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Global IP Traffic Report: IP Dragnet for Terrorists

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The alliance of intellectual property crime and international terrorism is natural.

Tokyo- Is the purchaser of a fake Kate Spade® purse on the streets of New York's Chinatown aiding and abetting Osama bin Laden, the man who brought down the Twin Towers a few blocks away? Recent events surely suggest a connection, or at least the appearance of one. After a year or more of whispers in and around Washington, D.C., Commerce Secretary Donald Evans and Attorney General John Ashcroft appeared prominently on the same podium on October 5, 2004 to announce STOP!, the new acronym for " Strategy Targeting Organized Piracy."

In July 2003, an Interpol spokesperson told Congress, "the link between organized crime groups and counterfeit goods is well established. But Interpol is sounding the alarm that intellectual property crime is becoming the preferred method of funding for a number of terrorist groups." The U.S. has now announced it is prepared to "cast a wider, tighter net for pirated and counterfeit goods entering the United States and hunt down those who traffic in such goods.... Applying specialized technologies and techniques, which the Department of Homeland Security has developed in fighting the war on terror to combat piracy and counterfeiting, meshes with and improves our ability to identify high-risk companies and shipping techniques that could also be used by terrorist organizations."

The policy shift makes sense for a number of reasons. It has been common in U.S. trade relations to blame intellectual property piracy and counterfeiting on certain countries. The "Section 301" petitions filed with the U.S. Trade Representative's Office every year blame Taiwan, or mainland China, or Paraguay, or Malaysia (mostly China) for failing to take adequate and effective enforcement measures against IP pirates and counterfeiters. It may be politically more expedient and operationally less bothersome for the U.S. government to castigate other countries for lax IP enforcement rather than work with them, but international criminal networks operate in "spaces of places" – not single countries, and so do terrorists. It has become clearer and clearer that the question of in what country counterfeit and pirated goods are being manufactured is less important than the question of who the manufacturer/distributors of such goods are, the extent to which they also engage in legitimate economic activity at the same time as they engage in illegitimate activity, and how they distribute their goods internationally. And this is why the shift in government emphasis is so important and the logic of paralleling international criminal organizations focused on making money with terrorist ones more interested in toppling Western governments is so compelling. Criminal gangs have diverse, but related interests: narcotics trafficking, gambling, prostitution, money laundering, smuggling, and human trafficking ("snakeheads"), as well as organized IP piracy and counterfeiting. But why would fanatically religious and puritanical terrorist organizations like Al-Qaeda be interested in the traditional underworld? Because that's where the money is. In his new book, "The Making of a Terrorist", Jonathan Randal reports Osama to have said: "Our agenda is bigger than business" but that he runs it like one.
As Ben Macintyre says in his NY Times review of Randal's book: "like some venture capitalist, [Osama] will take a position in multiple terror cells, in the belief that one will pay off. ...This is a boss so penny-pinching (and paranoid) that his hard-up underlings are forced to live by low-grade theft or trading in gems, gold or honey sold to elderly Muslim men as an aphrodisiac." Moreover, Afghanistan, Al-Qaeda's home base, is the central source of supply for the worlds opium and heroin.

Knock-off CDs and luxury goods, channeled from criminal organization manufacturers to terrorist organization distributors, are an easy way to churn and launder money in the porous economies of the Third World, and less conspicuous than drug trafficking or the like. The alliance of intellectual property crime and international terrorism is a natural, and it's about time governments finally got around to thinking about it. After a fall 2002 raid of fake Cartier watches from Hong Kong at a New York warehouse, the defendants were back in operation and shipped 13,000 more watches in less than two months. "The hardest part is not catching the bad guys" said one investigator on the case, "but getting the good guys to do their job." The "terrorist connection" may finally be helping make that happen.