



**F T I**<sup>™</sup>  
CONSULTING

INTERNATIONAL  
RISK

# FTI-INTERNATIONAL RISK ASSESSMENT

## TERRORISM TRENDS IN ASIA 2011

January 2011

Headquarters: 1009-1018 Shui On Centre,  
6-8 Harbour Road, Wanchai, Hong Kong  
Tel: (852) 2501-5233 Fax: (852) 2501-5237

[www.intl-risk.com](http://www.intl-risk.com)

## Terrorism Trends in Asia in 2011

### Overview

Governments across Asia have made steady progress in confronting terrorism during 2010, notably in Southeast Asia where enhanced counter-terrorism efforts have curtailed terrorist attacks and casualties. Although the total number of terrorist-related deaths have also fallen significantly in South Asia, the risk of attack in the region remains severe.

Southeast Asia enjoyed a quieter year with few reported terrorist incidents outside of perennial trouble spots in the Southern Philippines and Southern Thailand. These hard-won gains offer hope for further improvements in 2011.

Nonetheless, terrorist groups in Asia remain resilient and continue to enjoy support from disaffected local populations, external terrorists and financial donor networks. Groups such as Lashkar-e-Taiba in Pakistan and Abu Sayyaf in the Philippines are able to adapt and rebuild, and they continue to plan for attacks, including against high profile and foreign targets.

Outside of Pakistan, where the situation is most acute, the absence of major terrorist incidents in Asia during 2010 was due largely to successful and proactive counter-terrorist measures rather than the weakened state of terrorist groups. Any reduction in political support, international cooperation, or the operational tempo of counter-terrorist activity by regional governments will lead to a swift resurgence of terrorist attacks.

The general assessment by FTI-International Risk of the terrorism situation in Asia in 2011 is that South Asia continues to be an extremely high risk region while most of Southeast Asia is at low or moderate risk. For Pakistan, the threat of major and sustained terrorist attacks in the country is severe, while the risk to India remains high. In Southeast Asia, the risk for the Philippines is elevated, although this increases to high for Mindanao and other southern provinces. Meanwhile, the terrorism profile for most of Thailand is low to elevated, but is high for Southern Thailand, which continues to suffer from a prolonged insurgency. Indonesia also has a low to elevated risk rating. While its security services have proven to be more effective than in the past, small bands of extremists remain a threat. Outside of these two sub-regions, the rest of the Asia-Pacific region does not suffer from significant terrorist risks, although there are occasional problems in outlying regions such as Xinjiang in Northwest China, which are largely externally influenced.

*This document is the intellectual property of International Risk Ltd. Any copying, distribution, or disclosure to third parties is strictly prohibited.*

## South Asia

Pakistan remains one of the most dangerous places in the world for terrorist attacks. Along with Afghanistan, the country now accounts for four out of every ten terrorist incidents; it surpasses all other countries for terrorism-related killings and kidnappings. Although the number of incidents is still very high in Pakistan, the net number of terrorism/insurgency deaths has dropped.

In contrast, during 2010 India has been able to prevent major terrorist violence spilling across from its neighbour, although the risk of an attack remains high, especially in the major financial centres. Pakistani organized militant groups, including Lashkar-e-Taiba (LeT), have set their sights on carrying out such attacks.

## Pakistan

The Pakistani government has been waging an intensive counter-insurgency campaign against terrorists and Muslim extremist groups since 2009, but the outcome is uncertain. Pakistani security forces have scored important successes against the Taliban, Al Qaeda, and other major terrorist groups, curtailing the death toll of civilians and security personnel. This effort has been supported by the US through increased military aid and, controversially, with more drone attacks on targets in both Pakistan and Afghanistan in 2010.

Despite these efforts, the rate and nature of terrorist and insurgent attacks continues to remain high. Statistics gathered by the South Asia Terrorism Portal (SATP) show that in the Federally Administered Tribal Areas (FATA), which is the centre of the counter-insurgency struggle, there were 369 major terrorist incidents (defined as events involving three or more fatalities) in 2010, which was little changed from those recorded in 2009. The number of suicide attacks in the FATA during the same period doubled to 12 compared with 2009. Overall, the number of terrorism-related deaths in the FATA in 2010 (until mid-December) dropped slightly from the previous year to 5,023, although the large majority of these casualties were militants.

The picture for the rest of Pakistan is mixed. Somewhat encouragingly, terrorist-related deaths in 2010 (until mid-December) totalled around 7,200, down 38% from 2009, according to SATP statistics. Much of the decrease was due to reduced fatalities in the Northwest Frontier Province, although this reflected far fewer casualties from military operations compared with 2009. Terrorist and extremist incidents in other key parts of the country, such as the Punjab (where the capital Islamabad is located) and Sindh, continue to occur at an alarming rate.

*This document is the intellectual property of International Risk Ltd. Any copying, distribution, or disclosure to third parties is strictly prohibited.*

The general counter-terrorist and counter-insurgency record of the Pakistani government for 2010 consists of some short-term tactical gains. These do not address more worrisome structural, longer-term trends that point to the continuing rise of extremist and violent elements, which in turn pose a severe threat to the stability of the Pakistani state. While the capabilities of militant groups may have suffered from the deaths of key leaders and significant attrition of their numbers, they have had little difficulty in finding and training new recruits to fill these gaps. The central authorities in Islamabad have also faced substantial unpopularity over some of their counter-insurgency efforts, especially turning a blind eye to US drone attacks.

The Pakistani Government may not currently be in full control of elements of its military intelligence apparatus, which are believed to be looking to the longer term following a probable future draw down of US and NATO forces in Afghanistan. Engagement with the Taliban and other elements is believed to be ongoing, with LeT also suspected to be associated with these intelligence units. This ongoing situation has worrying implications for India and elsewhere.

## India

India enjoyed a second successive year without an externally driven large-scale terrorist incident in 2010. This was a major achievement as the country played host to a number of high profile events such as the Commonwealth Games and the visit of US President Barack Obama. But regular warnings that terrorist groups were planning attacks against targets in Delhi and Mumbai has kept the country on alert.

India currently regards LeT as its most dangerous terrorist adversary. The Indian government has said that LeT, which, as mentioned above, is suspected of acting as a proxy for Pakistan's Inter-Services Intelligence Directorate (the country's principal intelligence agency), was responsible for the November 2008 Mumbai terrorist attack. The group was also reported to have been behind several attacks against Indian targets in Afghanistan in 2010. The US shares India's assessment of the serious threat posed by LeT. Admiral Mike Mullens, Chairman of the US Joint Chiefs of Staff, said in June 2010 that LeT has become 'a very dangerous organisation and a significant regional and global threat'.

Although LeT is banned in Pakistan, most of its leaders and networks operate as charity and political organizations, including its founder Hafiz Saeed, who heads the Jamaat-ud-Dawa charity. A key reason why the Pakistani authorities have been reluctant to close down LeT is because of its popularity as a result of its active involvement in fighting for Kashmiri independence.

*This document is the intellectual property of International Risk Ltd. Any copying, distribution, or disclosure to third parties is strictly prohibited.*

India has been allocating more resources to improve its internal security and counter-terrorism capabilities to deal with the threat posed by LeT and other terrorist groups. These have been committed to the expansion of police, para-military and counter-terrorist units, and the reform of intelligence agencies, especially promoting cooperation and joint sharing of information. But serious deficiencies remain, including the poor training of security personnel. Since the internal security apparatus has suffered from decades of neglect and entrenched bureaucratic rivalries, the increased funding and restructuring effort is unlikely to overcome serious shortcomings in the near future.

The biggest threat to India's domestic security though is from domestic terrorist and insurgent groups, especially leftist rebels and militants in border states that have been engaged in prolonged secessionist campaigns. Almost all of the nearly 1,900 terrorism-related deaths in India in 2010 were related to these domestic insurgencies, with the worst affected states being Kashmir in Northwest India, followed by Assam and Manipur in Northeast India. However, the intensity of these conflicts, especially in the latter two states, has steadily declined in the past few years, while the number of overall deaths in 2010 was down 16% from the previous year.

## **Southeast Asia**

Southeast Asia did not suffer any serious high profile terrorist incidents in 2010, although there were a number of scares and pre-emptive counter-terrorist actions that thwarted plans underway by militant groups. Of the handful of regional countries with significant terrorist challenges, the Philippines appears to have overtaken Indonesia and Southern Thailand as the country of highest concern in Southeast Asia. Much of the terrorist threat is centered in the Southern Philippines where Abu Sayyaf, the Communist New People's Army (NPA), the Moro National Liberation Front, and the Moro Islamic Liberation Front (MILF) are all active. Abu Sayyaf appears to be regaining some strength after a long period of decline and has been conducting kidnappings, beheadings, bombings and jailbreaks, including a deadly attack in Isabella City in Mindanao in April 2010 that killed 14 people.

Much of the fighting between these groups and the Philippine military and security services is located in Mindanao, Basilan Island and the Sulu Archipelago. But six Western governments, including the US, UK and France, issued travel advisories warning of possible imminent attacks and discouraging travel to the Philippines in November 2010. During this period there were at least two terrorist-related incidents in and around Manila that included the discovery of grenades left near the US Embassy.

Despite these diplomatic warnings, the Philippine armed forces have been active in engaging these terrorist and insurgent groups through the use of sophisticated military and counter-insurgency strategies, quietly supported by US Special Forces. This has assisted in containing the threat from the MILF and NPA. According to US counter-

*This document is the intellectual property of International Risk Ltd. Any copying, distribution, or disclosure to third parties is strictly prohibited.*

terrorism statistics, the number of terrorist incidents in Mindanao between January and June 2010 decreased by nearly 20% to 100 compared with the same period in 2009 due to a major drop in attacks by the MILF.

In Indonesia, 2010 was a successful year for its counter-terrorism operations. The most noteworthy achievements were the discovery and dismantling in February 2010 of a new network of armed militants who were training in Aceh in Sumatra Province to assassinate Indonesian President Susilo Bambang Yudhoyono and other senior officials, and the disruption of plots to attack a European embassy and a police ceremony in Jakarta. A number of prominent terrorist figures affiliated with Jemaah Islamiyah were also captured or killed, including a bomb-making expert and high profile cleric Abu Bakar Bashir.

Southern Thailand continues to suffer from a long-running separatist insurgency that has claimed nearly 4,000 lives since it began in 2004. Numerous bombings targeting government officials and security personnel occurred in 2010 killing scores of people. Many were roadside bombs using improvised explosives similar to the terrorist tactics in Iraq and Afghanistan.

Despite the heavy loss of life, the Thai authorities have sought to downplay this insurgency by treating it as a law and order problem involving criminal gangs. There had been hope that the Democrat Party, which came to power in 2008, might be able to find a solution to this conflict because of its strong ties in Southern Thailand. But little progress has been made because of the government's focus on dealing with violent anti-government protests in Bangkok. The unwillingness of the Thai security forces to recognize the conflict in Southern Thailand as an insurgency has meant that they have been employing ineffective policing methods rather than counter-terrorist and counter-insurgency strategies. The situation in Southern Thailand is complicated by local political and business interests involving the police and security forces; this further alienates the local residents.

## **Conclusion: The FTI-International Risk 2011 Terrorism Threat Outlook**

The overall assessment of FTI-International Risk of the terrorism situation in Asia in 2011 is:

- **For South Asia, the risk of terrorist attacks in Pakistan is severe while the threat to India is very high.** Militant and terrorist groups remain highly capable and the Pakistani government is struggling to contain their activities. While these groups have secure footholds in the borderlands of Northern Pakistan, their reach has also been extending to the rest of the country, including major cities such as Islamabad and Karachi. This means that no part of the country is safe from terrorist attacks.

*This document is the intellectual property of International Risk Ltd. Any copying, distribution, or disclosure to third parties is strictly prohibited.*

While India has been able to prevent any foreign-inspired terrorist attacks on its major cities for at least two years, the threat of another Mumbai-style strike remains a real concern.

- **For Southeast Asia, the overall terrorism risk is low to moderate.** However, the risk rating for the Philippines is elevated, although this increases to high for Mindanao and other southern provinces because of the active state of Abu Sayyaf and other insurgent groups. The threat assessment for Thailand is low to elevated, but high for Southern Thailand, where the long-running insurgency continues to generate regular bombings. The terrorist risk rating for Indonesia is also low to elevated. While the country's security services have proved to be more effective, small but hard-core groups of extremists continue to plot against the government and target facilities in Jakarta for attack.
- **Outside of South and Southeast Asia, the rest of the Asia-Pacific region does not have any serious terrorist risks.** There are occasional incidents in outlying regions such as in Xinjiang, Northwest China by Uighur separatist groups, but they do not pose a significant threat to the Chinese authorities who have heavily infiltrated these organizations.

## 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 appropriate and effective risk mitigation measures are critical. Such planning needs to address, at a minimum, the following threats:

- **Kidnappings:** The kidnapping of foreigners for ransom is a preferred tool used by Abu Sayyaf and other Philippine insurgent groups to raise funds. It is less prevalent in the rest of Southeast and South Asia, but Jemaah Islamiyah 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 showed, foreign-owned hotels, shopping malls, restaurants and other types of business establishments continue to be regarded as soft but high value targets by terrorist and insurgent groups in both South and Southeast Asia.
- **Countries and Areas to Avoid:** FTI-International Risk recommends foreign business executives avoid travelling to Pakistan, Southern Thailand, and the Southern Philippines because of the high risks from terrorist and insurgent groups.

*This document is the intellectual property of International Risk Ltd. Any copying, distribution, or disclosure to third parties is strictly prohibited.*

## About 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).

For more detailed analysis of current political and business risks, please contact Steve Vickers of FTI-International Risk in Hong Kong at (852) 3120-8688 or contact any of our worldwide offices.

*This document is the intellectual property of International Risk Ltd. Any copying, distribution, or disclosure to third parties is strictly prohibited.*

[www.intl-risk.com](http://www.intl-risk.com)

International Risk is an FTI Company