



# **FTI-INTERNATIONAL RISK ASSESSMENT**

## **TERRORISM TRENDS IN 2010**

**January 2010**

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## Terrorism Trends in 2010

### Overview

Asian governments made modest successes in their grim struggle against terrorism and extremist political violence in 2009. Achievements include the absence of any external terrorist attacks against India since the Mumbai November 2008 attack, concerted efforts by Pakistan to drive out militants in its border areas, and the elimination of Southeast Asia's most wanted terrorist leader Noordin Mohammed Top.

The 2010 FTI-International Risk Asia-Pacific terrorism outlook considers two key issues in assessing the prospects for the next 12 months. First, can Asian governments, especially in South Asia, build upon their fragile gains by continuing to pro-actively go after terrorist and militant groups or will they revert to their traditional approaches of containment and reacting only when incidents occur? Second, what is the state of Jemaah Islamiyah and Abu Sayyaf, the two principal terrorist groups in Southeast Asia, and do they still pose a major terrorist threat in the region?

Pakistan's decision in 2009 to conduct major military offensives against terrorist and militant sanctuaries in its tribal border regions has achieved noteworthy successes but has also been extremely costly, led to an upsurge in violence, displaced large numbers of residents, and is politically unpopular. Moreover, the Pakistani military is worried that these operations may threaten the country's national security as they divert resources and attention from defending against India, which military chiefs view as their chief foe. Pakistani military officials have indicated in the past few weeks that no new offensives are likely against militants in its border areas for the next 6-12 months.

If Pakistan does retreat from this aggressive pro-active counter-terrorism strategy and return to its previous accommodationist policies, this would allow militant and terrorist groups to rebuild their capabilities and once again become a serious threat to the ruling regime in Islamabad and return to launching attacks against India.

The welcome lull in 2009 external terrorist attacks against India may also lead the government in New Delhi to reduce its sense of urgency and commitment to overhauling its deficient counter-terrorism capabilities and strategies. The country's security services remain somewhat fragmented and have, to date been unable to forge a cooperative relationship with their counterparts in Pakistan to prevent future attacks from Pakistani-based terrorist organisations. It may be virtually impossible for Islamabad and New Delhi to engage in any meaningful bilateral counter-terrorism cooperation that is essential in preventing more terrorist attacks, because of the two

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countries' deep-seated distrust and enduring hostilities against each other. These domestic realities in Pakistan and India suggest that the counter-terrorist successes achieved in 2009 are unlikely to be maintained and a reversion to the previous dynamic of pro-active terrorists against reactive governments will take place in the coming months.

The assessment of FTI-International Risk towards Jemaah Islamiyah and Abu Sayyaf is more positive. The capabilities of these terrorist organisations have been seriously degraded. Most of their top leaders have been captured or killed; their access to funds reduced to a trickle, and they have had to retreat to increasingly remote areas. The death of Noordin in September 2009 is especially significant as it may critically weaken his JI splinter group that has been behind most of the violent attacks in Indonesia in the past few years.

Despite their successes in weakening Jemaah Islamiyah and Abu Sayyaf, the Indonesian and Philippine governments do not appear complacent and have continued to maintain a pro-active and adaptive approach in neutralizing the still-dangerous terrorist threat from these groups. The Indonesian and Philippine security services have been helped by extensive assistance from the U.S. and other foreign governments, which has allowed them to adopt state-of-the-art counter-terrorist practices and capabilities. While JI and AS may be able to mount limited opportunistic attacks such as which took place in Jakarta in July 2009, these incidents are likely to be limited in scope and very occasional.

FTI-International Risk believes that the most pressing internal security threat in Southeast Asia in 2010 comes not from terrorism but election-related political violence in the Philippines in the run-up to local, provincial and national elections in May. The country is on a high state of alert and more than 500 locations have been identified as flashpoints for political violence. Nearly 60 people have already been killed in feuding among political gangs, which see elected offices as a crucial means to gain control of political power, security forces, and access to lucrative economic returns.

## **South Asia: Worsening Violence in Pakistan**

The terrorism situations in Pakistan and India diverged dramatically in 2009. While India did not suffer from any foreign-orchestrated terrorist attacks over the past year, Pakistan endured a sharp escalation in attacks as key areas of the country descended into full-scale insurgency warfare. Although India has been able to prevent the extremist violence in Pakistan from spilling across its borders for now, FTI-International Risk believes that this situation is unlikely to last and another Pakistan-inspired terrorist attack on Indian soil has a strong chance of occurring this year.

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## **Pakistan's Descent into Terrorist and Insurgent Turmoil**

Pakistan has become one of the principal frontlines in the global fight against terrorism and Muslim extremist insurgency along with Afghanistan. The country suffered more than 170 violent attacks in 2009 that killed more than 1,400 people after the government in Islamabad finally decided to tackle militant and terrorist groups head-on in its tribal border regions. The Pakistani military undertook full-scale offensives in tribal border regions in the country's northwest in the spring of 2009 followed by another major campaign in South Wariziristan in the autumn that led to the killing and arrest of thousands of militants and the displacement of hundreds of thousands of local residents.

In response, militants sent waves of suicide bombers to attack civilian, government, and military targets across the country. Many of these attacks took place in the last quarter of 2009 and this momentum can be expected to continue into the first half of this year. Islamabad, which is one of the country's most secure cities, suffered 8 attacks, although security officials said that they had thwarted another 390 operations. Other cities that have suffered large numbers of casualties include Lahore, Peshawar, and Rawalpindi.

The military campaigns appear to have checked the rise of the Pakistan Taliban and other extremist groups and dislodged them from their once-secure safe havens. Moreover, the offensives have allowed the central government to win back some of its declining grip on power in these outlying regions.

But these gains are likely to be temporary. The capabilities of the militant groups do not appear to have been seriously eroded and they have been able to find and train new recruits to replace those that have been killed or arrested. The government in Islamabad has also faced strong nationalist unpopularity over the military offensives, which are widely viewed as actions taken on behalf of the U.S., and this could weaken its grip on power over the longer-term.

While the military has loyally carried out orders to engage in counter-insurgency operations, there has forced it to shift resources away from its top priority of defending against the threat from India. If the military finds itself increasingly drawn into fighting and staying in these border areas, the civilian authorities may eventually face a backlash from an institution that has few qualms in launching a coup to take power.

With the militant and terrorist groups currently pre-occupied with fighting against the Pakistani regime, they have not been able to conduct terrorist forays into India. Any let-up in the counter-insurgency operations of the Pakistan military could allow these terrorist groups to target India once more. Alternatively, these groups might seek to conduct a terrorist attack on Indian soil in order to engineer an escalation in Indian-

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Pakistani ties, which could then force the Pakistani military to pull troops away from these tribal areas and send them to the border facing India.

## **India's Terrorist Threat From Pakistan**

While no successful external terrorist attack occurred in India in 2009, the country is far from secure. Senior Indian security officials say a dozen foreign-inspired plots were foiled. Although few details are known of these incidents, Indian and U.S. officials have hinted that they may be linked with Pakistani terrorist groups such as Lashkar-e-Taiba, which was responsible for carrying out a large-scale terrorist attack in Mumbai in November 2008.

Relations between the two nuclear neighbours have been in a deep freeze since the Mumbai attack, and the threat of military confrontation remains a real danger. Civilian and military leaders from the two countries regularly trade accusations against each other. Indian Army Chief Gen. Deepak Kapoor recently warned that a limited nuclear war was "very much a reality in South Asia" and each country has forward deployed substantial combat forces close to their shared borders.

One of India's main grievances is that Pakistan has not taken sufficient steps to crack down against Lashkar-e-Taiba. Although the group is officially banned and a handful of senior operatives were arrested for the Mumbai attack, most of its leaders and networks continue to operate under other guises such as charity and political organizations. This includes its founder Hafiz Saeed, who heads one of these charities called Jamaat-ud-Dawa. A key reason why the Pakistani authorities have been reluctant to close down Lashkar-e-Taiba is because of its popularity linked to its active involvement in fighting for Kashmiri independence.

Some news reports suggest that Lashkar-e-Taiba continues to enjoy support and protection from Pakistan's principal intelligence force, the Inter-Services Intelligence Directorate, and its ranks of supporters and operatives are increasing despite the limited crackdown against the organization.

With no diminution in the terrorist threat, India has been devoting more resources to building up its internal security and intelligence capabilities, which performed poorly in the Mumbai attacks. Increased funding has gone to expanding para-military and counter-terrorist units and providing them with specialized equipment. Reforms have also been made to improving cooperation and the sharing of information among intelligence agencies, which includes the establishment of an online national intelligence grid network. But as the internal security apparatus has suffered from long neglect, this increased funding and structural make-over is unlikely to overcome serious shortcomings anytime soon.

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## **India's Own Domestic Insurgency Problem**

Besides the Pakistan terrorist threat, India suffers from a number of long-running secessionist conflicts with militant groups in its border states. The most serious at present is taking place in Assam and Manipur in Northeast India and Kashmir in Northwest India. As these confrontations are localized, they receive little international media attention, but they cause far more casualties than the terrorist attacks conducted by Lashkar-e-Taiba. In the first 11 months of 2009, for example, 375 people were killed in militant-related incidents in Assam and 380 were killed in Manipur, according to the South Asia Terrorism Portal, which estimated that nearly 2100 people were killed in terrorist and militant-related violence during the same period. This, however, represents a nearly 30 percent decline from 2008.

## **Southeast Asia**

Southeast Asia also faces the twin dangers of terrorism and Muslim insurgencies, although these threats affect only a few states and are on a more contained and manageable level. The threat from Islamic extremist terrorism, which was acute between 2001 and 2005, has steadily declined as regional governments have become more effective in their counter-terrorism strategies.

This year's terrorism assessment for Southeast Asia by FTI-International Risk is that the overall regional risk of large scale terrorist incidents is low, but medium in Indonesia and Southern Thailand, and high in the Philippines, especially because of presidential and legislative elections in May. Once leading terrorist groups such as JI and AS appear to have limited capacity to mount major operations as their ranks have declined through arrests and killings by security forces. These outfits instead will likely focus instead on smaller-scale suicide bombings and kidnappings, actions that require less organisation and fewer resources.

## **Indonesia, Southern Thailand and the Philippines**

As the July 2009 bombings of the Ritz Carlton and Marriot hotels in Jakarta demonstrates though, these groups still aspire to occasionally attack high value foreign or government targets. In the case of JI, its terrorist agenda has been taken over by a splinter group known as Tanzim Qaedat al-Jihad or Al-Qaeda in the Malay Archipelago and was led by Noordin before his death in September 2009. This JI offshoot was behind the Jakarta bombings and also had planned to assassinate Indonesian President Susilo Bambang Yudhoyono by using a truck bomb. Noordin's death though represents a major blow to this group, which may struggle to survive without his leadership.

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The chief terrorism-related concerns in Southeast Asia comes from the long-running insurgencies in Southern Thailand and the Southern Philippines. More than 300 people were reportedly killed in the Muslim separatist insurgency in Thailand in 2009, although none of these involved foreigners. The total number of deaths in this dispute is estimated to have reached more than 3,600 since 2004.

Despite the heavy losses of life, the Thai authorities have sought to downplay this insurgency by treating it as a law and order problem involving criminal gangs. This unwillingness to recognise the conflict as an insurgency has meant that the Thai security services have not used counter-terrorist and counter-insurgency strategies and instead have relied on ineffective policing methods that have worsened the problem. Foreign security officials say that attacks by local insurgents have become increasingly sophisticated, including the use of improvised bombs.

The Southern Philippines is the other regional hotspot for terrorist and insurgent activity by Abu Sayyaf, the Communist New People's Army (NPA), the Moro National Liberation Front, and the Moro Islamic Liberation Front (MILF). Much of the fighting between these groups and the Philippine military and security services is taking place in Mindano, Basilan Island and the Sulu Archipelago.

The dwindling ranks of AS, which Philippine security officials estimate at around 400 at the beginning of 2010, have concentrated their activities to kidnapping foreign workers and local residents. Three foreign International Red Cross workers were held ransom by AS last year. In another high-profile act, the MILF was blamed for attacking prison in Basilan in December 2009 that led to the escape of more than 30 MILF and AS members.

Overall, the Philippine authorities have been continuing to squeeze these terrorist and insurgent groups through the use of sophisticated military and counter-insurgency strategies, and quietly supported by U.S. special forces. This has increasingly neutralised the threat from AS and the NPA.

The top concern for the Philippines this year though is not terrorism and insurgency but political violence linked with the general election scheduled for May. More than 100,000 troops and police are being mobilized to protect against election-related violence, which was highlighted by the killing of 57 people in Maguindanao Province in Mindano last November. The authorities in Manila have identified more than 500 areas regarded to be potential hotspots for violence.

## Conclusion: The FTI-International Risk 2010 Terrorism Threat Outlook

The overall assessment of FTI-International Risk of the terrorism situation in Asia in 2010 is that:

- South Asia remains in a fragile state. The lull in terrorist strikes against India from Pakistan is temporary and the likelihood of a resumption of attacks in 2010 is high. The principal threat comes from groups such as Al Qaeda, the Taliban, and Laskhar-e-Toiba operating out of in Pakistan. If another large-scale incident were to occur, the already tense India-Pakistan relationship could be plunged into further crisis, although the chances of a military conflict between the two nuclear-armed states is low. **The overall terrorism rating is high for India and severe for Pakistan.**
- The biggest source of terrorism in Southeast Asia comes from Muslim insurgent groups fighting for autonomy in Southern Thailand and the Southern Philippines. Once formidable terrorist outfits such as Jemaah Islamiyah (JI) and Abu Sayyaf (AS) continue to conduct occasional attacks, but they have suffered serious losses against increasingly sophisticated and capable security forces in Indonesia and the Philippines. **The overall terrorism rating for Southeast Asia is moderate, but medium in Indonesia and Southern Thailand and high in the Philippines, especially because of mounting political violence connected with presidential, legislative and local elections to be held in May.**

## The Key Risks for Businesses and Business Executives

Multinational corporations and other foreign companies doing business in South and Southeast Asia are attractive targets for terrorists or insurgents, so proper risk mitigation requires a basic understanding of the key threats in these two regions:

- **Kidnappings:** The kidnapping of foreigners for ransom is a preferred tool used by AS and other Philippine insurgent groups to raise funds. It is less prevalent in the rest of Southeast and South Asia, but JI and other militant groups have occasionally used this tactic.
- **Targeting of Hotels and Foreign-owned Businesses:** As the July 2009 Jakarta bombings and November 2008 Mumbai attacks clearly showed, the bombing of foreign-owned hotels, shopping malls, restaurants and other types of business establishments is regarded as a soft but high value target by terrorist and insurgent groups in both South and Southeast Asia.

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- **Aviation Risks:** The attempted bombing of a U.S. airliner by a Yemeni-trained Nigerian terrorist in December 2009 raised the spectre that Al Qaeda and its global affiliates may be once again trying to blow up large passenger aircraft. While the primary target is the U.S. and Europe, Al Qaeda may try also to use or target airports in less developed parts of Asia because they may not be as well-guarded.
- **Countries and Areas to Avoid:** FTI-International Risk recommends foreign business executives to avoid travelling to Pakistan and Southern Thailand because of the high risks from terrorist and insurgent groups. Careful consideration should be made as to whether travel to the Philippines is necessary during the run-up and holding of elections in April and May. In any case, no travel is recommended to the Southern Philippines.

## Contact FTI-International Risk

FTI-International Risk has offices strategically located in Beijing, Hong Kong, San Francisco, Shanghai, Singapore and Tokyo, and operates globally. For more information, please visit our website: [www.intl-risk.com](http://www.intl-risk.com).

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