



# Terrorism Monitor

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**Baiji Refinery, Iraq’s largest, has been the site of clashes between the Islamic State organization and Iraqi forces.**

## REAPPEARANCE OF ‘SLAIN’ DAGESTANI MILITANT DISPROVES FSB CLAIMS

*Mairbek Vatchagaev*

Practically every month, Moscow boastfully announces that it has killed a leader of one of the territorial branches of the Islamic underground armed resistance. Statistics regularly provided by Russian authorities concerning the insurgency raise doubts about the authenticity of these claims. Indeed, the number of militants the government has claimed to kill in a given year always exceeds by several times the estimate of the total number of militants that the government declared at the start of that same year.

The questionable nature of government claims about rebel deaths was highlighted again recently, when the slain leader of the Khasavyurt *jama’at* (religious fighting unit) was replaced by a new appointee. It would not have been that interesting in itself, had the new leader not been a person who had allegedly already been killed – at least according to Dagestani police reports. Amir Islam Muradov was named the leader of one of the largest *jama’ats* of Dagestan. [1]

Islam Visrailovich Muradov was previously a member of the Aukhov *jama’at*, which, according to the administrative division of the armed resistance of Dagestan, is part of the Khasavyurt sector. Muradov became widely known on April 24 when government forces conducted a military operation against a group of militants who were holed up in a home in the city of Khasavyurt (*Kommersant* [Moscow], April 25). Dagestani law enforcement agencies said at the time that four persons were killed in the operation and that, according to preliminary information, they included Islam Muradov and his wife, Milana Abdulkhajieva. Another woman, Rusana Ibragimova, was shot dead by government forces in the same incident, as she was leaving the house. Ibragimova was nine months pregnant (*Kavkazsky Uzel*, April 25).

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In his short video, the new amir reassured his supporters that there are many people willing to fight in the ranks of the Dagestani insurgency. Muradov's speech is quite disorderly: it has no central idea, resembling instead a collection of slogans. His appearance on the video eloquently demonstrates that one of the largest *jama'ats* in the republic is led by a person who is driven by extreme hatred of the government. Muradov's elevation to the position of amir will be an additional headache for Russian authorities, particularly in the area of its ties to neighboring *jama'ats* and in the realm of disinformation and propaganda. Dagestan's Aukhov *jama'at*, for example, is closely connected to the Chechen *jama'at* and is made up mostly of Chechens who live in Dagestan and the areas of Chechnya adjacent to Dagestan.

Having learned that Islam Muradov is alive, the Dagestani Ministry of Interior attempted to discredit him on a website that operates under its auspices. About two weeks before Muradov's appointment as amir, this website hinted that he betrayed his comrades and that he was an agent of the Federal Security Service (Federal'naya sluzhba bezopasnosti – FSB) among other things (KavkazPress.ru, September 9). However, if Muradov really was an agent of the police or the FSB, none of the government-controlled websites, especially one under the control of the police, would have disclosed his identity. Thus it appears the police were trying to tarnish the reputation of the potential leader of the *jama'at* because they consider him more dangerous than other members of the *jama'at*.

The measures that the authorities take to thwart the rebels in Dagestan often simply illustrate how the authorities and the Dagestani population have nothing in common and do not understand each other. On September 27, for example, a counter-terrorist operation was introduced on the administrative border of Dagestan's Kazbekovsky and Gumbetovsky districts in order to search for and neutralize rebels (Regnum.ru, September 27). The authorities gave no indication they were concerned about the fact that the counter-terrorist operation regime lasted for three days – it was lifted only on the evening of September 30 – and they gave no explanations concerning its length. Despite the involvement of a large number of police, FSB and military personnel, who blocked mountain trails to prevent the militants from escaping, nothing and no one was found (RIA Novosti, October 1). In reality, such operations are mainly designed not to find actual rebels, but to establish control over certain areas and find out about people who are in the risk group – i.e., those inclined to help or join the armed opposition. The police normally take DNA samples from suspects, who are then registered with both the FSB and the police. This provides the government with a database about

those who adhere to Salafist ideas. The website of Dagestan's militants warned its viewers about this Russian tactic (VDagestan.com, September 28).

The authorities' distrust of the population, unwillingness to explain their actions and use of the same official formulas every year to justify their actions toward the people from the risk group end up totally alienating the people not only from the law enforcement agencies, but from the government as a whole. The government's loss of authority within the population is matched by growing interest in the idea of a just Islamic state. Thus, the government itself is helping to spread radicalism in North Caucasian society as a whole. This trend is most evident in Dagestan.

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#### Note

1. "Khasavyurt Jama'at (Lost Muslims)," Dora Izedinova YouTube page, September 29, 2014, <https://www.youtube.com/watch?v=ShVKEjNi-vk&feature=youtu.be>.

## ISLAMIC STATE FINDS NEW ALLY IN PAKISTAN'S TTP

*Jacob Zenn*

On October 3, Tehrik-e-Taliban Pakistan (TTP) announced its support for the Islamic State (formerly known as the Islamic State of Iraq and Syria or ISIS) to mark the Islamic holy day of Eid al-Adha. The statement, which was issued in Arabic, Urdu and English, said "All Muslims in the world have great expectations of you... We are with you, we will provide you with mujahideen and with every possible support" (al-Arabiya, October 4). Four days later, the leader of the Pakistan-based Islamic Movement of Uzbekistan (IMU) – which is an Uzbek-led militant group comprised of Central Asians that originated in the Ferghana Valley – Usman Ghazi, also issued a statement praising Islamic State leader Abu Bakr al-Baghdadi's decision to declare a caliphate. Ghazi said, "In these difficult times, we rejoice in the creation of Islamic State of Iraq and the al-Sham [Syria]. And I use this opportunity to congratulate all Muslims with the restoration of the long-awaited Islamic state" (UZNews.net, October 8).

These two statements indicate that the Islamic State is gaining international traction from jihadist groups like the TTP and IMU, which used to be loyal to al-Qaeda; the Islamic

State itself broke away from al-Qaeda in early 2014. Previous to this, the IMU and other Urdu-speaking jihadists complained in their statements about Central Asian and South Asian fighters “abandoning” the fight in their home regions for the more appealing opportunity to fight in Syria, which many Salafists believe is a war theater of the highest religious significance. One reason why the IMU may now be supporting the Islamic State, however, is to not lose complete control over Uzbek and other Central Asian militants fighting in Syria and Iraq, such as ones in the increasingly well-publicized Uzbek-led Imam Buhary Brigades. [1] The IMU may hope that these militants will return to Central Asia with new skills in bomb-making and guerilla warfare as well as connections to the Islamic State and that these militants will contribute once again to the IMU’s mission to target Central Asia after the United States withdraws from Afghanistan. The IMU may also simply be following the Pakistani Taliban’s lead since the IMU has long depended on the Pakistan Taliban for safe haven to train its recruits. For example, the IMU *mufti* (chief Islamist jurist), Abu Zar al-Burmi, has explicitly thanked Pakistani Waziris, who live in the area where the TTP has its most important bases, for their hospitality. [2]

One of the more immediate results of these new affiliations with the Islamic State may be that the Pakistani Taliban and the IMU declare their own caliphate in parts of the tribal regions where these groups control more territory than the Pakistani government. This would follow the template of the Islamic State and other jihadist groups like Boko Haram, which announced its support for the Islamic State and subsequently sought to control territory before declaring its own caliphate.

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#### Notes

1. “Tarassud,” Albuxoriy Katiyba Youtube page, September 25, 2014, <https://www.youtube.com/watch?v=vbetVX1rMXc>.
2. “IMU Scholar Urges Pakistanis to Continue to Harbor Foreign Fighters,” Site Intel Group, November 22, 2011, <http://ent.siteintelgroup.com/Jihadist-News/imu-scholar-urges-pakistanis-to-continue-to-harbor-foreign-fighters.html>.

## IS Spokesman Issues Appeal to End Inter-Jihadist Rivalry

*Abdul Hameed Bakier*

On September 29, jihadist media outlet al-Furqan published a message by Abu Muhammad al-Adnani al-Shami, the so-called spokesman of the Islamic State (formerly the Islamic State of Iraq and Syria – ISIS) and the amir of ISIS in Syria. This 41-minute audio message was posted to YouTube as well as other jihadist forums and media outlets. In his message, al-Adnani does not attack the other jihadist factions like he constantly did in previous messages. Conciliatory remarks were an attempt to end the rivalry among the various jihadist factions in Syria, vying for a leadership position, which has led to fighting between these groups. Al-Adnani’s message comes as result of effective coalition airstrikes against the Islamic State

The message, titled “Indeed Your Lord Is Ever Watchful,” cited several verses from the Quran, encouraged Muslims everywhere to attack Western and coalition targets and threatened to kill Western and Arabic coalition citizens:

O America, O allies of America and O crusaders, know that the matter is more dangerous than you have imagined and greater than you have envisioned. We have warned you that today we are in a new era, an era where the [Islamic] State, its soldiers and its sons are leaders not slaves. They are a people who through the ages have not known defeat. The outcome of their battles is concluded before they begin. They have not prepared for a battle since the time of Noah except with absolute conviction of victory. Being killed – according to their account – is a victory. This is where the secret lies. You fight a people who can never be defeated. O crusaders, you have realized the threat of the Islamic State, but you have not become aware of the cure, and you will not discover the cure because there is no cure. [1]

Al-Adnani challenged the coalition to fight the Islamic State on the ground, calling the president of the United States and his allies cowards incapable of facing the mujahideen. Further, al-Adnani threatened to squash the Syrian opposition forces, labeling them infidels and apostates, and consequently, legitimate targets for the Islamic State.

Finally, al-Adnani called upon all mujahideen in Libya, Egypt and elsewhere to kill citizens of the coalition countries, but he refrained from mentioning other jihadist factions fighting in Syria:

So O *muwahhid* (Muslims), wherever you may be, hinder those who want to harm your brothers and state [the Islamic State's caliphate] as much as you can. The best thing you can do is to strive to your best and kill any disbeliever, whether he be French, American or from any of their allies. If you are not able to find an IED or a bullet, then single out the disbelieving American, Frenchman or any of their allies. Smash his head with a rock, or slaughter him with a knife, or run him over with your car, or throw him down from a high place, or choke him, or poison him. If you are unable to do so, then spit in his face. If yourself refuses to do so, while your brothers are being bombarded and killed, and while their blood and wealth everywhere is deemed lawful by their enemies, then review your religion. You are in a dangerous condition because the religion cannot be established without *wala* (loyalty) and *bara* (disavowal). [2]

Al-Adnani abstained from addressing the big rift between other Salafi-Jihadist groups, mainly with Jabhat al-Nusra and al-Qaeda, and the Islamic State. The contention deepened between the Islamic State and pro-al-Qaeda supporters specifically after the release of al-Adnani's message to Ayman al-Zawahiri titled "Excuse Me Amir of al-Qaeda" where the Islamic State refused to follow al-Qaeda's lead only a few months ago. Al-Adnani said then that, "a state does not pledge allegiance to an organization, rather the opposite." [3] The new message was seen as an attempt to mend fences with them, put aside their differences and unite against the coalition.

Prior to coalition strikes on the Islamic State, al-Adnani accused Jabhat al-Nusra of betrayal and treason and the Islamic Front of being loyal to Saudi Arabia. Further, in a tweet in August, al-Adnani said that the designation of al-Julani Front of al-Nusra by the West as a terrorist group was only a cover for the organization's collaboration with the Western enemy. Al-Adnani said in the tweet: "Listing al-Julani Front with us on [the] Western embargo list does not exonerate them from apostasy and treason. We shouldn't believe what the claim... old games by the infidel countries." [4] Although, al-Adnani refrained from attacking al-Nusra and the Islamic Front in this latest audio message, al-Nusra supporters said al-Adnani's speech is full of lies. These supporters also said that it was a pathetic attempt to solicit sympathy and a clear indication of weakness (*al-Akhbar* [Beirut], October 1).

Pro-Islamic State forum participants hailed al-Adnani's message and reiterated the need to create a media team so that the Islamic State could monitor and counter the

propaganda of Western and other big global media. Forum members claim these outlets are fueling the animosity among mujahideen factions. This media team would be able to translate foreign media reports into Arabic and then present them to Islamic State leaders. [5]

Due to the wide rift between other jihadist factions and the Islamic State, some jihadists posted an initiative and call for a truce between the factions in the Levant. The initiative appealed to all factions in Syria and Iraq to stop the bloodshed among them no later than October 3 – the holy day of Arafah during *Hajj* (pilgrimage). Mujahideen from Ansar al-Dine, a pro-al-Qaeda jihadist movement from Mali, would deploy on the border between the Islamic State and the other jihadist groups in Syria to observe the implementation of the truce. Thirdly, all factions would release any mujahideen in their captivity. Finally, the initiative called upon all factions to announce their position on this initiative within three days. The initiative was signed by nineteen prominent Salafi shaykhs. [6] So far, nothing has transpired from this initiative, but the fact that a serious ceasefire was proposed just after al-Adnani's audio message demonstrates that there are some jihadists who are receptive to joining with the Islamic State.

The Islamic State's endeavors to mend fences with other jihadist groups are expected to continue as long as the U.S.-led coalition sustains its bombing campaign. However, the success of these efforts at reconciliation are unlikely in light of all the negative comments posted online by pro-al-Qaeda and other jihadist groups. These commenters questioned the credibility of the shaykhs who signed the truce initiative, ending their posts by saying "Your initiative is already dead similar to previous initiatives." [7] Thus the level of political will to seek compromise among the members of the various jihadist groups is very much in doubt.

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#### Notes

1. Al-Adnani's message can be heard here: <http://www.hanein.info/vb/showthread.php?t=385249>.
2. *Ibid.*
3. <http://www.muslm.org/vb/showthread.php?532540>.
4. [https://twitter.com/Al\\_3dnani](https://twitter.com/Al_3dnani).
5. The pro-Islamic State forum can be found here: <http://alplatformmedia.com/vb/showthread.php?t=64595&page=2>.
6. The initiative can be found here: <http://www.hanein.info/vb/showthread.php?t=386095>.
7. *Ibid.*

## Pakistan's Anti-India Spy Network Eyes Vital Defense Infrastructure from Sri Lanka

Animesh Roul

India's intelligence agencies have been investigating an espionage network reportedly run by Pakistan's external intelligence agency, the Inter-Services Intelligence (ISI), from Sri Lankan soil. The ISI uses legitimate government structures like the Pakistani High Commission and Consulate located in Colombo and Kandy, respectively, as staging grounds for anti-India activity. Pakistan has long used neighboring South Asian countries like Nepal, Bangladesh and the Maldives as bases from which to surreptitiously surveil or possibly attack India. Of late, Pakistan's ISI seems to have expanded its network among Sri Lanka's Muslim minorities and disenfranchised Tamil community by exploiting the existing trust between the Sri Lankan and Pakistani governments.

On September 9, Arun Selvarajan, a suspected LTTE (Liberation Tigers of Tamil Eelam, a.k.a. Tamil Tigers) sympathizer, was arrested in Chennai. India's premier terror investigating agency, the National Investigation Agency (NIA), had retrieved incriminating documents, Indian and Sri Lankan passports and bank account information with suspicious transactions from Selvarajan, who had already infiltrated many vital installations in Chennai using his event management organization, ICE Events. This gave him access to corporate groups and government agencies. Those reported installations included the Indian Army's Officer Training Academy (OTA) and the Indian Coast Guard office in Chennai, Tamil Nadu. He is also believed to have surveyed the regional hub office of the National Security Guard and the Atomic Power Station at Kalpakkam (*The Hindu* [Chennai], September 12). Selvarajan is reportedly wanted in Sri Lanka for harboring and providing logistical support to Tamil rebels (*Times of India* [Mumbai], September 12; Colombo Page, September 13).

Selvarajan's arrest came at a time when Indian security agencies are tracking the trails of two Sri Lankan groups, Tamil refugees and Muslims. The Tamil refugees are mostly sympathizers of the already decimated Tamil rebel group while the Sri Lankan Muslims who have been apprehended in the last few years from southern India have links with the Colombo-based High Commission of Pakistan and their ISI handler Amir Zubair Siddiqui. Siddiqui was serving officially as a counselor in the visa section at the High Commission (*Times of India* [Mumbai], May 4). [1]

On September 18, 2012, Tamil Nadu's Crime Investigation Department-Q (CID-Q) branch, which is the part of state police responsible for LTTE monitoring, arrested Thameem Ansari minutes before he flew to Colombo to hand over sensitive information to his ISI contacts in the Pakistani High Commission. A digital dossier on defense installations located in southern India, including the Defense Services Staff College (DSSC) at Wellington (Tamil Nadu), was seized from his possession. Videos taken from him by authorities also showed landing points on India's southeastern coast, e.g. Nagapattinam, Mallipattinam, Karaikal and Thoothukudi. Based on his statements, Ansari's ISI handlers were identified as Haji (a.k.a. Siraj Ali), Shaji and Amir Zubair Siddiqui (*Asian Tribune*, September 23, 2012).

Early this year, Muhammad Zakir Husain, another Sri Lankan, was arrested on April 29. He had conducted reconnaissance and photographed the U.S. Consulate in Chennai and the Israeli Consulate in Bengaluru, among other vital Indian installations such as the Eastern Naval Command in Visakhapatnam (Andhra Pradesh) and the Southern Naval Command in Kochi (Kerala) at the behest of his ISI handlers in Colombo. Husain, a resident of Kandy, Sri Lanka, was also tasked with recruiting youths from southern India, especially in Tamil Nadu, for subversive activities in India (*Hiru News* [Colombo], April 30). A seasoned spy and human trafficker with criminal records spanning as far away as Thailand, Singapore and Sri Lanka, Husain was supposed to set up bases in Karnataka and Tamil Nadu that would provide safe havens for ISI agents and militants (*New Indian Express* [Chennai], May 8). Pakistan has a consulate in Kandy, located in the central province of Sri Lanka and the NIA is investigating if Pakistan's Kandy consulate is involved in this conspiracy.

The following month, Muhammad Husain Suleiman, a Sri Lankan national, was arrested in Kuala Lumpur, Malaysia, for his alleged links with Zakir Husain and his involvement with plots to attack the Israeli and U.S. Consulates (*Rediff.com*, August 17). Suleiman reportedly confessed to have worked with the ISI and was tasked to facilitate the entry of two Maldivian nationals into India to attack the foreign consulates in Bengaluru and Chennai. This terrorist plot was foiled through coordination between Indian and Malaysian intelligence agencies (*First Post*, August 17). Later this summer, Muhammad Salim, Siva Balan and Rafique were arrested for their alleged role in a counterfeit currency racket in India reportedly sponsored by Pakistan. They all were found to be associated with Zakir Husain. The police seized fake Indian currency notes to the tune of \$14,500 (900,000 rupees) from their possession (*Deccan Chronicle* [Hyderabad], July 23).

India's NIA has been heavily involved in trying to uncover the links between Selvarajan and Amir Zubair Siddiqui, the Pakistani official in Colombo who was recalled after his involvement in this espionage network was exposed. Siddiqui was accused of recruiting Tamils in Sri Lanka and India for surveying and procuring information on military establishments in southern India. Selvarajan is the third Sri Lankan arrested for spying against India at the behest of Pakistan's intelligence agency. Indian authorities are also presently seeking to extradite Muhammad Suleiman from Malaysia to unravel the ISI's anti-India espionage network, which is believed to have spread to Sri Lanka, Nepal, the Maldives and Bangladesh.

After the military decimation of Tamil insurgent group in Sri Lanka in May 2009, the remnants of the LTTE, mostly sympathizers who have scattered and camouflaged themselves as civilians, have since taken refuge in India. Even though there are no strong cases to prove that these remnants are regrouping inside India or building operational bases, people like Muhammad Salim and Rafique are perhaps trying to survive now and reemerge another day by, in the meantime, engaging in illegal activities at the behest of external agencies.

In September 2012, India's external intelligence agency Research and Analysis Wing (RAW) reportedly warned about increased ISI activities in the Jaffna area of northern Sri Lanka exactly a week before Thameem Ansari's arrest. At that time, the RAW had indicated that the ISI had deployed spy equipment, e.g. listening devices to monitor India's maritime activities and intercept communications between Indian naval submarines and vessels (*Pioneer* [Delhi], September 12, 2012; TamilNet, September 18, 2012). Most likely, the focus was on India's ambitious submarine project codenamed "Project Varsha," based at the Eastern Naval Command in Visakhapatnam. Unearthing this Pakistani Consulate-linked spy network has been a matter of strategic concern for the Indian security apparatus.

To counter the ISI's damaging intelligence activities, the Indian security establishment is cooperating with its Malaysian and Sri Lankan counterparts under the Mutual Legal Assistance Treaty, which facilitates mutual assistance in the investigation, prosecution and prevention of crime. However, reports of growing radicalization among Muslims in north and eastern Sri Lanka provides fertile ground for Pakistan's intelligence agency to recruit assets in its spy war against India. The ease of travel between Pakistan and Sri Lanka facilitates such trips to the island country by Pakistani nationals. However, overstaying, seeking asylum and permanent settling through intermarriage has raised

growing concerns for the Indian security establishments. It is natural for Indian agencies to speculate that Pakistan-based transnational militant groups such as Lashkar-e-Taiba or the newly formed al-Qaeda in the Indian Subcontinent (AQIS) under ISI's patronage may have snuck into Sri Lanka or the neighboring Maldives and consolidated themselves there to stage Mumbai-style terrorist strikes in future.

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#### Note

1. See also, "Pakistan recalls ISI handler from its Colombo mission," *The Island*, October 15, 2012, [http://www.island.lk/index.php?page\\_cat=article-details&page=article-details&code\\_title=63883](http://www.island.lk/index.php?page_cat=article-details&page=article-details&code_title=63883).

## The Islamic State's Oil Network

John C. K. Daly

The Islamic State, previously the Islamic State of Iraq and Syria (ISIS), has been a key focus of global attention for the past several months, becoming the number one terrorist target for the United States and its Western allies. [1] However, one of the remarkable but little known features about this terrorist organization is how it operates a significant oil and gas network in both Syria and northern Iraq as a key source of its funding. These militants, according to U.S. Energy Information Administration (EIA) chief Adam Sieminski, “produce as much as 100,000 oil barrels per day (bpd), reaching \$9.6 million in the world markets. The expectation for Islamic State militants’ oil income is less than this amount” (BasNews, September 25). Restricting the ability of the Islamic State to derive revenue from this oil network for its terrorist operations has been a key focus of U.S. military strategy and Western diplomatic activity since the organization became the latest strategic threat to American interests in the Middle East.

On September 23, U.S. fighter jets attacked over a dozen modular and makeshift oil facilities operated by the Islamic State in both Syria and in Iraq. According to U.S. Central Command (CENTCOM), 13 of the airstrikes were against 12 modular oil refineries in Syria controlled by Islamic State fighters, along with the al-Tanak oil field in the Mayadin and Albu Kamal areas of Deir al-Zor province as well as the Qouriyeh oil-producing area. Deir al-Zor, which borders Iraq, is now almost entirely controlled by the Islamic State, but was a major Syrian oil-producing province before Syria's civil war began more than three years ago. Furthermore, on September 28, the United States and its allies conducted eight air attacks against Islamic State positions in Syria. Among their targets were four makeshift oil refineries. [2]

Internationally, the United Nations also has recognized the importance of the Islamic State's oil operations. On August 15, 2014, the UN Security Council unanimously adopted Resolution 2170 under the binding Chapter VII of the UN Charter, which deployed sanctions against the “Islamic State” and “Nusra Front” to disrupt the financing resources of these two militant organizations, included banning the purchase of oil from them and imposing sanctions on companies that do so. [3]

Despite the level of international attention to the oil revenue component of the Islamic State's operations, little is known about the production and trade of oil and other illicit activities that have made the Islamic State one of the world's

leading terrorist organizations.

### The Nature of the Islamic State's Oil Activities

In the convoluted picture emerging in the no-man's-land between Syria and Iraq where Islamic State militants dominate, reports began to surface in early June that Islamic State fighters were selling looted Syrian oil to the regime of President Bashar al-Assad. According to Shiraz Maher, senior research fellow and head of outreach at the International Centre for the Study of Radicalization at Kings College London, the Islamic State was selling oil from the territory that it controls back to the al-Assad government in Damascus. Maher observed, “It [the Syrian regime] will act in its own self-interest and that will mean cutting a Faustian pact with the fighters of ISIS for the time being” (*New Statesman* [London], June 23; VOA, June 20).

At the same time, much of what is known about the Islamic State's oil operations can be traced back to the period of Saddam Hussein when the former Iraqi leader used smuggling routes to export oil in order to avoid Western sanctions. James Phillips, a Washington expert, observed that the supply chain of routes, individuals, families and organizations that allow oil smuggling are well-established and predate the Islamic State. Some in fact date back nearly two decades to when Hussein smuggled oil during the UN's oil-for-food program, established in 1995. Phillips remarked, “Those borders have never been sealed and they never will be sealed” (*New York Times*, September 14).

Earlier this year, the Islamic State made key strategic gains in its effort to harness regional oil producing capabilities by launching a two-day military operation overrunning key areas of northern Iraq. Shortly after the fall of Mosul on June 10, the group held seven oilfields and several small refineries in northern Iraq and was besieging Iraq's largest refinery at Baiji. Then in mid-June, the Islamic State overran the Najma and Qayara oilfields near Mosul and advanced further south toward Tikrit, taking over the Himreen and Ajil fields. Ajil alone is a key strategic asset that produced 25,000 bpd and 150 million cubic feet of gas per day, which was shipped to the Kirkuk refinery. Most of the Islamic State-held oil wells (one Kurdish official estimates there are roughly 80 of them) are sealed and not producing, but according to Iraqi officials, those that are pumping are having their output sent to be processed by mobile refineries in Syria in areas controlled by the Islamic State. The fuel is being turned into low quality gasoil and gasoline, which are then brought back to Mosul for sale (Reuters, July 23).

According to Mosul provincial council's energy committee head Husham al-Brefkani:

We have confirmed reports showing that the Islamic State is shipping crude from Najma oilfield in Mosul into Syria to smuggle it to one of Syria's neighbors [Turkey]... It is triple the price before, but drivers have to buy it because subsidized government fuel was halted (VOA, July 23).

Al-Brefkani added that Turkish middlemen were buying the smuggled crude at the heavily discounted rate of roughly \$25 per barrel versus the world spot market price of roughly \$100 per barrel. According to a Turkish party deputy for Hatay near the Turkish-Syrian border, the Islamic State smuggles oil to Turkey through secret pipelines along the Syrian-Turkish border at Hatay, Urfa, Antep, Gaziantep and Kilis, with total sales since the beginning of the year now reaching \$800 million (*Taraf* [Istanbul], June 13).

The Turkish government, however, has dismissed these allegations. On September 24, Turkey's Energy Minister Taner Yıldız denied the allegations, saying that the country's energy trade was in compliance with all rules and regulations and that "Turkey has not received such oil" (A Haber [Istanbul], September 24). Al-Brefkani maintained, however, that the Islamic State was now the sole sponsor of the imports from Syria, commenting, "They use part of it for their vehicles and sell the rest to their traders in Mosul" (*Daily Zaman* [Istanbul], July 23).

Experts estimate that the Islamic State is obtaining approximately 300-500 barrels of oil from each of the refineries under its control, in some cases generating \$1-3 million dollars of revenue per day (*Bugün* [Istanbul], September 26). However, there is some dispute about the actual amount of revenue that the Islamic State is generating from oil operations. For example, Masrur Barzani, intelligence chief and head of the Kurdistan Regional Government (KRG) National Security Council as well as KRG President Masoud Barzani's son, said that the Islamic State receives as much as \$6 million in revenue per day (National Iraqi News Agency, September 22).

Meanwhile, the Islamic State has also been vandalizing oil installations used by Kurdish Peshmerga forces in northern Iraq in order to deny the Kurds a major source of their own revenue. On August 28, Islamic State militants torched the Ain Zala oil fields in Ninewah province near Mosul in order to hinder the Peshmerga forces' advance as they approached Islamic State strongholds. The Ain Zala oil fields produced 20,000 oil barrels per day and have estimated reserves of

about one billion barrels (BasNews, August 28).

Aside from its oil operations, additional information about the vast revenue network that the Islamic State generates came from recent testimony by a senior U.S. government official. On July 24, Deputy Assistant Secretary of State Brett McGurk told the Senate Foreign Relations Committee that even before the militants captured Mosul, Iraq's second-biggest city:

We had been concerned about Mosul for the past year, as it had become the primary financial hub for ISIL [Islamic State], generating nearly \$12 million per month in revenues through extortion and smuggling rackets. [4]

### The Future of the Islamic State's Oil Operations

For the foreseeable future as the United States and coalition allies ramp up the air campaign against the Islamic State, the oil factor will continue to play a major role in strategy. The aerial campaign has already led to a dramatic increase in prices that the Islamic State charges its customers. According to the UK-based Syrian Observatory for Human Rights associate Rami Abdelrahman, the price of a barrel of diesel has more than doubled, from 9,000 Syrian pounds (\$55.76) to 21,000 (\$130) in Aleppo (Reuters, September 28).

Part of the problem for the coalition planners of the allied air attacks is one of scale; unlike the stationary refineries now under the Islamic State's control, a medium-sized makeshift refinery, mounted on trucks, can process up to 200 barrels of crude a day. Interestingly, the United States has adopted a policy of disabling rather than destroying Islamic State oil facilities. At the September 25 press conference discussing the attack on the Islamic State's refining facilities in Syria, Defense Department spokesman Navy Rear Admiral John Kirby stated:

We're trying to remove the means through which this organization sustains itself. These refineries were in place before ISIL [Islamic State] came along. And assuming that Syria gets to a point where it's better governed, you know, we'd like to preserve the flexibility for those refineries to still contribute to a stable economy in what we hope will be a stable country when the Assad regime is not in control anymore. [5]

Kirby added that until the time when the refineries can be used by a moderate opposition, the airstrikes will stop the refineries from being used to produce petroleum.

Another issue that the Islamic State is facing in exploiting Syria's oilfields is operating them without the trained personnel who have been driven away by the militant groups' brutality. In June, Syria's largest light oilfield, Omar, produced roughly 32,000 bpd, Tanak – 19,000 bpd and the badly damaged al-Kharrata, Thayyem and al-Ward fields just 300 bpd between them. These fields were already mature and geologically complex and, as mature fields, relied on large amounts of water injection to maintain pressure and sustain production (*The National* [Abu Dhabi], September 29). Much of the output is refined locally in primitive facilities, the type hit in the recent raids.

Furthermore, the Islamic State's control of Syrian and Iraqi oilfields is not absolute – in Iraq, Kurdish and central government forces have retaken several fields, leaving just the Hamrin, Najmah and Qaiyarah oil fields in Islamic State hands.

Turkey's entry into the fight against the Islamic State will likely prove to be a game changer, if for no other reason than the use of Turkish airfields will allow a massive expansion of aerial attacks. It will also hit the Islamic State's oil revenues, as the group's oil exports involve not only improvised pipelines, but large amounts of oil trucked through mountainous and dangerous territory, which will now be vulnerable to air attack. These trucks and pipelines would have to cross the 560-mile Turkish-Syrian border that, theoretically, is now sealed.

A second potential asset in combatting the Islamic State would be to purchase oil from Syrian Kurds, allowing them the financial resources to continue fighting the Islamic State. Abdurrahman Hemo, the Kurdish Economy Minister for Cizire in Syria's northeast, said that despite the region's inability to fully utilize its oil reserves, diesel is still less than half the price of water, remarking, "Over the last two years we have had enough oil and diesel oil to provide for ourselves, but we cannot produce most of the oil and want to sell it to countries needing energy resources, particularly Turkey" (Anadolu Agency, September 28).

## Conclusion

What is obvious is that in the long term the Islamic State wants to have a global presence like al-Qaeda, but, unlike al-Qaeda, seeks to underpin its appeal beyond terrorism to incorporating historical Islamic precepts. With the resources the Islamic State is acquiring, the West and its allies face a difficult job stopping the organization, especially if the coalition limits military operations to airstrikes that only damage, not destroy, the oil infrastructure under the Islamic

State's control. This restraint further complicates the eventual coalition response to the Islamic State should the airstrikes' success come to be evaluated as insufficient and impact what form future U.S. assistance to Iraqi "boots on the ground" may take. Allied airstrikes are already impacting the Islamic State's oil revenue income and if the aerial campaign is combined with a tight closure of the Syrian-Turkish border and the funding of Syrian Kurds via oil purchases, the militant group will face the difficult situation of sharply declining revenue and an expanded "boots on the ground" conflict – all objectives of the current coalition campaign.

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## Notes

1. Syria's civil war has already killed more than 190,000 people since the revolt against President Bashar al-Assad began in March 2011. The Islamic State is a Sunni fundamentalist movement. The Islamic State's Iraqi origins date from 1999, when it coalesced as Jama'at al-Tawhid wal-Jihad, the predecessor of al-Qaeda in Iraq (AQI), formed in 2004 by Abu Musab al-Zarqawi to fight U.S.-led forces and their Iraqi allies following the 2003 invasion of Iraq. During the next eight years, it allied with other Sunni insurgent groups in the Mujahideen Shura Council, which soon consolidated further into the Islamic State of Iraq (ISI). After expanding into Syria, on April 8, 2013, ISI renamed itself the Islamic State of Iraq and Syria (ISIS). ISIS had close links to AQI until February 2014, when AQI severed all ties. On June 29, 2014, ISIS declared the territory under its control a new caliphate and named leader Ibrahim ibn Awwad ibn Ibrahim ibn Ali ibn Muhammad al-Badri al-Samarrai (nom de guerre - Abu Bakr al-Baghdadi) as caliph. Al-Baghdadi took the name Caliph Ibrahim and the group formally changed its name to the "Islamic State."
2. "U.S. Military Conducts Airstrikes against ISIL in Iraq," CENTCOM, September 19, 2014, <http://www.centcom.mil/en/news/articles/sept.-19-u.s.-military-conducts-airstrikes-against-isil-in-iraq>; "U.S. Military, Partner Nations Conduct Airstrikes Against ISIL in Syria and Iraq," CENTCOM, September 29, 2014, <http://www.centcom.mil/en/news/articles/sept.-29-u.s.-military-partner-nations-conduct-airstrikes-against-isil-in-s>.
3. "Security Council Adopts Resolution 2170 (2014) Condemning Gross, Widespread Abuse of Human Rights by Extremist Groups in Iraq, Syria," UN Security Council, 7242nd Meeting, New York, August 15, 2014, <http://www.un.org/press/en/2014/sc11520.doc.htm>.
4. "Statement for the Record: Deputy Assistant Secretary

Brett McGurk Senate Foreign Relations Committee Hearing: 'Iraq at a Crossroads: Options for U.S. Policy,' Washington, DC, July 24, 2014, <http://www.foreign.senate.gov/imo/media/doc/McGurk%20Testimony%20072414-Final%20Version%20REVISED.pdf>.

5. Claudette Roulo, "Coalition Aircraft Disable ISIL Refineries in Syria," DoD News, Defense Media Activity, September 25, 2014, <http://www.defense.gov/news/newsarticle.aspx?id=123260>.