to combat terrorism. In addition to a lack of resources, Lao officials at many levels believed that Laos, a small and neutral country, would not be targeted or exploited by international terrorists.

Laos did not have a separate counterterrorism law, but recent amendments to the criminal code sought to strengthen counterterrorism sanctions. Laos' border security was weak. Border officials could not effectively control access to the country even at its most sophisticated border checkpoints. Illegal border crossing along the Mekong River into the surrounding countries of Burma, Thailand, and Cambodia could be accomplished easily and without detection. Border delineation remained poor in more remote sections of the country, especially along the land borders with Vietnam and China; it is likely that unmonitored border crossings by locals occurred on a daily basis. Since 9/11, Lao authorities have strengthened airport security, and airport security forces participated in U.S. supported security seminars in an effort to raise their standards, but security procedures at land immigration points remained lax compared with most other countries in the region. In addition, official Lao identity documents, including passports and ID cards, were easy to obtain.

When requested, the Bank of Laos has vetted government and commercial bank holdings for possible terrorist assets, as identified by U.S.-provided lists of terrorist organizations and individuals, and issued freeze orders for assets of organizations and individuals named on these lists. However, the Bank has yet to require the freezing of assets of individuals and entities included on the UN 1267 Sanctions Committee consolidated list. In accordance with its obligations under UNSCR 1373, the Bank of Lao issued freeze orders for assets of organizations and individuals named in lists provided by the United States. Lao authorities issued orders limiting the amount of cash that could be withdrawn from local banks or carried into or out of the country and strengthened reporting requirements of state and privately owned commercial banks. Banking regulation remained extremely weak, however, and the banking system was vulnerable to money laundering and other illegal transactions. Cooperation between USG officials and the Bank of Laos remained cordial and cooperative.

Malaysia

New provisions to Malaysia's Penal Code and Criminal Procedures Code came into effect in March. They included clearer definitions of terrorism and related crimes and penalties including the death penalty or life in prison for terrorist-related crimes. The police forces in Malaysia continued to conduct all counterterrorist investigations and

operations.

Malaysian police fall under the authority of the Ministry of Internal Security, headed by Prime Minister Abdullah Badawi. To date, no suspected terrorists were brought to trial under either the new or previous legal provisions. At year's end, 29 terrorist suspects linked to Jemaah Islamiya and 17 linked to Darul Islam Sabah were held in detention under the country's Internal Security Act (ISA), where they undergo a program of rehabilitation. Two-year ISA sentences can be renewed if the Malaysian government determines that a detainee remains a threat to national security. On average, the Malaysian government has held suspected terrorists and suspected terrorist supporters in ISA detention for two to six years.

Amendments to the Anti-Money Laundering and Anti-Terrorism Financing Act, the Subordinate Courts Act, and the Courts of Judicature Act also came into effect in March. These provisions provide for the forfeiture of terrorist-related assets, allow for the prosecution of those who materially support terrorists, and expanded surveillance of suspects. The Financial Action Task Force/Asia Pacific Group on Money Laundering (FATF/APG) conducted a Mutual Evaluation of Malaysia in February. While otherwise in compliance, FATF found ineffective enforcement of Malaysian laws on the import and export of cash. The Malaysian government responded by setting up an interagency task force to issue recommendations to bring Malaysia into compliance with international standards.

The Malaysian government engaged with its neighbors on issues related to counterterrorism and transnational crime. It continued to operate the Southeast Asian Regional Center for Counterterrorism (SEARCCT), which conducts training for Malaysian officials and to a lesser extent for officials from countries in the region.

Malaysian mediators continued to work in the southern Philippines to help end the conflict between the Philippines government and the separatist Moro Islamic Liberation Front (MILF). With the "Eyes in the Sky" program, Malaysian military forces worked with Singapore and Indonesia to provide enhanced security to the Strait of Malacca, the world's busiest shipping lane.

Malaysia's Financial Intelligence Unit (FIU) signed memoranda of understanding on the sharing of financial intelligence with the FIUs of the United States, the United Kingdom, Japan, the Republic of Korea, Sweden, and the Republic of Chile. Malaysia's FIU provided training and evaluation assistance throughout the region. In late June, Malaysia's accession to the UN Convention for the Suppression of the Financing of Terrorism came into force.

Mongolia

There were no known terrorist groups operating in Mongolia and no known bases of support. Nonetheless, Mongolian government officials cited more than 6,000 kilometers of porous borders, easy entry for foreign travelers, and poverty as conditions that terrorists could exploit, and moved to increase awareness of terrorism and to consider new laws. In August, Mongolia's Border Force, State Specialized Inspection Agency, Customs Authority and other agencies worked with a visiting "Second Line of Defense" team from the U.S. Department of Energy to improve systems for detecting the movement of nuclear and radiological materials that could be used as weapons of mass destruction. The Mongolian police, the Ministry of Justice, and the General Intelligence Agency's counterterrorism branch also cooperated with the United States. As a result of resource and technical limitations, counterterrorism law enforcement capacities remained modest. Mongolia deployed an eighth rotation of 100 Mongolian soldiers to Iraq in October in support of Operation Iraqi Freedom, as well as a seventh rotation of 21 Mongolian soldiers to Afghanistan to train the Afghan National Army.

New Zealand

In November, New Zealand passed a further amendment to the Terrorism Suppression Act 2002. The main amendments created a generic offense for committing a terrorist act; streamlined the process for designating terrorists (UN terrorist list entities are now automatically designated as terrorists under New Zealand law) and created two new offenses involving nuclear material. To date, New Zealand has designated more than 480 UN listed terrorist entities. The FIU processed over 4,090 Suspicious Transaction Reports (STRs) and referred 615 of these to various law enforcement agencies and units for investigations¹. Over the same twelve month period, the FIU received five Suspicious Property Reports pursuant to the Suppression of Terrorism Act 2002, none of which were found to have connections to terrorist entities or associated individuals.

New Zealand's counterterrorism efforts were reinforced by its engagement in interfaith and inter-cultural initiatives aimed at countering radicalization and terrorist recruitment. With Australia, Indonesia, and the Philippines, New Zealand co-sponsored the Asia-Pacific Regional Interfaith Dialogue. The Dialogue involved religious and community leaders from 15 countries from South East Asia and the Pacific, and aimed to foster tolerance, reinforce moderate religious views, and isolate religious extremism. In May, New Zealand hosted the third Dialogue at Waitangi, New Zealand. New Zealand also supports the UN-led Alliance of Civilizations (AOC) initiative, which has developed a framework for practical action to bridge differences and improve relations between faiths, societies and cultures, particularly between Islam and the West. New Zealand convened a Symposium in May to focus regional attention on the AOC Report's recommendations in the four "fields of action": education, youth, media, and migration.

New Zealand is a partner with both the United States in exchanging information on known and suspected terrorists using the Terrorist Screening Center as the operational hub for encounter management, and with the United States in APEC's Regional Movement Alert System (RMAS). Both of these programs enhance our joint ability to disrupt travel by known and suspected terrorists.

On October 15, New Zealand police arrested 17 people and seized a number of weapons, including semiautomatic weapons and petrol bombs, during a series of raids throughout the country and referred evidence against 12 of the 17 people for additional possible prosecution under the Terrorism Suppression Act (TSA), the first time the Act has been evoked since it became law in 2002. Solicitor-General Dr. David declined TSA prosecution; 16 still faced charges.

Also in mid-October, amendments to the TSA legislation were before Parliament. The Terrorism Suppression Amendment Bill corrected inconsistencies in the TSA with New Zealand's obligations under the Charter of the United Nations and the United Nations Security Council resolutions on terrorism. It contained proposals on the designation of UN-listed terrorist entities, the High Court extension of designations for those entities, the freezing of terrorists' assets, the terrorist financing offenses, the offenses of committing a terrorist act and participating in a terrorist group. The Bill also introduced new offenses involving nuclear material.

New Zealand closed the security risk immigration case against an asylum seeker, Ahmed Zaoui, after five years of blocking his claim for refugee status on the grounds that he represented a threat to national security (he has convictions in Belgium and France for links to terror groups). On September 13, the Security Intelligence Service (SIS) determined that Zaoui was no longer a security risk and removed the security risk certificate it placed upon him.

New Zealand remained active in Operation Enduring Freedom in Afghanistan, working with coalition partners in undertaking Maritime Security Operations. New Zealand commands the Provincial Reconstruction Team (PRT) in Afghanistan's Bamiyan Province, as part of NATO's International Security Assistance Force (ISAF).

New Zealand continued to provide assistance to Pacific Islands Forum member countries to help them submit reports pursuant to UN Security Council Resolutions 1267, 1373, and 1540. Assistance was provided to five Pacific Island Countries (PICs) to date, and of these, four have submitted completed reports to the UN. New Zealand convened and chaired the annual Pacific Islands Forum Working Group on Counterterrorism (WGCT) which provided an opportunity for Pacific Island countries to receive up-to-date information on the international counterterrorism regime and to coordinate technical assistance projects to assist their compliance with UN Security Council reporting obligations. The last WGCT meeting was held in Nadi in June, preceding the annual Forum Regional Security Committee meeting.

New Zealand promoted counterterrorism capacity-building and a range of regional security initiatives through the Asia Security Fund. The Fund supported projects implemented by a range of partners, including regional counterterrorism centers such as the Jakarta Centre for Law Enforcement Cooperation in Indonesia and the South East Asia Regional Centre for Counter Terrorism in Malaysia.

Philippines

The Philippines continued to face numerous threats from terrorism. Operating within the country were the Abu Sayyaf Group (ASG), Communist Party of the Philippines/New Peoples Army (CPP/NPA), and Jemaah Islamiya (JI), all of whom are designated as Foreign Terrorist Organizations (FTOs) by the United States. In addition, the Alex Boncayao Brigade (ABB) and the Pentagon Gang are on the U.S. Terrorist Exclusion List.

Philippines military and law enforcement conducted intensive civil-military and internal security operations to eliminate terrorist safe havens in the Sulu Archipelago and central Mindanao. This year they captured and arrested 38 ASG members and killed 127. The ASG's release in October of an Internet video soliciting funds is an indication of the group's financial constraints. Courts sentenced 14 members of the ASG to life imprisonment for their role in the May 2001 Dos Palmas kidnapping of 20 persons, including three Americans. President Arroyo signed landmark antiterrorism legislation to improve the Philippine government's ability to investigate and prosecute terrorism crimes.

The Government of the Philippines includes the following among its numerous successes against terrorists this year:

- On January 13, Philippine law enforcement authorities arrested Kule Mamagong in North Cotabato for his involvement in three bombings that left six dead and 36 injured.
- On March 11, Philippine military officials captured ASG member Abu Usman for his role in a January 2001 kidnapping in Lantawan, Basilan.
- On March 16, Philippine security forces on Basilan captured ASG member Merang Abate for his involvement in several kidnappings.
- In late March, the Philippine police arrested Pentagon Gang members, Alimona Cali and Beru Mendoza, for their role in a 1997 kidnapping of five civilians.
- On May 9, the Philippine police arrested Taya Kulat for his involvement in a bombing in Tacurong City.
- On May 11, Philippine security forces raided an ASG safe house on Simunul Island, Tawi Tawi, and arrested four children of fugitive JI bomber, Dulmatin, and deported them to Indonesia.
- In September, Philippine security officials arrested eight ASG members on Palawan Island and in Zamboanga.
- On November 12, Philippine security officials arrested Demaatol Guialal in Sultan Kudarat for his involvement in two bombings that left six dead and over 20 injured.
- On December 6, 14 ASG members were sentenced to life imprisonment for the May 2001 Dos Palmas kidnapping of 20 people, including three Americans.
- On December 10, Philippine authorities arrested ASG member Abdel Kamala in Zamboanga City for his role in the 2001 Dos Palmas kidnapping and June 2001 attack on Lamitan, Basilan.
- On January 6, the Philippine military killed five ASG terrorists and one suspected JI operative near the southern island of Tawi-Tawi.
- On January 7, the Philippine military killed ASG bomb expert, Binang Sali, in a fire on Jolo.
- On January 16, Philippine military forces killed ASG spokesman Jainal Sali a.k.a. Abu Solaiman during an armed encounter on Jolo.
- On August 18, the Philippine military killed ASG members, Furuji and Umair Indama, who were involved in the 2001 beheading of U.S. citizen Guillermo Sobero, an October 2002 bombing that killed a U.S. serviceman, and the July 10 beheadings of 10 Philippine Marines on Basilan.
- In the aftermath of a November 13 bombing at Congress that left five dead and nine injured, Philippine law enforcement authorities killed ASG member, Abu Jandal, during a raid of a safe house in Manila.
- On December 15, Philippine security forces killed ASG member Mubin Sakandal in Tawi-Tawi.

USG and Philippine authorities also effectively used rewards programs to target terrorist groups. The U.S. Department of State paid \$5 million in June through its Rewards for Justice Program to informants who provided information that led to the killings of ASG leaders Khadafy Janjalani and Jainal Sali a.k.a. Abu Solaiman. The U.S. Department of Defense, meanwhile, rewarded informants whose information led to the capture of: Khair Malvan Mundos (April), Mohammad Yusuf Karim, (April), Redendo Dellosa (April), Mariano Lomarda (April), Abubakar Delos Reyes (April), Binang Andang Sali (April), Jundam Jamalul (April), Ismin Sahiron (June), Alnaser Parad, (June), and Itting and Omar Sailani (November). In total, the United States paid out \$10,302,500 for information leading to the arrest or killing of 13 ASG members.

The passage of the Human Security Act (HSA) was a major step forward in the modernization of Philippine law enforcement tools for use against terrorists. It permits wiretapping of members of judicially designated terrorist organizations and financial investigations of individuals connected to terrorist organizations. Tight restrictions in the law, however, have prevented it from being used in actual cases.

Limited financial resources, inadequate salaries, corruption, low morale, limited cooperation between police and prosecutors, and other problems in law enforcement have hampered bringing terrorists to justice. In December, U.S. prosecutors and FBI agents provided training to 34 representatives of the Philippine Anti-Terrorism Council. The training was directed at assisting the Philippines in HSA implementation, and focused on ways to use electronic surveillance authority and procedures to obtain judicial designation of organizations as terrorist under the HSA.

The Anti-Money Laundering Council (AMLC), operating under the Philippine Anti-Money Laundering Act of 2001 (AMLA), as amended in 2003, investigated and prosecuted money laundering and took the lead in implementing the asset freeze measures called for by the UN Security Council 1267 Sanctions Committee. The AMLA was used as the legislative basis for financial actions against AQ and the Taliban. Under the law, however, the AMLC could not take direct action against suspected terrorists or those supporting terrorism; instead it had to apply for a court order to inquire into bank accounts and direct the freezing of assets and transactions.

The American Embassy received excellent cooperation from Philippine law enforcement officials in obtaining access to terrorist detainees and witnesses for FBI interviews, and access to criminal, immigration, financial, and biographic records via the mechanisms established in the U.S.-Philippine Mutual Legal Assistance Treaty. The Philippine Security Engagement Board was the primary mechanism for planning and coordination of nontraditional security issues, including counterterrorism and maritime security. This watershed agreement served as the foundation for the "Kapit Bisig" (Arm-In-Arm) counterterrorism framework that focused on civil affairs, capability upgrades, and support for AFP operations.

The United States helped the Philippines establish interagency intelligence fusion centers to support maritime interdictions against transnational criminal/terrorist organizations and a "Coast Watch" system in Mindanao. The Maritime Drug Enforcement Center is located at the Philippines Drug Enforcement Agency Headquarters in Quezon City. Three satellite centers, called Maritime Information Coordination Centers, are located at the headquarters of the Philippine Naval Forces-Western Mindanao in Zamboanga del Sur (southwestern Mindanao), the Coast Guard Station in General Santos City (southcentral Mindanao), and at Poro Point, San Fernando, La Union (northwestern Luzon). The United States also provided equipment valued at \$120,000 to establish a bomb data center on Mindanao.

The Philippine Department of Foreign Affairs began issuing digitized, machine-readable passports in June. While the Philippines cooperated with USG requests for prosecuting persons who had tampered with or altered travel documents, the prosecutions carried low-level penalties. In addition, law enforcement officials were reluctant to investigate or charge vendors or users of false documents when the Philippine government was not the issuing authority.

Singapore

Singapore continued its bilateral and multilateral intelligence and law enforcement cooperation to investigate terrorist groups with a focus on Jemaah Islamiya (JI). In June, Singapore announced that it had detained, under the Internal Security Act (ISA), a "self-radicalized" (i.e., through the Internet) Muslim attorney who had traveled abroad in an effort to join an extremist group and fight alongside the Taliban. Also in June, Singapore announced the detention of four suspected JI members who had fled Singapore in 2001 following the arrest of other JI members by the Internal Security Department (ISD).

As of November, Singapore held in detention 32 people with links to terrorist groups. Detainees included members of JI who had plotted to carry out attacks in Singapore in the past and members of the Moro Islamic Liberation Front (MILF). Under detention orders, the detainees were required to undergo a program of religious counseling with a group of volunteer religious counselors. Singapore enlisted the support of religious teachers and scholars to study JI's ideology, to develop teachings to counter the group's spread within Singapore's Muslim community, and to provide counseling to detainees.

Singapore adopted revised regulations and guidelines for banks, other financial institutions, and non-financial businesses and professions that for the first time prescribed measures in accordance with Financial Action Task Force (FATF) recommendations for countering the financing of terrorism (CFT.) The government moved to implement

regulations to require inbound and outbound travelers to report cash and cash-equivalent instruments of greater than \$20,700 (S\$30,000). In October, Parliament approved the Terrorism (Suppression of Bombings) Act, which gives effect to the International Convention for the Suppression of Terrorist Bombings.

In March, Singapore's Ministry of Home Affairs and the U.S. Department of Homeland Security signed a Science and Technology Agreement to provide a framework to expand cooperation and carry out collaborative projects to enhance border security. After endorsing the Secure Freight Initiative (SFI) in December 2006, Singapore agreed in 2007 to participate in the Phase I deployment of SFI to improve the scanning of maritime container cargo, which will leverage Singapore's participation in the Container Security Initiative (CSI) and the Megaports Initiative.

Singaporean officials took strong measures to enhance maritime security in nearby waters, especially the Strait of Malacca, which included countering terrorist threats, piracy, and other criminal attacks. The three littoral states (Indonesia, Malaysia, and Singapore) continued their surface naval and air patrols in and over the Strait of Malacca. In March, Singapore broke ground on construction of the Changi Command and Control Centre, which will enhance Singapore's maritime security capabilities by co-locating the interagency Singapore Maritime Security Centre, the Information Fusion Centre, and the Multinational Operations and Exercises Centre.

In September, Singapore hosted the third and final International Maritime Organization (IMO)-sponsored meeting on "The Straits of Malacca and Singapore: Enhancing Safety, Security and Environmental Protection." Delegates from the three littoral states and 35 other countries and 16 international observer organizations and NGOs attended the conference. The Regional Cooperation Agreement on Combating Piracy and Armed Robbery against Ships in Asia (ReCAAP) Information Sharing Centre (ISC) continued its operations, connecting 14 governments in Asia to enhance piracy-related information sharing. The Republic of Singapore Navy and Police Coast Guard worked closely on measures to secure the Singapore Strait and port from a maritime terrorist attack.

Singapore actively participated in counterterrorism efforts through various international fora, including the ASEAN Regional Forum (ARF), and continued to take part in the Proliferation Security Initiative (PSI), including the "Pacific Shield 07" exercise hosted by Japan. The Singaporean authorities regularly conducted emergency exercise drills to prepare for a potential terrorist attack in the country, bringing together relevant government agencies and civil society organizations.

Taiwan

Taiwan is not a member of the United Nations and, therefore, is not subject to UNSC Resolutions and cannot join UN conventions and protocols related to terrorist financing. Nonetheless, Taiwan sought to implement, to the maximum extent possible, all UN resolutions relating to combating terrorism and terrorist finance issues. Taiwan continued to provide rapid and thorough responses on terrorism financing issues to the American Institute in Taiwan (AIT). In 2006, Taiwan's Executive Yuan submitted an "Antiterrorist Action Law" to the Legislative Yuan. This bill would empower the Financial Supervisory Commission to seize assets of entities involved in terrorist activities, and employ a package of trade, travel, and financial sanctions against North Korea in response to UNSCR 1718. These items were under review at year's end.

The cabinet-level Counterterrorism Office (CTO) conducted several large-scale training exercises. In December, the CTO conducted its most recent exercise in Kaohsiung in preparation for the 2009 World Games. While the primary focus of this exercise was counterterrorism, it also included crisis management, disaster preparedness, and island-wide civilian military mobilization. Taiwan is currently engaged in seeking ways to harden and protect its critical infrastructure, in order to maintain continuity of operations and government in the event of an attack or a disaster.

Thailand

Counterterrorism cooperation with the Government of Thailand remained strong despite the September 2006 coup and preoccupation of the interim government with domestic political issues. Thai security forces continued to cooperate with the United States and other countries to deny safe haven for terrorists within their territory. No major incidents of international terrorism occurred in Thailand this year, though insurgency-related violence in Thailand's southern provinces of Pattani, Narathiwat, Yala, and Songkhla continued unabated, with acts of violence occurring daily.

The December 31, 2006 bomb attacks in Bangkok, which killed three Thai and injured dozens, including six foreign tourists, remained unsolved. Thai officials contended the bombing was related to domestic political issues. The locations targeted in the attacks were not specifically identified with foreign interests or tourists. On October 1, 2007, a bomb exploded outside Army headquarters in Bangkok. Two bomb disposal personnel were wounded. No suspects have been apprehended and Thai officials contended that this attack, like the December 31 bombings, was related to domestic issues.

Thailand's biggest domestic security challenge remained the ongoing separatist movement in the far southern provinces of Narathiwat, Yala, Pattani, and Songkhla. This region, bordering Malaysia, has experienced episodic, separatist-related violence for decades among the predominantly ethnic Malay-Muslim population. Since January 2004, violence increased dramatically and continued on a near daily basis. Suspected separatist militants carried out assassinations, beheadings, and coordinated bombings using improvised explosive devices.

A particularly brutal series of attacks commenced on March 14 in Yala province when suspected insurgents ambushed a civilian passenger van and executed the eight Buddhist passengers on board. Subsequently, on March 15, a mosque and a tea shop frequented by Muslims were attacked with grenades by unknown assailants. Thai press reports and security forces attribute nearly all the attacks in the south to militant separatists, but human rights watchers believe attacks are committed by both Buddhist and Muslim groups.

Interim Prime Minister Surayud's efforts at conciliation have had only a limited impact, and attacks continued to occur regularly. In June, Thai security forces adopted a more aggressive approach to dealing with the militants. Security forces began large scale operations to arrest and detain anyone suspected of having links to the insurgency. In late October, General Anupong Paochinda, the newly appointed commander-in-chief of the Royal Thai Army, reorganized security forces operating in the South to ensure better coordination of security operations.

Legal mechanisms to counter the insurgency lagged behind security efforts. Government prosecutors struggled to develop cases that could stand up in court and relied chiefly on confessions in order to bring prosecutions. Police forensics and ballistics work often failed to produce evidence that led to arrests following separatist attacks. Because of the difficulties in bringing cases to court, security forces engaging in operations to arrest militants relied instead on their powers under martial law and the 2005 Emergency Decree to detain suspects without trial.

Prosecutors have had some success in bringing cases to court, however. On July 2, after an investigation into bombing incidents, security forces arrested seven suspected bomb makers at an Islamic boarding school. This case remained in the court system; the prosecution is based on the confession of the suspects. In November, police were able to arrest six suspects after a series of bombings in Yala province, based on forensic investigations.

Thai authorities believe the Barisan Revolusi Nasional Coordinate (BRN-C) is behind most of the violence in the south. The operational arm of this group is the Ruanda Kumpulan Kecil (RKK). Other militant groups active in southern Thailand include the Pattani United Liberation Organization (PULO), and the Pattani Islamic Mujahideen Movement (GMIP). Because of the transnational nature of the ethnic Malay-Muslim community in southern Thailand, all the separatist groups active in the South may have connections throughout maritime Southeast Asia. Some of these groups may share elements of ideology and general rejection of Western influence held by international Islamic terrorists, but by all indications they remained primarily focused on seeking autonomy for the far southern provinces and historical grievances against the Thai state.

Thailand's southern border with Malaysia remained an issue of concern because of the difficulty both Thailand and Malaysia have had in controlling it. In the past, former Prime Minister Thaksin alleged militants were traveling across the border to training camps in Kalantan, and interim Prime Minister Surayud claimed militants in southern Thailand funded their activities through business operations in Malaysia – an allegation that Malaysia strenuously denied.

Relations between Thailand and Malaysia improved after a series of meetings between Surayud and Malaysian Prime Minister Abdullah Badawi in January and February, in which the two leaders agreed to a series of measures to tighten security along the border. These measures included resolving issues of recognizing dual nationality, sharing information, and initiating joint patrols between Thai and Malaysian security forces.

Thai security forces cooperated with the United States and with other countries to deny safe haven to terrorists within their territory. In the past, Thailand has served as a transit point for regional terrorists, as evidenced by the 2003 capture in central Thailand of Nurjaman Riduan bin Isomuddin (a.k.a. Hambali), JI's operations chief and the architect behind the 2002 Bali bombings. Thai and USG officials were concerned that transnational terror groups could establish links with southern Thailand-based separatist groups. However, there were no indications that transnational terrorist groups were directly involved in the violence in the south, and there was no evidence of direct operational links between southern Thai separatist groups and regional terror networks.

There was no evidence that foreign governments provided financial, military, or diplomatic support for militant separatist operations in the South of Thailand. However, PULO reportedly operated openly in Syria, and a number of self-declared separatist leaders received asylum in Europe or were believed to be hiding in Malaysia.

Thai police and security officials participated in USG training programs, and the U.S. and Thai militaries conducted a number of joint exercises that supported counterterrorism. Thailand is a co-sponsor of the International Law Enforcement Academy (ILEA) in Bangkok. It continued to run training modules for Thai security officials and police that included post-blast and crime scene investigation courses.

Under the auspices of the Container Security Initiative (CSI) and the Megaports Initiative, Thailand participated in a range of port security programs, including programs to ensure that Thailand has proper controls on the export of munitions, dual use goods, and related technologies.

The Thai Anti-Money Laundering Office (AMLO) acted as the center for interdicting terrorist finance. On October 28, The Ministry of Finance issued new regulations governing cross border cash carrying, bringing the Thai government into line with the Financial Action Task Force Special Recommendation on Terrorist Financing. UN 1267 resolutions were quickly implemented by Thai banks under instructions from AMLO. Thailand engaged with the G8 Counterterrorism Action Group on increasing penalties for document fraud, an ongoing problem in Thailand.

Thailand participated actively in international counterterrorism efforts through Asia Pacific Economic Cooperation (APEC), the Association of Southeast Asian Nations (ASEAN), the ASEAN Regional Forum (ARF), and other fora, and in January became a signatory to the ASEAN Convention on Counterterrorism. Thailand has not endorsed the Proliferation Security Initiative (PSI).

¹ Under the Financial Transaction Reporting Act 1996, financial institutions (note: which includes banks, money exchanges and casinos) are required to report transactions suspected of being linked to money laundering or proceeds of crime enforcement to the New Zealand Police Financial Intelligence Unit based at Police National Headquarters in Wellington.

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