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## “Combating the Haqqani Terrorist Network”

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Thank you Mr. Chairman, committee members, for inviting me to testify.

The Haqqani Network is the most lethal terrorist network operating in Afghanistan. It has been linked to several of the most high-profile attacks on U.S. and foreign personnel and is responsible for most of the spectacular attacks and high-level assassinations in Kabul and northern Afghanistan. Formerly led by aging patriarch Jalaluddin Haqqani, the Haqqani Network is currently run by his sons, Sirajuddin, Badruddin and Nasiruddin and their uncle, Ibrahim. In late August, news reports surfaced that Badruddin, the day-to-day operational commander of the network, was killed in an explosion in North Waziristan. Badruddin's death will seriously alter the day-to-day efficacy of the network's strategic and operational capabilities. However, his death will not have a serious effect on the network's financial empire, which will ultimately enable the network to regenerate an operational replacement.

The network also includes many family members living abroad, from Pakistan to the Persian Gulf. Under the leadership of Jalaluddin's sons, the network operates out of a support zone in North Waziristan, Pakistan, opposite Afghanistan's eastern border in the provinces of Khost, Paktia and Paktika.<sup>1</sup>

From its sanctuaries in Pakistan's tribal areas, the Haqqani family hosts a variety of high-value terrorists, including senior members of al-Qaeda, Pakistani Taliban, Islamic Movement of Uzbekistan, Lashkar-e Taiba and smaller terrorist entities linked to attacks in the U.K. It also supports a global jihadist ideology that transcends objectives in Afghanistan. Defeating or dismantling the Haqqani Network is therefore critical not only to the security transition in Afghanistan, but also to the U.S. global counterterrorism mission.

A critical capability of the Haqqani Network is its financial capacity, which distinguishes it from other insurgent groups operating in Afghanistan. The Haqqani Network business enterprise, comprised of licit as well as illicit elements, extends beyond the region and into the Persian Gulf. Moreover, the network is very likely tied to the Pakistani military industrial complex, which is lucrative. Because of its diversified and robust revenue streams, the Haqqani Network brings to bear a powerful and growing fighting force in Afghanistan. With the U.S. and international troop presence in Afghanistan winding down, this is a grave reality. If the Haqqani Network is not defeated or dismantled by 2014, it may overwhelm Afghan National Security Forces and establish a physical and logistical presence in Afghanistan that will serve to advance both its own jihadist agenda and the geostrategic interests of the Pakistani security services.

For this reason, coalition forces in Afghanistan have aggressively targeted the Haqqani network; however, the financial depth of the Haqqani Network allows it to regenerate in the wake of kinetic attacks. While the network does assign permanent roles to key personnel like Badruddin Haqqani, which supports a strategy to defeat the network by reducing key leaders, the financial dimension of the network is what makes the Haqqanis remarkably resilient. This concern also exposes a critical requirement for the network: international business partnerships are vital to sustaining the Haqqani financial base that provides directly for its lethal capability in Afghanistan. This critical requirement must also be targeted. The Haqqani Network clearly qualifies as a Foreign Terrorist Organization (FTO), and the State Department designated it as such. FTO designation effectively prohibits U.S. business

dealings with companies affiliated with the network in question, which cascades into international financial isolation. If aggressively implemented, FTO designation could reduce a critical capability of the Haqqani Network by increasing the cost of doing business, reducing access to capital and constraining the network's financial resources, thereby limiting their freedom to operate in a local, regional and international context.

### **The International Haqqani Network**

The Haqqani Network has been an effective fighting force and proxy of the Pakistani security services for the better part of 30 years. Pakistan's military relies on Pashtun proxies, such as the Haqqanis, to strike Indian targets in Afghanistan; to pressure the Kabul government to align their regional interests with the Pakistanis; and ultimately to expel foreign military forces. It is also possible that the Pakistani proxy strategy is integrated into an overall strategy to contend with the threat of a large scale conflict with India. Currently, the Haqqanis are not only an effective proxy force to exert Pakistani influence in Afghanistan, but also have demonstrated the capability to rein in anti-Pakistan insurgent groups and even redirect them towards the fight in Afghanistan.

The Haqqanis' international relationships extend far beyond Pakistan. As early as the 1970s, Jalaluddin Haqqani, with the help of Pakistan's security services, began to develop a network of fighters and supporters that extended to the Gulf States, including connections forged with wealthy Saudis and with Saudi intelligence services. They also established fundraising offices in several Persian Gulf countries. The Haqqanis successfully established an assistance program for Gulf-based donors as early as 1980, according to West Point's Combating Terrorism Center, which may have been enabled by one of Jalaluddin Haqqani's two wives, an Arab, who resided in the United Arab Emirates.<sup>2</sup> This financial network laid the groundwork for his close relationship with Arab sponsors, including Osama bin Laden. In fact, a full year before the Soviet invasion of Afghanistan, Jalaluddin sent several of his followers to establish offices throughout the Gulf to raise money and awareness of the threat posed by the recent communist coup in Kabul.<sup>3</sup> Later, the Haqqanis were the first to provide Osama bin Laden and his followers with an operational front to wage jihad against the Soviets.

Throughout its history, the Haqqani Network has coordinated with and influenced other militant groups, such as al-Qaeda, who operate on the local, regional and global levels.<sup>4</sup> The most underappreciated dimension of the Haqqani network is its global character and the central role it played in the evolution of al-Qaeda and the global jihadist movement during the 1980s and 1990s. The relationship between al-Qaeda and the Haqqani Network strengthened significantly during this period, with the latter providing space for al-Qaeda and other militant groups to develop and to initiate a campaign of attacks against the West. As Don Ressler and Vahid Brown discuss in their report, *The Haqqani Nexus and the Evolution of al-Qaeda*, the Haqqani network capitalized on their relationship with jihadists, availing its Waziristan frontier and resources to a variety of militant actors, including those from the Arabian Peninsula, Kashmir, Punjab, North Africa and Indonesia, as well as Pakistani madrassa students and ISI agents. In so doing, the Haqqani Network played a key role in the formation and maturation of al-Qaeda and several other jihadi organizations over time. The arrangement was both transactional, whereby the Haqqanis received infusions of manpower and funding as well as international notoriety, and ideologically aligned.

## **The Haqqanis in Afghanistan**

Despite hosting groups with transnational terrorist agendas, the network has to date directed all of its own terrorist attacks exclusively in Afghanistan. The Haqqanis' primary area of control is in southeastern Afghanistan in the provinces of Khost, Paktika and Paktia, informally known as P2K. The Haqqanis maintain in these provinces sophisticated lines of support, including logistical routes, safe houses, mountain encampments and other necessary infrastructure. The enormous logistical depth that the Haqqanis maintain in these regions has compromised efforts to restrict their activities. The Haqqanis achieve this depth in part through murder and intimidation tactics to coerce the local population. Although recent U.S. and Afghan efforts are effectively reducing the network's immediate fighting capability, the network is still able to regenerate. Thus, the Haqqanis retain significant influence over the security environment, the Afghan government and the population in the southeast.

Within Afghanistan, the Haqqanis have expanded their zone of attack outside of P2K.<sup>5</sup> Since at least 2005, the expansion of the network in areas such as Logar, Wardak, Nangarhar, Laghman and Kapisa has enabled the Haqqanis to plan, resource and execute spectacular attacks in Kabul that have become the hallmark of the network. Two of the most memorable attacks attributed to the Haqqanis were the September 2011 and April 2012 attacks on the headquarters of the International Security Assistance Force (ISAF) and the U.S. Embassy, both of which are located in heavily fortified compounds in Kabul. The attacks earned a strong rebuke from U.S. Ambassador to Afghanistan Ryan Crocker, who described the Haqqanis as "a group of killers, pure and simple," and said they may be a faction of the Afghan insurgency that is irreconcilable.

Some terrorism specialists erroneously argue that the Haqqanis are more interested in money than in ideology, despite their long and clear history of close ties to foreign terrorist organizations, such as al-Qaeda, and their demonstrable efforts to undermine the security of the Afghan state. Controlling the security environment in Afghanistan and cultivating the global Jihadist movement are priorities for the network and are not mutually exclusive. Ultimately, the Haqqanis are intent on positioning themselves as the strongest insurgent group in Afghanistan in order to control conditions that advance a regional jihadist agenda. At this time, it does not appear that the Haqqanis wish to govern Afghanistan, though they will likely seek to shape national decisions in Kabul to facilitate objectives shared with the Pakistani security services. Whether or not the Haqqanis will provide for a large scale reconstitution of al-Qaeda and their affiliates remains to be seen, but the network's past activities and current support for and protection of these groups in Pakistan suggest that it is likely.

## **The Haqqani Business Enterprise**

The Haqqanis maintain licit and illicit business interests stretching from Afghanistan and Pakistan to the Persian Gulf, and possibly beyond. The network operates or partially owns many licit businesses, such as car dealerships, within some of Pakistan's most populous cities. It also owns money exchanges and construction companies in Afghanistan and Pakistan, in addition to commercial and residential real-estate holdings, import-export operations and transport businesses.<sup>6</sup> There is plenty of evidence to suggest that many of these licit endeavors are inextricably linked with the vast economic empire of the

Pakistani military industrial complex, a phenomenon detailed at length in Ayesha Siddiqi's book, *Military Inc.*<sup>7</sup> The Haqqanis also maintain lucrative smuggling networks to strip timber, minerals and other precious goods from Afghanistan and smuggle them out of the country for sale. Noted authors Ahmed Rashid and Gretchen Peters separately wrote that the Haqqanis also profit significantly from kidnapping, extortion and protection rackets on both sides of the Durand Line.<sup>8</sup>

In addition to their licit and illicit business interests, the Haqqanis also maintain an international fundraising network which serves to resource their tactical and operational activities. According to the United Nations, Haqqani Network operatives maintain links to the Gulf states, South and East Asia and possibly as far as South America.<sup>9</sup> In fact, the Haqqanis' international fundraising efforts have been well-documented for some time. Many of these same connections and relationships have endured. Khalil Haqqani, brother of the network's founder, Jalaluddin, was listed by the United Nations Security Council resolution 1988 for being associated with al-Qaeda and serving as one of the key fundraisers for the Haqqanis outside of Pakistan.

Khalil is just one node of the network's diversified financial network. Jalaluddin's son, Nasiruddin, is a well-known financier for the network. The United Nations Security Council resolution 1989 described Nasiruddin as an emissary for the Haqqani Network who spends much of his time raising money.<sup>10</sup> In 2004, Nasiruddin traveled to Saudi Arabia with a Taliban associate to raise funds for the Taliban. From at least 2005 to 2008, Nasiruddin collected funds for the Haqqani Network through multiple fundraising trips, including regular travel to the United Arab Emirates in 2007 and another to the Gulf in 2008. In late 2009, Nasiruddin Haqqani received several hundred thousand dollars from al-Qaeda-associated individuals in the Arabian Peninsula to use for Haqqani Network activities.

### **Why Designation Matters**

The State Department's decision to designate the Haqqanis as an FTO will allow for freezing or seizing of assets, preventing second- and third-party institutions from doing business with the network, and working with regional allies to crack down on the network's external operations. The FTO designation will also allow the U.S. government to pursue facilitators of the network, including preventing second- and third-party institutions from doing business with network associates. Not surprisingly, some of the channels that the Haqqani Network uses are the very same ones that al-Qaeda and other international terrorists use to manage and operate their own financial activities. Labeling the Haqqani Network as an FTO also messages Pakistan's military leadership that continued support for and tolerance of Haqqani Network operations is no longer acceptable to the United States.

Targeting financial nodes, actors and organizations that provide the network with its global financial resources will allow the United States to attack the Haqqanis' entire business model, not just the individual businesses it owns and operates. As counter-illicit finance expert Dr. David Asher noted in a seminal report on coercive economic statecraft and U.S. national security, the aim of such measures should be to inflict lasting disruption, not simply interruption. A well-coordinated and aggressive campaign against the Haqqani Network would increase their costs of doing business, reduce access to

capital and squeeze the network's financial resources, thereby limiting their freedom to operate in a local, regional and international context.

## Conclusion

FTO designation will significantly enhance the disruptive effect that the ongoing military campaign may have upon the Haqqani Network. It can also continue beyond 2014 to apply constraints against this strategic threat; however, the Haqqani Network is so well-established and so extensive at this point that even the introduction of the FTO designation may not be sufficient to render the network incapable of pursuing its jihadist objectives. It will certainly not be sufficient alone after U.S. and international forces transfer responsibility for security in Afghanistan. The approach to 2014 requires a post-2014 strategy to contend with the Haqqani Network. This strategy should include both classical counterterrorism components as well as counter threat finance, which involves aggressive pursuit of network facilitators under the auspices of an FTO designation. If the Haqqani Network is allowed to maintain its international business relationships and international fundraising campaign, it will maintain its lethal presence in Afghanistan, and it will grow from Afghanistan after 2014 as a strategic threat to the region.

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## NOTES

<sup>1</sup> Jeffrey Dressler, "The Haqqani Network: From Pakistan to Afghanistan," Institute for the Study of War, October 2010.

<sup>2</sup> Don Ressler and Vahid Brown, "The Haqqani Nexus and the Evolution of al-Qaida," CTC West Point, July 13, 2011.

<sup>3</sup> Don Ressler and Vahid Brown, "The Haqqani Nexus and the Evolution of al-Qaida," CTC West Point, July 13, 2011.

<sup>4</sup> Don Ressler and Vahid Brown, "The Haqqani Nexus and the Evolution of al-Qaida," CTC West Point, July 13, 2011.

<sup>5</sup> Jeffrey Dressler, "The Haqqani Network: A Strategic Threat," Institute for the Study of War, March 2012.

<sup>6</sup> Gretchen Peters, "Haqqani Network Financing: the Evolution of an Industry," Combating Terrorism Center- West Point, July 2012.

<sup>7</sup> Ayesha Siddiq, Military Inc., Pluto Press, London 2007.

<sup>8</sup> Ahmed Rashid, Pakistan on the Brink, Viking, NY 2012; Gretchen Peters, "Haqqani Network Financing: the Evolution of an Industry," Combating Terrorism Center- West Point, July 2012.

<sup>9</sup> Khalil Ahmed Haqqani, Security Council Committee pursuant to resolutions 1267 (1999) and 1989 (2011)

<sup>10</sup> Nasiruddin Haqqani, Security Council Committee established pursuant to resolution 1988 (2011)

<sup>11</sup> Reza Jan, "Designating the Haqqani Network: New constraints moderating Pakistan's relationship with the U.S.," Critical Threats Project, August 8, 2012.

<sup>12</sup> Statement of Admiral Michael Mullen, Senate Armed Services Committee, September 22, 2011.