

Appendix F

Countering Terrorism on the Economic Front

Since the terrorist attacks of 11 September 2001, the US Government has taken a number of steps to block terrorist funding.

On 23 September 2001, for example, the President signed Executive Order (EO) 13224. In general terms, the Order provides a means to disrupt the financial-support network for terrorists and terrorist organizations. The Order authorizes the US Government to designate and block the assets of foreign individuals and entities that commit, or pose a significant risk of committing, acts of terrorism. In addition, because of the pervasiveness and expansiveness of the financial foundations of foreign terrorists, the Order authorizes the US Government to block the assets of individuals and entities that provide support, financial or other services, or assistance to, or otherwise associate with, designated terrorists and terrorist organizations. The Order also covers their subsidiaries, front organizations, agents, and associates.

The Secretary of State, in consultation with the Attorney General and the Secretary of the Treasury, has continued to designate foreign terrorist organizations (FTOs) pursuant to section 219 of the Immigration and Nationality Act, as amended. Among other consequences of such a designation, it is unlawful for US persons or any persons subject to the jurisdiction of the United States to provide funds or material support to a designated FTO. US financial institutions are also required to retain the funds of designated FTOs.

A few 2002 highlights follow:

On 27 June, the United States designated Babbar Khalsa International responsible for the killing of 22 Americans when it bombed Air India 182.

On 12 August, the United States added two groups and an individual (New People's Army/Communist Party of the Philippines and Jose Maria Sison) responsible for the death of Americans in the Philippines. The United States also obtained the cooperation of the European Union on this designation.

On 23 October, the United States designated Jemaah Islamiya under both the EO and as an FTO. Jemaah Islamiya is responsible for the Bali bombings as well as plots to bomb US interests elsewhere in Southeast Asia. On the same date, 50 countries joined the United States at the United Nations in requesting that the UN Security Council Resolution (UNSCR) 1267 Sanctions Committee add this group to its consolidated list of individuals and entities associated with Usama Bin Ladin, al-Qaida, or the Taliban.

On 30 January 2003, under the authority of both the EO and FTO, the United States designated Lashkar i Jhangvi, which was involved in the killing of *Wall Street Journal* reporter Daniel Pearl. The UNSCR 1267 Sanctions Committee also included this group on its consolidated list.

Actions taken through January 2003 brought the total number of groups designated under EO 13224 to 250, and the total designated under the FTO authority to 36.

These steps have already achieved results. By year's end, the US Government had blocked more than \$36 million in assets of the Taliban, al-Qaida, and other terrorist entities and supporters. Other nations have blocked more than \$88 million in assets.

UNSCR 1373, adopted on 28 September, 2001, requires, among other things, all states to prevent and suppress the financing of terrorist acts and to deny safehaven to those who finance, plan, facilitate, or commit terrorist acts.

Since 11 September 2001, the 29-nation Financial Action Task Force (FATF) established a series of key international standards on financial regulation and best practices. It uses a variety of tools to encourage nations worldwide to adopt and implement these standards so as to deny access by terrorists to those financial institutions, formal and informal, which terrorist networks have used in the past to raise, hold, or move funds. FATF has also invited action plans from all countries to achieve full implementation of such financial standards. The G-8 and FATF have both agreed to work with the coordinating committee of the UN to provide technical assistance to countries seeking to implement UNSCR 1373.