



# Taliban and al-Qaida Financing in Pakistan

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## SIGNIFICANCE

A crucial part of the fight against al-Qaida and its new face, the Tehrik-i-Taliban Pakistan (TTP), will be won on the financial front. Identifying revenue sources for this movement can help governments, financial institutions and other businesses degrade the TTP's political influence and capacity for conducting attacks regionally and further afield in Europe and the United States.

## ANALYSIS

The TTP, enjoying safe haven in Pakistan's autonomous tribal areas, has dramatically increased its ability to grow its sources of revenue over the past year. There are signs that an uptick in TTP finances is taking place, affording the group more potential to project influence and violence throughout Pakistan, and the world. Three key areas of financial growth have been:

### *Transit trade*

The lucrative transit trade originating in duty-free Dubai, passing through Karachi onwards through the Khyber Pass into Afghanistan and Central Asian markets, has benefitted the TTP, al-Qaida's host and protector. "Taxing" or looting goods transiting across the tribal areas has proven an effective funding strategy for the militants. Tax on licit and illicit goods like opium that is traveling through Taliban-controlled areas in FATA and NWFP is a constant source of funds. Notably, a significant amount of NATO's materiel passes through the Khyber Agency and has not been immune to taxing and looting by the Taliban. Recently, TTP militants stole three US helicopters – including a Chinook and Black Hawk -- while in transit and offered them for sale in the black arms market

pervading parts of Pakistan and Afghanistan. The Chinook allegedly sold for a few hundred thousand dollars. Farther south, the TTP has taken control over Miramshah, North Waziristan, where al-Qaida elements are thought to be hiding, as a result of the recent peace agreement with the government. The group has introduced a formal schedule for taxes and criminal offenses into the area. Truckers, for example, are sold six-month or yearlong passes to travel safely through the territory. This taxation strategy has been pursued in other Taliban strongholds throughout the FATA and NWFP.

### *Robbery*

Historically, banditry has been one of the prized career paths for many tribesmen in the porous border area between Afghanistan and Pakistan. Perhaps it is not surprising then that this heritage coupled with the ideological mask of al-Qaida has resulted in a potent blend of terrorism and crime. In the training camps of Baitullah Mehsud, the head of the TTP, tradecraft for professional criminality has been imparted along with the traditional al-Qaida-style terrorist tactics using suicide options. These dual-use operatives, once trained, have been dispersed throughout Pakistan, especially in Karachi, to work as security officers in banks and money exchanges. Once embedded, these operatives have carried out numerous bank robberies to fund the TTP while at the same time maintaining a threatening posture as suicide squads in major urban areas.

### *Minerals*

The TTP has reportedly forged deals to open a key marble quarry and coal mine recently. The Ziarat marble quarry

in Mohmand Agency is a nationally known quarry where most of the expensive marble in Pakistan is sourced. For settling a long dispute among local tribes there, operations commenced at the quarry and the TTP has allegedly extracted a hefty broker's fee upfront in addition to residual income guarantees from taxes on the constant truck traffic to and from the mine. There are also unconfirmed reports that the Taliban has taken over a coal mine 40 kilometers south of Peshawar, potentially employing 5,000 people. Twenty-two truckloads worth of coal were reportedly mined the first day after the Taliban took control. Over the last three years, the mine had been inoperative due to a disagreement over royalty distribution between tribes.

### **INFLUENCE**

With economic influence comes political influence. Arguably, the Taliban came to power in Afghanistan after it provided security for truckers and other stakeholders in the commerce transiting from the Gulf through Pakistan to Central Asia. The Pakistani Taliban has historically looked to its Afghan variant as a model. And by rapidly increasing its control over territory, the Pakistani Taliban has not only found a way to keep its coffers full, but more importantly the TTP has also been able to win political support from business interests and ordinary people who benefit from the increased trade taking place under the TTP's watch.

### **CONCLUSION**

The Taliban's ability to harbor al-Qaida and fight NATO forces in Afghanistan, destabilize Pakistan and also terrorize western populations internationally, is predicated on a solid financial base. By adopting a more aggressive financial footing, the TTP has improved its capacity to spread its influence and sanctuaries throughout Pakistan. This is a worrying development. The expansion of safe havens for TTP and, by extension

al-Qaida, should be a cause for concern for Western powers vulnerable to terrorist attacks in addition to all stakeholders with an interest in stability and regional security in South Asia.