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**March 2008 Overview of Terrorism Risk: Improving Security But Threat From Islamic Militants Remain Recommended Risk Outlook for use in U.S. Terrorism Risk Model: RMS Standard (2008)**

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**TERRORISM THREAT IN 2008**

**Professor Rohan Gunaratna, a leading terrorism expert who is regarded as one of the world's foremost authorities on Al Qaeda, provides an appraisal of the current global terrorism threat. Professor Gunaratna is the head of the International Centre for Political Violence and Terrorism Research at the Nanyang Technological University in Singapore and a Senior Fellow of the Fletcher School of Law and Diplomacy's Jebson Centre for Counter Terrorism Studies. He is also the author of 'Inside Al-Qaeda: Global Network of Terror' [Columbia University Press].**

Al Qaeda, its associated groups and its homegrown cells will pose the most dominant threat to the United States, its allies and its friends in 2008. The Asian and Middle Eastern Muslim countries will suffer the brunt of terrorism by Al Qaeda and its associated groups. Nonetheless, the U.S. and their European and Australian allies will witness periodic spectacular attacks mounted primarily by homegrown cells. In the spectrum of Muslim and non-Muslim groups, Al Qaeda-directed and inspired groups will pose the single biggest threat.

The principal ideological and operational threat will stem from two international epicenters of terrorism – Iraq in the Middle East and Tribal Pakistan. Although Al Qaeda has suffered significantly since 9-11, the group has been able to re-establish a presence by working with like-minded groups. For instance, Al Qaeda co-opted Tawhid Wal Jihad, now operating as Al Qaeda in Iraq and the Levant; Al Qaeda also co-opted the Salafist Group for Call and Combat, now operating as Al Qaeda organization of the Islamic Maghreb in Algeria, North Africa and in Europe. By co-opting, Al Qaeda transferred its operational practice of mass fatality suicide attacks and ideological reference of targeting the US, its allies and friends.

In the Middle East, the Levant, North Africa, and to a lesser extent the Arabian Peninsula will suffer from terrorist attacks in 2008. Likewise in Asia, South Asia will suffer most from terrorism followed by Central Asia and Southeast Asia. With the exception of Xinjiang in China, the threat of terrorism to Northeast Asia will be low. Similarly, Sub-Saharan Africa, especially in Eastern and Horn of Africa, governments, the private sector and the society will suffer from intermittent terrorist attacks. Over 80% of the attacks will be using guns and bombs. With suicide being adopted as a popular tactic, more groups will conduct both vehicle-borne and human-borne suicide attacks.

Three key developments will characterize the global security landscape in 2008. First, together with the Afghan and Pakistan Taliban, Al Qaeda has established an "Al Qaedaistan", an enclave in tribal Pakistan. Similar to Afghanistan under Afghan Taliban, the developments in this enclave will threaten the international community. Second, with the withdrawal of US-led coalition forces, the Iraqi security forces and its intelligence community will not be competent to fight both foreign and domestic groups including Al Qaeda in Iraq led by Abu Ayub al Masri. Third, outside conflict zones, the homegrown terrorist threat will emerge as the most dominant threat. Some homegrown cells will establish links with trans-national groups for training, finance, and inspiration.

As result of the gigantic investment in propaganda by Al Qaeda, radicalism is moving from the periphery to the centre of the Muslim community. Furthermore, the suffering, humiliation and anger of the Muslims resulting from the U.S. invasion of Iraq are being exploited by Al Qaeda and its associated groups to recruit and generate support. Both in the territorial and migrant Muslim communities, the scale of radicalization is on the rise.

Driven by virulent propaganda disseminated by Al Qaeda and its associated groups, these self radicalized cells within the migrant and diaspora as well as territorial communities pose a vibrant threat. While well-structured groups such as Al Qaeda and its associated groups originating from the global South will pose an enduring threat, the homegrown cells present an equally sinister threat to the West. Unlike the well-structured groups with a leadership, membership and a

support base, the homegrown cells are difficult to detect. Where well-structured terrorist groups are not operating, the more significant threat stems from homegrown cells.

The ideology of so-called "jihad" advocated by militant Muslim groups will spread in the Muslim world. With the false belief spreading that the U.S. is purposely killing Muslims and deliberately attacking Islam, waging "jihad" to defend the faith and the faithful is gathering momentum in parts of the Muslim world. The Western world, in partnership with the Muslim world, has not been successful in waging a sustained and a robust campaign to counter the ideology and propaganda of these threat groups.

With Al Qaeda seeking to unify disparate Muslim groups waging local campaigns, most threat groups are coming together. Al Qaeda has created a number of real and virtual platforms to promote cooperation and collaboration. These groups will share among other capabilities, human expertise (mostly trainers), technology (mostly bomb-making) and finance. By dispatching ideologues, combat trainers and financiers to conflict zones, Al Qaeda will increase the threat in 2008. As suicide attacks in Iraq have influenced Afghanistan beginning in 2004, Al Qaeda will transfer or influence other groups to emulate its operational practices.

Al Qaeda suffered the loss of its state of the art training infrastructure in Afghanistan. But Al Qaeda has created training opportunities in tribal Pakistan, Iraq as well as in conflict zones of Asia, Middle East and Africa. For instance, Mohamed Siddique Khan and Ibrahim Saeed, the leaders of the July 7 and July 21 attacks in London, trained in tribal Pakistan. With the rise of threat groups in Pakistan and Iraq, they have established linkages to radicalized segments of Muslim migrant and diaspora communities. Al Qaeda training, directly or through its associated groups and the Internet, is of a major concern and a challenge to governments across the globe.

Unless the West works closely with the Muslim world, the threat of terrorism and extremism will spread in 2008. While operational counter-terrorism is essential to reduce the immediate threat, it is necessary for countries to develop strategic projects to engage the Muslim community. Without building bridges to the Muslim community, it will be difficult to counter the spread of the virulent ideology spread by Al Qaeda. Working with religious and educational institutions as well as the media sector, governments will be able to inform the community that groups such as Al Qaeda are not Koranic, but deviant groups. For governments and communities under threat, a theologian is as important as a counter-terrorism practitioner.

**Professor Gunaratna has also recently assisted RMS in calibrating the latest version of the Terrorism Risk Model, including participating in our annual expert elicitation meeting with the other members of the RMS Advisory Group. The seventh annual update of the RMS U.S. Terrorism Risk Model will be released in the summer.**

## U.K TERRORIST TRAINING CAMPS EXPOSED IN LONDON TRIAL

**In one of the most important counter-terrorism prosecutions since 9/11, an organizer of a U.K. terrorist training camp, Mohammed Hamid, was convicted in a London court on February 26, 2008. Amongst the Jihadis who attended his camps were five involved in the failed London transport bombings of July 21, 2005.**

Since 9/11, European and American security services have achieved an admirable record in the interdiction of planned terrorist attacks. One of the few planned attacks which slipped through the intelligence net, but which failed for technical reasons, targeted London transport on July 21, 2005. This plot might also have been interdicted as the ringleader, Muktar Said Ibrahim, and fellow conspirators, had been observed by British security personnel at training camps organized by a radical Islamic ideologue, Mohammed Hamid, who styled himself provocatively as 'Osama bin London'. Shortly before July 21st, Mohammed Hamid sent a text message to one of the underground bombers, Hussain Osman: "We fear no-one except Allah. We will not change our ways, we are proud to be Muslim and we will not hide."

A mark of the terrorist ambition and capability of Al Qaeda is the emphasis given to a strenuous training regime for recruits. In Afghanistan, recruits run up mountains to build physical and mental endurance. There are no mountains of equivalent challenge in the U.K., but the Lake District offered a conducive terrorist training environment. This misuse was exploited by Mohammed Hamid, whose camps provided a mechanism for grooming disaffected British Muslim for the Jihad.

Video tape seized by the British authorities during the arrest showed Mohammed Hamid and his followers performing basic military drills in these training camps. Recruits were taught to leopard crawl, adopt firing positions, and move in formation. Moreover, Hamid training was not limited to tactical and operational knowledge alone. Recruits were expected to understand the relevance of their participation in jihad. Apart from military training, Hamid's pupils attended weekly talks at his East London council home where his followers were fully indoctrinated with jihadist ideology.

Investigators claim that that Hamid's arrest exposes a disturbing development: training camps once thought to be exclusive to Pakistan or Afghanistan are being run in the Europe continent. These camps which gave instruction to about 10 men at a time, also offered a glimpse of the training centers these jihadist hoped to establish in Oregon, in the United States, before authorities thwarted their plans.

Despite the intended secrecy of individual cells, terrorist networks reveal a significant degree of inter-connectedness. Hamid attended the notorious Finsbury Park mosque in North London, which was a covert Al Qaeda center. The right-hand man of the extremist imam was the outspoken Atilla Ahmet, who publicly affirmed that every sincere Muslim was pleased by 9/11, and that Britain should be subjected to attack. Tried alongside Mohammed Hamid, Ahmet pleaded guilty to soliciting murder. Hamid himself was found guilty of soliciting murder and providing terrorist training. This conviction is crucial for defeating the spread of the Islamist narrative of Muslims as suffering victims of western oppression, and so reducing the ranks of the radicalized.

**An important component of the RMS terrorist threat model is an analysis of terrorist networks, and their attack capability. Evidence presented at the London trial of Mohammed Hamid has confirmed the connectivity of terrorist networks, and shown how diligent surveillance of Islamist militants can be effective at foiling plots.**

## **ECO-TERRORISM: THE DANGEROUS FRINGE OF THE ENVIRONMENTAL MOVEMENT**

**The burning down of five large, newly-constructed homes on the outskirts of the Seattle metropolitan area, and an apparent claim of responsibility for the arsons by the Earth Liberation Front (ELF), has once again highlighted the threat of eco-terrorism in the United States.**

Since the September 11 attacks, federal law enforcement agencies have focused on violence perpetuated by radical Islamic terrorist groups. But for many years, there has been terrorism of a different sort by activists opposed to certain treatment of animals, the manipulation of genetic material and the rending of earth by bulldozers. This is what is known as eco-terrorism.

Special-interest terrorism such as eco-terrorism differs from right and left-wing terrorism in that these groups seek to resolve specific issues, rather than affect widespread political change. They conduct acts of politically motivated violence to force the public to change attitudes about issues considered important to their causes. These groups have turned increasingly towards terrorist activity in attempts to further their political causes. In August 2007, the FBI reported 1,200 eco-terrorism incidents in the last five years linked to both the Earth Liberation Front (ELF) and the Animal Liberation Front (ALF).

Inspired by Edward Abbey's 1975 novel, "The Monkey Wrench Gang," eco-terrorism groups initially employed comparatively benign forms of activism, such as vandalizing logging trucks and releasing laboratory test animals. However, federal law enforcement officials have noted a steady progression from so-called monkey-wrenching tactics to more violent acts of property destruction. These acts have ranged from bombing research laboratories, torching housing developments, plotting to blow up public dams to harassment and threats to those whom they consider ideological enemies. While the ALF and ELF might not be as dangerous as radical Islamic terrorist groups, the harm that they inflict does cause significant damage. The FBI estimates that since 1980, more than 1,100 eco-terrorist-related crimes have been committed in the United States, resulting in some \$110 million in economic losses.

Federal law enforcement officials have also noted the increasingly violent, anti-American rhetoric that has characterized the public statements of groups such as the ELF. Once focused exclusively on protecting animals and the environment from the perceived ill effects of capitalism, some of these groups appear to have expanded their political agenda, embracing other extremist causes. Some have even expressed solidarity with radical Islamic groups, particularly with its views on defeating the United States.

As there is little organization structure to these groups, federal law enforcement agencies have found it difficult penetrating such organizations. The ALF and ELF are known to work independently, adhering to strict security measures in communications and operations. Indeed, the ALF and ELF pride themselves on this sort of independent cell structure and the lack of central leadership. Moreover, Eco-terrorists frustrate law enforcement agencies by hitting remote targets and often leaving little evidence behind them.

It is likely that such groups will further radicalize. There are already splinter groups within the ALF and ELF who advocate a more belligerent stand of harming those perceived as responsible for animal or environmental abuse. In addition, given the loose structure of eco-terrorist groups, there is little or no restraint for an anonymous cell, or activist, from committing an act of physical violence against another person.

**The RMS terrorism model incorporates the full spectrum of domestic threat groups which includes eco-terrorism organizations in its micro-terrorism model. Domestic threat groups are geographically and ideologically distinct and are modeled independently. The threat groups are distinguished geographically on a state-by-state basis and ideologically by assessing the tendency of a particular threat group to go after distinct classes of targets, or risk classes.**

**OTHER DEVELOPMENTS**

**A small explosion set off by a manmade explosive device damaged the front of the Armed Forces Recruiting Center at Times Square, New York City, March 6.** In October last year, two similar small explosive devices were tossed over a fence at the Mexican and British consulate, inflicting minor property damage but causing no injuries. In all three attacks, a bicycle was used, and they all occurred within the same time period between 3:30 and 3:50 am, using low level explosives.

**Philippine authorities announced that they had arrested two Jordanians and one Egyptian, for allegedly being involved in plots to attack the U.S., British, Australian and Israeli embassies in Manila and Makati city, March 3.** Filipino authorities believe the three conspirators may have links with the Indonesia-based militant group Jemaah Islamiyah and the Abu Sayyaf, a small but violent southern Philippine-based group. It was also revealed that funding for the plot had been secured, indicating that a planned attack against the embassies may have already been in an advanced stage.

**Senior Hezbollah leader Imad Mugniyah was killed by a car bomb in Damascus, Syria, February 12.** Mugniyah has been linked to several significant terrorist attacks in recent history, including the bombing of the marine barracks bombing in Lebanon (1983), the hijacking of the of a TWA passenger jet (1985), the bombing of the Jewish community center (1994) in Buenos Aires, and the Khobar Tower bombings in Saudi Arabia (1996). More recently, Mugniyah has alleged to have met with members of Al-Qaeda's senior leadership and is believed to have played a pivotal in the terrorist group's technical development.

**The Associated Press reported that more cities across the United States are considered at high risk of a terror attack, according to a new list of spending priorities from the Department of Homeland Security (DHS), January 31.** In 2007, DHS made 45 cities or regions eligible for a competitive counterterrorism grant program. This year, the list has been expanded to 60 more areas that can apply for the nearly \$782 million available.

**Benazir Bhutto, the former Prime Minister of Pakistan, was assassinated in a campaign rally, December 27.** A suicide bomber struck Bhutto's motorcade as she was leaving the rally in the city of Rawalpindi, near the capital Islamabad. Evidence amassed by investigators from Scotland Yard point towards Al-Qaeda militants being responsible for the assassination. Based on the sophistication of the attack, it is likely that Al Qaeda was assisted by elements within the Pakistani intelligence establishment.

## FORTHCOMING RMS EVENTS

### RMS International Client Conference

May 13 - May 16, 2008, Fairmont Scottsdale Princess, Scottsdale, Arizona

Please mark you calendars for the 2008 RMS Client Conference. This year our annual conference will be held in Scottsdale, Arizona at the Fairmont Scottsdale Princess.

Advance registration required. Details and registration information available at:

<http://www.rms.com/2008ClientConference/Agenda.asp>

### RMS Terrorism Conference

July 23, 2008, Hudson Theater, Millennium Broadway Hotel, New York, New York

RMS will be hosting a terrorism seminar for clients where we provide an opportunity to hear first hand from some of the world's leading terrorism experts on how the threat of terrorism is evolving and the likely impact on the insurance industry. The date, venue and preliminary agenda are as follows: July 23, 2008: Hudson Theater, Millennium Broadway Hotel, New York.

## RMS TERRORISM PRODUCTS

**U.S. Probabilistic Terrorism Model Version 2.6**, released in July 2007 incorporates parameterization for terrorism risk in the United States in 2008. Some of the primary features include:

- Updated analysis of terrorism risk from foreign and domestic terrorist organizations
- Conventional and CBRN attack modes
- Multiple Risk Outlooks for the terrorism threat environment in 2008: expected as well as increased and decreased risk perspectives

**RiskLink® and RiskBrowser® Version 7.0**, released in May 2007 includes worldwide capability for exposure and accumulation management and modeling terrorism scenarios with geocoding available in over 150 countries, including street-level resolution for Western Europe.

**Global Terrorism Risk Model Version 2.6**, released in July 2007 includes coverage of 228 countries, incorporating site-specific EP curves and portfolio management capability. Modeling provides terrorism loss rates for insured assets by class, city, and ownership anywhere in the world. Risk assessment is available for both property and human exposures.

**Terrorism & Security Risk Manager** is an online information service for insurers and risk managers, linked to the RMS Global Terrorism Risk Model. It is produced in collaboration with Jane's Information Group, the leading independent provider of defense and security information.

## **RMS TERRORISM RISK MODELING**

Terrorism is a rapidly changing peril. This confidential briefing represents the latest installment in a series of interpretations of current events relating to the assessment of terrorism risk around the world and to the modeling of this risk for insurance decision support.

The RMS® Terrorism Risk Model was initially released to clients in September 2002 and has been updated to incorporate new information and insights each year. The current release, from July 2007, constitutes the sixth version of the model, now parameterized for 2008.

Commentary on current events and their interpretation for terrorism risk modeling is provided by Risk Management Solutions and its advisors, including:

- RAND: Center for Terrorism Risk Management Policy
- The International Centre for Political Violence and Terrorism Research (ICPVTR) at the S. Rajaratnam School of International Studies (RSIS)
- The Center for Terrorism and Intelligence Studies (CETIS)
- Center for Asymmetric Threat Studies, Swedish National Defence College, Stockholm.
- The Center for Nonproliferation Studies (CNS) at the Monterey Institute of International Studies in Monterey, California.
- Jane's Strategic Advisory Services, the leading independent provider of defense and security information.