

TERRORISM & INSURGENCY

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Kurds and pay - Examining PKK financing

Key Points

- PKK financing has shifted from state support to self-financing through diaspora funding and drug trafficking.
- Some PKK financiers were arrested in Europe, but what seemed a larger operation in early 2007 has lost momentum.
- Turkey's incursion into Iraq has not ended the PKK's operations, and such military action will need to be supported by efforts to fight the group's European financing if the threat posed by the organisation is to be undermined in the medium term.
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Following the Turkish military's incursion into Iraq to combat Kurdish rebels, Michael Jonsson and Svante Cornell investigate how the Workers' Party of Kurdistan has sustained itself in the mountains of northern Iraq.

Turkey launched a week-long, 10,000-strong ground incursion into northern Iraq on 22 February. The invasion was designed to curtail the activities of the Workers' Party of Kurdistan (Partiya Karkaren Kurdistan: PKK), resurgent in recent years after a temporary nadir following the February 1999 capture by Turkish special forces of its leader Abdullah Öcalan in Turkey.

The operation is widely considered to have shown the Turkish military's skills in modern counter-insurgency warfare in difficult conditions, and few states could have conducted such a sophisticated and co-ordinated undertaking. Nevertheless, military operations alone are unlikely to bring the PKK threat to an end; the organisation has shown considerable resilience over the past two decades, not

least owing to its varied and sophisticated sources of financing. For Turkey to defeat the PKK, fighting the financing of the PKK will therefore be necessary.

The PKK's main sources of financing have shifted since the late 1990s, moving away from extensive state support towards financial independence. Once financed mainly by Syria and other states interested in weakening Turkey, most of the group's money now comes from the Kurdish diaspora in Europe and revenue derived from drug trafficking. Despite growing support from the United States for Turkey's efforts to curb the PKK's activities in Europe, they have not yet had a significant effect, partly owing to European reluctance to effectively target the group.

Reliable information about PKK financing is comparatively scarce, but its revenues have been estimated by various countries at between USD200-500 million annually during the 1990s and down to tens of millions of dollars annually during the early 2000s. This drastic decrease was almost certainly due to the withdrawal of state support. In 1999, Syria cut its ties with the PKK after Turkey threatened to invade what was then the group's primary sanctuary. Ankara also reached an agreement with Tehran in 2002 in which Turkey recognised the Iranian rebel group Mujahideen-e-Khalq as a terrorist organisation in exchange for Iran doing the same for the PKK. Today, Turkey believes that the PKK gathers some USD615-770 million annually, according to an 11 March statement by Deputy Chief of General Staff General Ergin Saygun, whereas a 2007 NATO Terrorist Threat Intelligence Unit report puts the number at a more modest, and perhaps more credible, USD50-100 million annually.

Much of the PKK's strength and resilience has stemmed from its strong support base among the Kurdish diaspora in Western Europe and its co-operation with, or co-option of, Kurdish non-governmental organisations. This has helped the PKK to become the dominant political representative of Turkey's Kurds abroad and ensured an important and stable source of income, particularly from the sizeable diaspora in Germany, but also in the Benelux countries, Scandinavia and to a lesser extent Romania.

Although the PKK's dominant position seems to have been undermined by the capture of its leader Abdullah Öcalan in 1999, diaspora funding from Germany alone was estimated by German authorities to have generated USD9 million in 2001 and is believed to continue at similar levels. While some of the collection of diaspora funding has been coerced through violence or threats of violence, anecdotal evidence suggests it has become more voluntary following Öcalan's capture. This is partly because the PKK lost some of its dominance once Öcalan was arrested, since so much of the organisation was built around him. In addition, PKK members have become more focused on internal issues, making it harder to justify why Kurds in Sweden, and presumably the rest of Europe, should support the PKK financially.

Experts on the PKK believe the financing operations have always been fairly ad hoc and built on personal friendships and clan connections rather than any bureaucratic division of labour. Some even argue that Öcalan did not create a specific post with overall responsibility for financing for fear that it

could be become a power base for a rival.

It is unclear who is the current head of the PKK's financial operations. Several sources previously mentioned Riza Altun, although he may have been killed in July 2007, while others point to PKK veteran Duran Kalkan. Altun was based in Paris until his arrest in February 2007. He was released under court supervision, but fled to northern Iraq via Austria. Kalkan has long been based in northern Iraq.

Drug trafficking

The PKK has long been suspected of substantial involvement in drug trafficking, particularly of heroin, which is believed to have become a more important source of income after state support was withdrawn and as diaspora funding has become more difficult to organise. The war in Iraq is also believed to have further facilitated this source of income, as substantial amounts of heroin formerly transiting Iran are now re-routed through Iraq.

While the PKK's involvement in drug trafficking is clear, its exact extent and nature is not. According to Interpol's records in Ankara, 298 people connected with the PKK were arrested for drug trafficking between 1984 and 1993. More than half the arrests were made in Germany. The Turkish police believe that drug trafficking has become more important to the PKK since then. In 2005, 10,283 kg of heroin was seized in Turkey, according to the 2007 *International Narcotics Control Strategy Report* .

However, the current extent of the PKK's direct involvement in drug trafficking is uncertain and estimates tend to correlate with the political leanings of the author. Towards the highest end of the spectrum, scholars critical of the PKK in 2007 cited one British intelligence estimate that claims the PKK controls around 40 per cent of the total amount of heroin entering Europe from the east. However, this figure seems high given that ethnic Turkish gangs - as opposed to ethnic Kurdish rebels - are known to be extensively involved in trafficking heroin into Western Europe. For example, by 2002, Turks were estimated to control 70 per cent of the heroin arriving in the UK. Accordingly, while Turkish groups as a whole dominate the heroin trade, not all Kurdish/Turkish trafficking will benefit the PKK.

The PKK's relations with major Turkish drug traffickers seem to vary on a case-by-case basis and sometimes change over time. During the late 1990s, drug trafficker Hakki Kitay - who was sentenced to 10 years in prison in 1993 for drugs trafficking - is reported to have frequently handed over money to the then head of PKK financing. Abdulah Baybasin, sentenced to 22 years in prison in 2006 for drug smuggling, and his brother Huseyin Baybasin, known as the 'Pablo Escobar of Europe' and jailed for life in 2002 for drug smuggling, were reported to have supported the PKK with the proceeds of drug trafficking, but clashed with PKK supporters in London over competing criminal business interests.

These cases and others suggest the PKK may now derive revenue more indirectly from heroin

trafficking rather than directly, by taking payments from both the Kurdish and Turkish gangs involved. This seems to be part of a wider practice of collecting money from diaspora Kurdish businesses, whether legal or not.

This indirect involvement correlates with Abdullah Öcalan's admission in a 2003 testimony that he had learned his brother Osman had been directly involved in drug trafficking even though he had advised against it. Öcalan also admitted that the PKK had special 'customs units' located along the borders of the group's territory that collected 'tax' from drug smugglers. While large quantities of Afghan heroin are shipped to Europe via Iran and Turkey, it is unclear how much of it transits through the PKK's mountainous stronghold in northern Iraq. Given that trafficking heroin is not a particularly lucrative activity before the drugs are smuggled into the EU, the PKK may make more money taxing less illicit goods passing across its territory.

So, Turkish and Kurdish groups are clearly central actors in drug trafficking to Western Europe, but it is unclear how much of the potentially huge proceeds go to the PKK. What is clear is that the PKK's involvement in drug trafficking is not turning it into a criminal organisation, as opposed to a political one, as some scholars have claimed. Whereas criminal groups focus on profits, keep a low profile and avoid inciting government retaliation, the PKK relaunched its campaign of violence despite the huge costs and risks this entails. The PKK may be financing itself partially through crime, but it does not seem motivated by it.

Tackling PKK financing

Following the 11 September 2001 attacks on the US, laws to combat terrorist financing have been strengthened across Europe, but so far this appears to have had a fairly limited impact on the PKK. The organisation was designated a terrorist group by the EU in May 2002, but there have been few convictions to date.

In 2002, four men carrying GBP25,000 (USD50,300) were arrested at the British port of Dover before they could board a ferry to France. They were also carrying documents that confirmed their involvement in financing the PKK from the UK. In November 2004, Dutch security forces shut down a PKK training camp in Liempde, Netherlands, arresting 29 people who were, they said, "training to prepare for the armed struggle of the PKK in Turkey by committing terrorist attacks". On 19 September 2005, the German authorities shut down the Welat Press Verlag, operator of the pro-PKK Mezopotamia-Nachrichtenagentur news agency (MHA) and Roj Online website. Roj TV, which is seen as the PKK's primary mouthpiece, continues to broadcast from Denmark.

Despite the apparent crackdown on PKK activities in Europe, there seems to have been little substantial progress on disrupting the group's financing networks. The arrest of 13 people suspected of PKK financing and drug trafficking in France in February 2007 coincided with arrests in Belgium and Germany. However, several of the suspected PKK operatives were promptly freed in Belgium, while Riza Altun was released and left for Iraq. Most of the suspects arrested in February 2007 have

now been released.

Shortly after the apparently co-ordinated arrests, the US ambassador to Turkey announced that his country had been trying to convince European countries to take the PKK issue "more seriously" and Daniel Fried, the US assistant secretary of state for Europe and Eurasia, subsequently confirmed the arrests followed US-European co-operation. This was arguably a public diplomacy response to increasingly bitter complaints from Turkish politicians and analysts about the perceived unwillingness of the US to deal forcefully with PKK bases in northern Iraq, a perception only partially altered by the US' provision of intelligence to Turkey during its February incursion.

Part of the US strategy to deal with the issue appears to have been repeated promises to crack down on PKK financing, including from President George W Bush himself. Yet these repeated promises, coupled with meagre results, have led several Turkish analysts to believe the US used references to tackling PKK financing as a way of stalling and buying time. The perceived lack of pro-active co-operation from the EU has also gradually generated acrid comments inside Turkey, where comparisons are frequently drawn between the EU's approach towards Spanish separatist insurgent group Basque Homeland and Freedom (Euskadi Ta Askatasuna: ETA) or Al-Qaeda on the one hand and the PKK on the other.

Riza Altun

The case of Riza Altun is particularly important. Turkish authorities believe Altun was in charge of the PKK's financial operations and was indicted on terrorist financing charges in Paris in February 2007 and prohibited from leaving the city. Nonetheless, Altun travelled to Austria, where he was again arrested. Despite Turkey's demands that Altun, who was subject to an Interpol Red Notice, be extradited, he was released and boarded a plane for northern Iraq in early July 2007, leading Turkey to raise official complaints against Austria in the UN and the Organization for Security and Co-operation in Europe (OSCE). Altun was reportedly killed in a suicide bombing, supposedly motivated by internal rivalries, at a PKK base in northern Iraq in late July 2007.

Turkey appears to be currently pursuing a multi-pronged strategy against the PKK - attacking its bases in Iraq, while encouraging defections through the so-called 'Repentance Clause' and working with the US to encourage the EU and the Iraqi Kurdish parties to crack down on PKK financing activities.

While co-operation with Europe recently resulted in two PKK activists being extradited from Germany to Turkey, the fallout from the largely botched operation in February 2007 has undermined Turkish trust in Europe's goodwill and may have contributed to the shift towards more aggressive tactics - bombings and incursions - against the PKK. Therefore, whereas successful international co-operation has caused substantial damage to the financial networks of groups such as ETA, Turkish-European co-operation has so far failed to have the same impact on the PKK.

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