

No political solution in FATA likely anytime soon

** Broad consensus in US and Europe that FATA provides sanctuary to Taliban and Al Qaeda leadership*

** Militants face fiscal vulnerability in FATA*

** Militancy funding structure includes donations from Pashtun businessmen*

By Khalid Hasan

WASHINGTON: The likelihood of a military or political solution to the situation caused by militant forces operating out of FATA is "highly unlikely in the near or medium term, but more direct pressure must be applied on their known and suspected funding streams to increasingly degrade their ability to attack," according to John Solomon, an expert on terrorist financing.

Writing in CTC Sentinel, a publication of West Point's Combating Terrorist Centre, Solomon notes a broad consensus in the United States and Europe that Pakistan's Federally Administered Tribal Areas (FATA) provide sanctuary to local and foreign Taliban, Al Qaeda's central leadership, and the Islamic Jihad Union (IJU). During the past two years, there have been at least four advanced attack cells with links to Pakistan's Tribal Areas disrupted in the United Kingdom, Germany, Denmark and Spain. Sanctuaries enable insurgents and terrorists to not only plan attacks, but also to generate critical support infrastructures by raising funds, projecting ideology and providing technical assistance to associated groups and cells. To effectively destroy Al Qaeda and its support structures, US national security policy correctly calls for the closure of these terrorist sanctuaries in concert with a co-ordinated global effort to desiccate the movement's funding streams.

Solomon calls the task "no small challenge" as at no time has Al Qaeda enjoyed a more formidable redoubt than in FATA. Waziristan is a stronghold of the Tehreek-e-Taliban Pakistan (TTP).

Finances: Despite its advantages, however, FATA has one significant disadvantage for the militants, namely fiscal vulnerability. Al Qaeda and the IJU, and their guardians the TTP and Afghan Taliban, need stable sources of revenue to maintain their heightened scale of militancy in Afghanistan, Pakistan and Western Europe. According to Solomon, the ethnic Pashtun TTP and the Afghan Taliban share both ethnicity and material interests. They are intimately familiar with taxing the lucrative licit and illicit transit corridor that extends from Karachi through FATA or Balochistan to landlocked Afghanistan and Central Asia. The first Taliban marginalised the warlords and positioned themselves as the security provider for all those with an economic interest in the lucrative Afghanistan-Pakistan transit trade corridor of smuggled goods.

Insecurity along key trade routes was endemic and transit traders and truckers were left paying exorbitant tolls or simply having their goods stolen, which had negative residual effects for stakeholders throughout the supply chain.

Solomon points out that by becoming a "one-stop" security provider, Pashtun merchants and truckers who required secure transit from the trade corridor extending from Dubai through Balochistan or FATA became the Taliban's financial backing through taxes, contributions and political support. According to one World Bank report, the estimated Taliban revenue sourced from taxing Afghanistan-Pakistan trade in 1997 was \$75 million. The same report indicated that taxed opium and "contributions" from truckers during the same year might have accounted for as much as twice that amount. The Taliban also control vast swathes of the three highest opium-producing provinces in Afghanistan, the source of 93 percent of the world's supply. The security taxed revenue from that trade is estimated to have increased to as much as 20 percent of \$2.2 billion.

FATA's tribal militias and now the TTP umbrella alliance have also raised funds from a security tax levied on the goods Pashtun merchants transport through the tax-free area. The 1965 Afghanistan Transit Trade Agreement (ATTA) created a region-wide arbitrating centre where profits could be made off policy-induced price differentials from tax-free Dubai through the tax-free FATA in Pakistan or beyond.

Since the TTP has grown more powerful and established control of markets in FATA and the NWFP, there have been some recent signs suggesting that traditional tribal structures are battling with militants over funding sources. The clashes between the Afridi-Kokikhel and Lashkar-e-Islam in April 2008 appear to be the most transparent case of a tribal interest group defending a traditional source of revenue sought by an insurgent group. Apart from looting and taxing in FATA and the NWFP, TTP has deployed dual use terror-crime cells further afield in Karachi. The TTP has recruited security professionals, trained them in terrorist tactics in Waziristan, and then deployed them as hit squads and bank robbers. There is also a suspicion that the Taliban entrusted a select class of Pashtun traders to act as trustees and managers of the assets they had at the time of the US invasion in October 2001. Due to corruption and the lack of documents and business transparency in Pakistan, Afghanistan and the Gulf, the money trail often does not exist, nor are charges brought.

Donations: According to Solomon, contributions and donations among Pashtun businessman and ordinary people in Pakistan and FATA constitute another dimension of the funding structure. The same Pashtun merchant class is often targeted for contributions over and above what it gives. Some high net worth Pashtun traders donate as much as \$100,000 during fundraising gatherings addressed by mullahs. Money is also raised among middle and lower-middle class Pakistanis under the guise of zakat in madrassas and mosques sympathetic to the movement. The Taliban and the TTP are able to raise substantial sums this way, especially in areas controlled by TTP mullahs with madrassas. More important are the sophisticated videos and telecommunications used by militants to target fundraising markets abroad. The Taliban and Al Qaeda are both active fundraisers among the Gulf Arab populations in the UAE and Saudi Arabia. There have been a number of arrests of Saudi Al Qaeda members in Pakistan caught carrying substantial sums of foreign currencies while in transit between countries. The Pakistani Taliban leadership tends to imitate the administrative methods of the Afghan Taliban leadership, which is comparatively older and more experienced. It is suspected that a similar finance shura exists in FATA and in the NWFP.