

KIDNAPPING FOR RANSOM AS A SOURCE OF TERRORISM FUNDING

In recent years, the number of Kidnappings for Ransom (KFR) has increased globally. Especially for Islamist terrorist groups in the Sahel, kidnapping has become a lucrative source of income. Switzerland is engaged on the frontline of the struggle to establish a consistent code of conduct in handling cases of KFR, which will also be an issue in 2014 when Switzerland will chair the Organisation for Security and Cooperation (OSCE).



Tourists at the border of the Sarah dessert in Forgo in Northern Mali.

Yves Herman / Reuters

In the summer of 2013, the phenomenon of Kidnapping for Ransom (KFR) made headlines internationally. In June of that year, the final communiqué of the G8 summit in Northern Ireland referenced KFR prominently. It emphasised that ransom payments to terrorist groups in the Sahel had contributed to the mass hostage-taking in Algeria at the beginning of the year, in which 39 foreigners were killed. For Swiss foreign policy, too, this is a matter of current interest. Foreign Minister Didier Burkhalter made reference to the problem when speaking in Vienna in July 2013 on issues to be tackled during the Swiss OSCE chairmanship in 2014. One month later, in a keynote address on the occasion of the ambassadors' conference in Berne, Federal Councillor Burkhalter once more returned to this topic.

Among the general public, kidnapping is frequently conceived of as a series of individual tragedies. In reality, however, kidnappings of foreigners have long become a lucrative business, having developed from a criminal phenomenon mostly confined to Latin America into a global problem. Islamist terrorist groups in particular use extorted ransom funds to finance a significant share of their expenses. For the US government, KFR is the "most significant terrorist financing threat today" (David Cohen, October 2012).

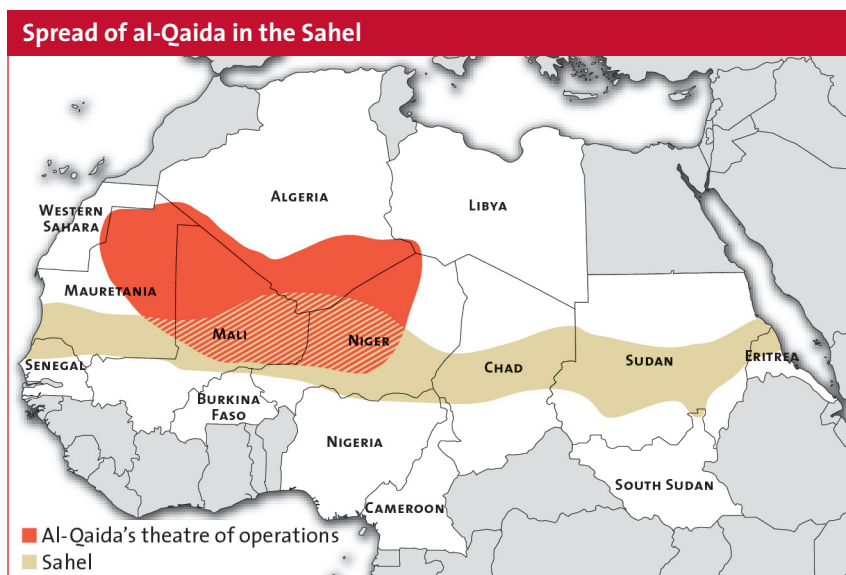
Reliable statistics are not available, but in the past five years, there have been noticeably more abductions of Western citizens in Africa in particular; at the same time, ransom demands have also increased. According to the US company Stratfor, Al-

Qaida in the Islamic Maghreb (AQIM) is alleged to have collected a total of US\$89 million in KFR revenues between 2003 and 2012. Seven Swiss hostages were among those ransomed for cash, according to media reports. However, the Federal Council strenuously denies that the Swiss government pays ransom in such cases.

An ancient crime

"Kidnapping for Ransom" has only recently entered the lexicon of international relations as a scholarly term, though as a crime, it is ancient: One of the best-known cases of KFR was the captivity of the English King Richard the Lionheart in the 12th century. In the 20th century, celebrities or their children were repeatedly kidnapped; some of the more famous examples were the abductions of Charles Lindbergh Jr. (1932) or Patty Hearst (1974).

From the 1960s onwards, terrorist groups turned to kidnapping as a political weapon. Mostly, they targeted well-known individuals. In most cases, the aims were political, e.g., the release of prisoners, rather than money. Only in recent decades has the practice of kidnapping "ordinary" foreigners for the purpose of ransoming them for cash become more widespread. Such criminally motivated kidnappings were long restricted to specific countries such as Colombia, Mexico, Iraq, or Pakistan, and were therefore regarded by the rest of the world as exceptional phenomena rather than as a global problem. That has changed in recent years with the increasing number of kidnappings for exorbitant ransoms on



the order of millions of US dollars, as in the cases of abductions by pirates off the Somali coast or the targeted kidnappings of foreigners in Nigeria or Yemen.

KFR as a source of terrorism funding

The extortion of millions of US dollars through kidnappings has become a new security policy challenge for states. Terrorist groups use the ransom funds to recruit new members, to fund the maintenance of training camps, for the procurement of weapons and communications tools, and for organising and executing terrorist attacks. The Sahel is regarded as one of the hotbeds of this new type of terrorism funding. Islamist groups frequently abduct foreign members of aid organisations, tourists, company employees, diplomats, or government officials. The weakness of the governments in Mauretania, Mali, and Niger has allowed terrorists to establish safe havens in the Sahara much like those in the border area between Afghanistan and Pakistan.

KFR first became an issue in the region in 2003: Algerian Islamists of the Salafist Group for Preaching and Combat (GSPC) abducted 32 European tourists, including 16 Germans and four Swiss, in Southern Algeria. At the time, the government of Mali successfully mediated between the kidnapers and the European governments. The fact that the government of Mali, according to US government sources, managed to extract US\$5 million from the German government created an incentive for the jihadists to carry out further kidnappings. AQIM, as the GSPC has called itself since 2007, found this to be a lucrative source of funding, while the government

of Mali was a helpful accomplice in negotiations with the European governments.

Facts and figures

Naturally, reliable statistics on hostage-takings and ransom payments are not available. According to estimates, between 12,000 and 30,000 kidnappings are carried out every year around the world, with the number of abducted foreigners in particular on the increase. In the first half of 2013, half of the global kidnapping cases were carried out in just four countries: Nigeria (26 per cent), Mexico (10 per cent), Pakistan (9 per cent), Yemen (7 per cent). According to the Australian government, globally, ransom is paid in 64 per cent of kidnapping cases. In six per cent of cases, the kidnapping ends with the death of the hostage.

Most of these abductions are carried out purely for criminal profit. The US government counted 1,283 cases of kidnapping motivated by terrorism in 2012. According to the British government, a total of 150 foreigners were kidnapped by Islamist groups between 2008 and 2012 – many of them by AQIM, but others also by Boko Haram in Nigeria, Tehrik-e Taliban in Pakistan, and Abu Sayyaf in the Philippines. AQIM alone has carried out over 20 kidnapping operations and abducted 60 foreigners. In 2011, AQIM received US\$5.4 million in ransom per hostage on average, according to the US government, almost US\$1 million more than in the previous year.

Estimates are available for the ransoms paid in specific cases: The Algerian govern-

ment claimed in 2011 that European governments had so far paid €150 million in ransom. The private US intelligence company Stratfor, on the other hand, claimed in 2012 that the total sum earned by AQIM since 2003 had reached US\$89 million. According to former US ambassador to Mali Vicki Huddleston, France in 2010 paid US\$17 million for the release of four French citizens abducted in Mali. According to the Islamists themselves, AQIM received US\$19.4 million in July 2012 for two kidnapped Spaniards and one Italian.

These huge ransom payments have attracted the attention of the international community of states: In June 2013, the topic of KFR as a source of terrorism funding was referenced prominently in the final communiqué of the G8 summit. The G8 states estimated that Islamist terrorist groups had raised ransoms “in the eight-figure range” through abductions of foreigners in the past three years.

Battling the core of al-Qaida: The other side of the coin

Paradoxically, the flourishing hostage-taking business of Islamist terrorists is a direct outcome of the relatively successful international efforts to combat terrorism financing by Osama bin Laden’s al-Qaida since 11 September 2001. The core of the al-Qaida network successfully adapted to the changed circumstances and transformed itself from a strictly hierarchical organisation into a local, autonomous, financially independent system of “franchise” cells (cf. *The Globalisation of Al Qaedaism* in Strategic Trends 2013).

AQIM in particular now compensates for the drying up of its earlier sources of revenue with new, alternative funding including through smuggling, cocaine trafficking, arms trading, and increasingly KFR. Therefore, some Western media refer to their approach as “gangster jihadism”. Since 2008, KFR has surpassed drug smuggling as AQIM’s most important source of financing.

Kidnapping of foreigners is attractive for jihadists, since such operations offer the prospect of gains on the order of millions in return for little effort.

The US government bluntly accuses the European governments of directly supporting terrorism by paying ransoms. The UN Security Council’s Resolution 1904 of

In 2011, AQIM received US\$ 5.4 million in ransom per hostage on average.

late 2009 explicitly forbids payment of ransoms to terrorist groups associated with al-Qaida.

Switzerland and KFR

Switzerland in particular is increasingly affected by KFR as a security policy issue. As a globalised small state, Switzerland is disproportionately affected by the globally increasing number of kidnappings of foreigners. Around ten per cent of the Swiss population, about 700,000 citizens, live abroad. Furthermore, at approximately 16 million overseas trips per year, the Swiss population is among the world's most prolific travellers. Globally, according to the Swiss Federal Department of Foreign Affairs (FDFA), there have been about a dozen terrorist-linked abductions involving around 20 Swiss citizens since 2003. Additionally, there have been kidnappings linked to other criminal motives. AQIM and its predecessor organisation, GSPC, have kidnapped seven Swiss citizens in the Sahel since 2003. This means that of the 60 foreigners kidnapped by AQIM, approximately every tenth victim has been a Swiss citizen. The FDFA has issued a travel warning for some time advising against trips to the Sahel and notes that the security situation across the region has deteriorated since the military intervention in Mali at the beginning of 2013.

Since June 2011, the Swiss government has centralised its response to KFR cases in the federal Crisis Management Centre under the auspices of the FDFA, convening crisis management groups on an ad-hoc basis. So far, Swiss citizens kidnapped by AQIM have always been released after a few weeks or months. The three kidnappings in the Sahel in 2003 (Algeria, three Swiss citizens), 2009 (Mali/Niger, two Swiss citizens), and 2012 (Mali, one Swiss citizen) all ended without bloodshed. In 2012, Burkina Faso mediated successfully. According to media reports, ransom payments on the order of millions of US dollars were made in 2003 and 2009. However, the Swiss government in both cases strictly denied having used state funds for ransom payments. According to the FDFA, Switzerland generally does not make ransom payments.

The struggle against terrorism financing

On the one hand, Switzerland contributes actively to the stabilisation of the Sahel in

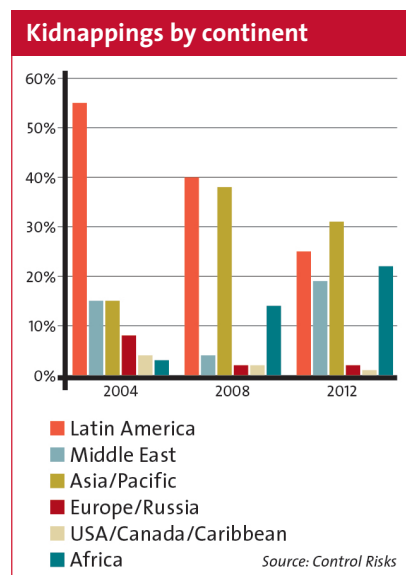
the framework of its peace support and development policy. Mali, which has been one of the key recipients of Swiss aid since 1977, accepts about CHF20 million in development aid per year. In August 2013, the Federal Council decided that up to eight Swiss soldiers could join the UN stabilisation mission in Mali. It was not least due to Switzerland's good offices that a cease-fire agreement was reached on 18 June 2013, paving the way for the presidential elections at the end of July 2013.

On the other hand, more generally, Switzerland has been on the frontlines as a staunch supporter of the international community's measures against terrorism financing since the attacks on the United States on 11 September 2001. In 2003, acting upon Washington's wishes, France invited Switzerland to join the recently founded Counter-Terrorism Action Group (CTAG) at the Evian G8 summit. Due to its know-how and engagement in combating terrorism financing, especially in the field of money laundering, Switzerland is regarded by the G8 states as a particularly important actor.

For the UN's Counter-Terrorism Implementation Task Force (CTITF), which maintains a working group for the prevention of terrorism financing, Switzerland has organised five regional conferences together with Germany, Austria, Norway, Turkey, and the US in Indonesia, Ethiopia, Namibia, Bangladesh, and Nigeria since 2010. The workshop in Nigeria in July 2013 was specifically targeted at the countries of West Africa and the Sahel. Also, in June 2013, Geneva was the venue for an international CTITF conference. In his opening speech, Swiss Foreign Minister Burkhalter made reference to the increasing cases of KFR as a "development that worries Switzerland".

Global approaches

Switzerland is also an active participant in the Global Counterterrorism Forum (GCTF), which was founded in 2011 in New York. For Switzerland, the 29-member forum is the most important platform for preserving its interests and values in the struggle against terrorism and for its staunch advocacy of the rule of law and adherence to human rights. In this context, Switzerland consistently emphasises the key role of the UN in combating terrorism.



In December 2012, the members of the GCTF met in Abu Dhabi to adopt the Algiers Memorandum, which proposes good practices in the struggle against KFR. It makes 15 specific recommendations, including the following: The importance of current travel advisories; creating "tip lines" with promises of rewards for confidential reports on planned and executed kidnappings; a unified media strategy during an ongoing hostage crisis; a strict no-ransom policy that instead may take recourse to military rescue attempts.

Kidnapping insurance

In his speech at the GCTF ministers' meeting in Abu Dhabi in December 2012, Foreign Minister Burkhalter reaffirmed that Switzerland supports a hard line in cases of KFR and never pays ransom. However, this no-ransom policy, which is also adhered to by other Western states, creates some severe problems in practice: For families, companies, and ultimately also for governments, the protection and survival of kidnapped family members, co-workers and citizens is the top priority. Often, therefore, private KFR specialists are engaged who negotiate, sometimes without the knowledge of the government involved, with the kidnappers and arrange ransom payments. This aspect of KFR has become a lucrative business in its own right, with numerous insurance companies offering complete KFR packages. Worldwide, according to estimates by Hiscox, the main purveyor of KFR insurance, insurance coverage to the tune of US\$310 million per year is taken out. If a company has taken out a KFR policy for its top-level executives, it expects that the individual should be able to be exchanged for ransom in case of a kidnapping.

Box: FDFA travel advisories

The Swiss FDFA already constantly publishes travel advisories and information on security situations around the world on its homepage [☞](#) and via Twitter. At the end of June 2013, the FDFA launched a smartphone app for secure travel abroad that lets travellers access travel advisories and contact the FDFA helpline in emergencies. Also, the “itineris” website was launched last year, offering Swiss citizens a platform for posting their destinations and contact details.

However, this may set off an ominous cycle: Kidnappings that result in ransom being paid are a proven incentive for terrorists to engage in new kidnappings. Kidnappers are very selective in choosing which government to extort. If possible, terrorists avoid taking US or British citizens hostage due to the hard-line practice of those countries. The threat of military intervention without ransom payments appears to be a disincentive for terrorists.

France, too, has pursued an uncompromising policy in handling kidnappings since 2010. While ransom payments are off the table, military rescue attempts are increasingly undertaken. In July 2010, French forces intervened in Northern Mali, although the hostage was killed a few days later by the terrorists. In January 2011, two French hostages were killed by their captors during a military operation. This stance has reaffirmed the new policy of no negotiations with terrorists pursued by the government in Paris. At the beginning of the war in Mali, furthermore, France attempted a military rescue of a French hostage who had been held in Somalia since 2009. This hostage, too, was shot and killed by the kidnappers.

For Switzerland, however, this is not a realistic option. It is true that the mission statement of the Swiss armed forces' Army Assault Detachment 10 (AAD10) special forces unit includes rescue and repatriation of Swiss citizens from crisis situation overseas. Furthermore, the G8 states have offered other countries, including Switzerland, practical assistance in military rescue attempts during kidnappings overseas in order better to enforce the no-ransom policy that they advocate. Nevertheless, in Switzerland, military operations overseas are likely to remain out of the question for insurmountable political reasons.

A matter for the OSCE?

However, Switzerland will continue to devote attention to the issue of KFR at the political level in the near future. In his speech to the OSCE on 2 June 2013 in Vienna, Foreign Minister Burkhalter referred explicitly to KFR as a matter that Switzerland

would deal with during its OSCE chairmanship in 2014 in order to strengthen international cooperation. In the framework of that chairmanship, Switzerland will also organise a counterterrorism conference. It aims to identify synergies between the OSCE, the UN, the G8, and the GCTF and to sensitise potential kidnapping victims by means of preventive measures. In Switzerland at least, KFR will then be increasingly perceived and discussed as a secu-

urity policy challenge and moral dilemma for governments. However, unfortunately, the global trend indicates that the Crisis Management Centre in Berne will have to prepare for further kidnappings of Swiss citizens in a terrorist context in the coming years.

Responsible editor and author:
Christian Nünlist
analysen@sipo.gess.ethz.ch

Translated from German:
Christopher Findlay

German and French versions / other
CSS Analyses / mailinglist:
www.css.ethz.ch/cssanalysen

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