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## 2. Public–private sector cooperation

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### I. Introduction: the development of modern terrorism

Security has been an important policy area for private corporations since World War II, although the industries engaged in defence production have had a traditional interest in security issues. The areas of particular interest at that time were industrial espionage, banks and other companies involved in keeping and transporting valuables, and corporations in socially unsafe and turbulent countries or regions.

Corporations in the industrialized world have relied largely on the host state for the provision of security. However, the advent of modern international terrorism in the 1960s and 1970s, and most dramatically the tragic events of 11 September 2001, have radically changed this situation. The newer types of threat are posed by guerrilla movements that have sprung up in Latin America since the 1958 Cuban revolution; organized Palestinian terrorist organizations; violent groups in Northern Ireland, the Basque country and Corsica; as well as leftist movements that pursued their objectives by spreading fear and violence, such as those which were active in Germany and Italy in the 1970s and 1980s.

Modern technology, including technological developments that brought the worldwide establishment of television as the primary information medium, has also radically changed the situation. Terrorism now has a wide theatre stage from which to publicize its goals and spread fear.

Until September 2001, there seemed to be some form of restraint on terrorist activities. Terrorist organizations appeared to be conscious that achieving their goals would imply one day sitting down at the negotiating table to obtain something in return for the cessation of terrorist actions: and there is truth in the saying that ‘kidnappers rarely kill their victims’.

Private corporations started to become targets of terrorist acts because they were seen as symbols. They also came to be seen as a source of money to be extorted through kidnappings, a crime which started on a larger scale in Latin America and later spread to Europe.

By the 1980s one could detect a new pattern in terrorist acts, reflecting more ideological, but also more ethnic and religious, motives of a fanatical character. There was a tendency for terrorist incidents to have less of a purely symbolic character, while lethality increased dramatically. The emergence of the al-Qaeda network has further reinforced this trend. It is difficult to identify a concrete or measurable goal that this movement could one day hope to achieve, whether through negotiations or otherwise. The attacks of 11 September 2001 represented a quantum leap in many respects. Only in terms of cost,

this single attack event has been estimated to have incurred in direct costs, \$40 billion; increased US federal expenditures, \$100 billion; tourism losses, \$16 billion; airline losses, \$15 billion; financial services losses, \$77 billion; and other losses \$41 billion—a total of \$289 billion.<sup>1</sup>

At the corporate level, there have been ripple effects: corporations have begun to move from landmark buildings and city centres, which has resulted in a drop in real estate value. Corporations have further increased their reserve stocks of critical components. The movement of people and goods has become more complicated and more time-consuming, and there has been a shift in investment patterns away from the more ‘difficult’ parts of the world, thus hitting the less developed regions.

In parallel with these developments in terrorism activity, the accelerating globalization process has dramatically increased the speed of financial exchanges. This has in turn created new opportunities for large-scale fraud and money laundering: hundreds of billions of dollars in ‘illegal’ money flow annually through the financial system. In 1989 states reacted by creating the Financial Action Task Force on Money Laundering (FATF)—a new type of international cooperation.<sup>2</sup>

At the same time, corporations depend increasingly on intellectual property rights as the fruit of their major investments in research and development. These intellectual property rights must thus also be protected.

The situation today, compared to just a few decades ago, is radically different. States can obviously no longer provide adequate protection in all fields, and corporations have limited resources and ability to reduce this vulnerability. They need to reassess the risks when deciding on investments and future developments. A clear trend can also be seen for corporations to place greater focus on crisis management as a gauge of their increased preparedness in the event of a crisis.

## II. The role of private corporations in the provision of security

What is the proper role for corporations in the field of national security and enhanced protection against terrorist attacks? In general, corporations are prepared to help and spend resources in order to prevent those threats that are likely to jeopardize the company in question, but they are also likely to maintain a rather narrow focus on their own firms and disregard general threats against society as a whole. In other words, corporations will continue to monitor a rather narrow perimeter, while leaving responsibility for society and critical infrastructure to government authorities. At the same time, there is cer-

<sup>1</sup> International Chamber of Commerce (ICC) Commercial Crime Services’ annual lecture, by Brian Jenkins, 18 June 2003; see ‘Don’t let the terrorist threat strangle the economy’, 19 June 2003, URL <[http://www.iccwbo.org/home/news\\_archives/2003/stories/terrorist.asp](http://www.iccwbo.org/home/news_archives/2003/stories/terrorist.asp)>.

<sup>2</sup> The FATF is an intergovernmental body whose purpose is to develop and promote national and international policies to combat money laundering and terrorist financing. It was established in 1989 at the Paris Summit of the Group of Seven industrialized nations (the G7). For more on the FATF see URL <<http://www1.oecd.org/fatf/>>; and chapter 4 in this volume.

tainly a greater preparedness on the part of corporations to participate in the fight against terrorism, for instance, by providing information and technical solutions. Corporate actors in the financial industry have the potential and the willingness to improve their cooperation with official bodies on the general problem of money laundering and on the more specific problem of preventing financial resources from falling into the hands of terrorist organizations.

The battle against modern terrorism resembles in many respects the fight started many decades ago against Mafia organizations in the United States and Europe, where the key to success has undoubtedly been *infiltration* as a working method. Corporations and their individual officers could be helpful in this respect as well. A third way forward would be the worldwide implementation of a new system of secure individual identity cards. While many may regard this measure as an infringement of personal integrity, in the long run it could provide an efficient method for denying individuals who lack proper identification access to airlines, official and private buildings, and so forth. Such a measure would, of course, require a significant element of cooperation with the private corporate world.

In general, corporations and their trade associations have access to an enormous amount of information through their customer base. They see and hear a lot that could be useful for the public sector in the battle against terrorism. Modern information technology now facilitates both the compilation of and access to such data in a cost-efficient manner. The private sector might be prepared to share that information with governments—but only, of course, if it receives absolute guarantees against political and other misuse of the data. Associated with private corporations are several services, such as those of auditors, lawyers, real-estate agents and even art dealers, which should also be called upon in the battle against modern terrorism.

An important initiative was taken with the establishment of the Computer Emergency Response Team (CERT) system<sup>3</sup>—a network of national and regional teams throughout the world for the collection and dissemination of information on computer-security threats, vulnerabilities, incidents and incident response. The CERT system functions fairly well and has led to the prevention of serious threats against computer and electronic information systems. Another important initiative would be to create a ‘TERT’—a Terrorism Emergency Response Team—for the instant reporting, analysis and monitoring of incidents throughout the world that affect corporate security in a broader sense. Such a system is widely felt to be needed and could also lead to further private-public sector cooperation in the counter-terrorism effort.

<sup>3</sup> CERT teams have been established in, e.g., Australia, Canada, Denmark, Japan, Switzerland and the Asia-Pacific (the US Department of Defense also operates a CERT facility). The first team—the CERT Coordination Center (CERT/CC)—is operated by the Software Engineering Institute (SEI) of Carnegie Mellon University, Pittsburgh, Pennsylvania. CERT/CC was formed within the SEI by the Defense Advanced Research Projects Agency (DARPA) in 1988, and in 2003 announced a partnership with the US Department of Homeland Security for the creation of a new US-CERT coordination point. For more on CERT/CC see URL <<http://www.cert.org/>>. See also chapter 15 in this volume.

Modern terrorism has shown a distinct ability to be ‘creative’ in the way in which it perpetrates its acts. This creativity must be matched in the fight against terrorism. There need to be new thinking and acting ‘out of the box’. In a fundamental sense, the modern economically developed world is growing increasingly vulnerable, and its enemies are well aware of this. Societies have to match their ability to disrupt critical systems by being even more creative and unpredictable in the ways in which they protect and defend these systems.