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## Assessing the U.S.-Qatar Relationship

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Chairman Ros-Lehtinen, Ranking Member Deutch, and members of the MENA subcommittee, thank you for this opportunity to appear before you and assess the U.S.-Qatar relationship and Qatari counterterrorism efforts to date.

Qatar has been a longtime ally of the United States and hosts the largest U.S. military base in the Middle East. However, the U.S. has also long criticized the Qatari government for its lax counterterrorism policies, and in particular shortcomings regarding efforts to combat terrorist financing. Since early June, a coalition of four Arab nations—Saudi Arabia, the UAE, Egypt and Bahrain—has cut off diplomatic and trade relations with Qatar over what they describe as Doha’s “financing, adopting, and sheltering extremists.”<sup>1</sup> The Qatar crisis has been exacerbated by conflicting statements coming out of the Trump administration, and threatens to undermine the sense of shared mission to counter terrorism that was the intended purpose of the recent Riyadh summit. Moving forward, it is critical to bring this Gulf crisis to a close and the best way to do that would be to find face-saving but substantive and verifiable ways for Qatar to address the most serious shortcomings in its counterterrorism and counter-extremism posture.

Some of the recent accusations made against Qatar are exaggerated, blown out of proportion, or simply not based on fact—consider the release today of a documentary by a UAE-funded media outlet alleging Qatari involvement in the September 11 attacks.<sup>2</sup> But many of the claims against Qatar are substantive and focus on long-simmering issues that Doha should have addressed a long time ago. I will address some of these today.

In recent years, Qatar has housed leaders from Hamas, the Muslim Brotherhood, and the Taliban, and has also provided a platform for extremist leaders to spread their ideology through shows on Al-Jazeera.<sup>3</sup> In 2014, then-Treasury Under Secretary of Terrorism and Financial Intelligence David Cohen reported that Qatar has openly financed Hamas for many years, and continues to contribute to regional instability. Cohen also noted that Qatar has supported other extremist groups operating in Syria. “To say the least,” he concluded, “this threatens to aggravate an already volatile situation in a particularly dangerous and

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<sup>1</sup> “Saudi Arabia Statement on Severing Qatar Ties,” *National*, June 5, 2017, <https://www.thenational.ae/world/saudi-arabia-statement-on-severing-qatar-ties-1.77960>.

<sup>2</sup> Bethany Allen-Ebrahimian, “New UAE Documentary Claims Qatar Complicit in 9/11 Attacks,” *Foreign Policy*, July 24, 2017, [http://foreignpolicy.com/2017/07/24/new-uae-documentary-claims-qatar-implicit-in-911-attacks-gulf-crisis-saudi-arabia-doha/?utm\\_content=buffer969b5&utm\\_medium=social&utm\\_source=twitter.com&utm\\_campaign=buffer](http://foreignpolicy.com/2017/07/24/new-uae-documentary-claims-qatar-implicit-in-911-attacks-gulf-crisis-saudi-arabia-doha/?utm_content=buffer969b5&utm_medium=social&utm_source=twitter.com&utm_campaign=buffer).

<sup>3</sup> Declan Walsh, “Qatar Opens Its Doors to All, to the Dismay of Some,” *New York Times*, July 16, 2017, <https://www.nytimes.com/2017/07/16/world/middleeast/doha-qatar-blockade.html>.

unwelcome manner.<sup>74</sup> While Cohen recognized that Qatar had made previous efforts to address terrorist financing, he called on the government in Doha to continue working with the U.S. to combat terrorist financing and, in particular, to deal with the ongoing solicitation of donations that fund extremist insurgents under the guise of humanitarian work. According to Cohen, this phenomenon had become increasingly popular.

Although in the past two weeks Qatar has signed a memorandum of understanding on combating terror finance with the U.S. and also reformed its 2004 anti-terrorism law, there are still many of measures that the Qatari government should take to seriously combat terrorism. Qatar's new law allows for the creation of a national designation list, but it was published without an annex of persons or entities to be designated under that authority. Qatar should populate that list, in a transparent manner, starting with those individuals already designated by the U.S. Treasury and the United Nations who remain at large and may be continuing to fund and provide material support to al-Qaeda and other extremist groups. Qatar must continue to take steps to hold these individuals responsible, as well as impose and follow through with comprehensive legislation that will prevent terrorist activity within and outside of its borders.

### **Qatar's Open-Door Policy**

Qatar has welcomed in members of many extremist groups such as Hamas, al-Qaeda, and the Afghan Taliban, acting as a safe-haven and providing a platform for terrorist incitement. For example, for the past few years, Khaled Meshal, who stepped down as the senior leader of Hamas this past May, has been living in Doha.<sup>5</sup> Meshal, a U.S.-designated terrorist, served as the overall leader of Hamas for 21 years, and sought refuge in Qatar after moving around many Arab capitals. In June, media reports claimed that Qatar was expelling Hamas officials from the country as a result of "external pressures," and apologized for the move.<sup>6</sup> While it is not clear who pressured Qatar, or if the Qatari government even asked Hamas leaders to leave, the announcement came just two weeks after President Trump met with leaders in Saudi Arabia, calling on them to jointly address Islamist extremism in the Gulf. It is unknown whether Meshal was among those deported, however, and Qatari Foreign Minister Dr. Khalid bin Mohammed Al Attiyeh called Meshal "a dear guest of Qatar."<sup>7</sup> Beyond Meshal, Qatar also hosted several Hamas operatives involved in planning and directing terrorist attacks, including Salah al-Arouri and others who are now believed to be based in Lebanon.<sup>8</sup>

In addition to housing Hamas leaders, Qatar provided Sheikh Al Qaradawi, a proponent of the Muslim Brotherhood and head of the International Union of Muslim Scholars, with air time on Al Jazeera.<sup>9</sup> During his show, Sheikh Al Qaradawi legitimized suicide bombings against Israelis, inspiring many of

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<sup>4</sup> "Remarks of Under Secretary of Terrorism and Financial Intelligence David Cohen before the Center for a New American Security on 'Confronting New Threats in Terrorist Financing,'" U.S. Department of the Treasury, March 4, 2014, <https://www.treasury.gov/press-center/press-releases/Pages/j12308.aspx>.

<sup>5</sup> Declan Walsh, "Hamas Leader Plays Final Hand: Trying to Lift Group's Pariah Status," *New York Times*, May 2, 2017, <https://www.nytimes.com/2017/05/02/world/middleeast/hamas-khaled-meshal-gaza.html>.

<sup>6</sup> Adnan Abu Amer, "Hamas Could Be Next Victim of Qatari-Gulf Brawl," *Al-Monitor*, June 8, 2017, <http://www.al-monitor.com/pulse/en/originals/2017/06/hamas-leave-qatar-crisis-palestine.html>.

<sup>7</sup> Peter Kovessy, "Qatar FM: Hamas Leader to Remain in Doha as 'Dear Guest,'" *Doha News*, January 13, 2015, <https://dohanews.co/qatar-fm-hamas-leader-remain-doha-dear-guest/>.

<sup>8</sup> For more on Arouri, see Matthew Levitt, "Hamas' Not-so-Secret Weapon," *Foreign Affairs*, June 9, 2004, <http://www.washingtoninstitute.org/policy-analysis/view/hamass-not-so-secret-weapon>

<sup>9</sup> Walsh, "Qatar Opens Its Doors to All," <https://www.nytimes.com/2017/07/16/world/middleeast/doha-qatar-blockade.html>.

the attacks during the Second Intifada.<sup>10</sup> Though the Sheikh later retracted his statement and stopped his show in 2014, he remains a controversial Islamist leader who was given a platform at the hands of Qatar. His name is included in the recent list of 59 people that the blockading countries hope Qatar will deport and hold responsible for inciting terrorism.<sup>11</sup> While not designated himself, Qaradawi heads the Union of Good which is a US-designated umbrella charity group specifically created by Hamas leadership in late 2000 as a means of brokering the transfer of funds raised for Hamas around the world to the terrorist group in the West Bank and Gaza Strip. According to the U.S. Treasury Department, the Union of Good's executive leadership and board of directors includes Hamas leaders, Specially Designated Global Terrorists (SDGTs), and other terrorist supporters.<sup>12</sup>

Qatar has also hosted many leaders of the Afghan Taliban and became the group's center for diplomacy since the movement established an office in Doha in 2013.<sup>13</sup> That year, it was reported that more than 20 high-ranking Taliban members and their families resided in Qatar.<sup>14</sup> In October 2016, Doha hosted meetings between the Taliban and representatives from the Afghani government. Mullah Abdul Manan Akhund, brother of the former Taliban chief Mullah Omar, was present at the meetings.

Qatar sees its ties to groups like Hamas and the Taliban as part of its legitimate foreign policy efforts, and notes that in both cases Western countries have taken advantage of its relationship to such groups for purposes such as furthering Afghan diplomatic efforts or other efforts such as funding for the Gaza Strip. And while that may be the case, it does not excuse harboring extremists involved in acts of terrorism and other political violence. It is a fact that Doha has become the preferred safe haven for a wide array of Islamist extremists beyond what foreign policy needs could possibly excuse.

### **Harboring Terrorist Financiers**

In addition to hosting leaders of terrorist organizations, Qatar has been complacent in permitting terrorist financing within and outside of its border, despite signing agreements to curb such activity. While Qatar has made previous efforts to halt terrorist financing, the efficacy and sincerity of these efforts are questionable. In 2014, the State Department's Country Reports credited Qatar with shutting down Saad al-Kaabi's online fundraising platform for al Qaeda in Syria, Madad Ahl al-Sham.<sup>15</sup> However, in 2015, the U.S. Treasury designated al-Kaabi as a financial supporter of al-Qaeda and al-Qaeda's Syrian affiliate, Al-Nusra Front (ANF).<sup>16</sup> Al-Kaabi was found responsible for raising funds for ANF to purchase weapons and food, as well facilitating the ransom payment for a hostage held by ANF in early 2014. Al-Kaabi worked for ANF in Syria since at least late 2012.<sup>17</sup> Al-Kaabi came up again in the context of the 2017 designation of a Kuwait-based terror financier, Mohammad al-Anizi, when Treasury noted that "in late 2015, al-Anizi sought assistance from AQ financier and U.S.- and U.N.-designated Sa'd al-Ka'bi to

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<sup>10</sup> "The Cleric Who Legitimized Suicide Attacks against Israel Has Reversed His Ruling. Hamas Isn't Listening," *Times of Israel*, January 10, 2017, <http://www.timesofisrael.com/the-cleric-who-legitimized-suicide-attacks-against-israel-has-reversed-his-ruling-hamas-isnt-listening/>.

<sup>11</sup> Walsh, "Qatar Opens Its Doors to All," <https://www.nytimes.com/2017/07/16/world/middleeast/doha-qatar-blockade.html>.

<sup>12</sup> <https://www.treasury.gov/resource-center/terrorist-illicit-finance/Pages/protecting-union-of-good.aspx>.

<sup>13</sup> "Taliban and Afghanistan Restart Secret Talks in Qatar," *Guardian*, October 18, 2016, <https://www.theguardian.com/world/2016/oct/18/taliban-afghanistan-secret-talks-qatar>.

<sup>14</sup> "How Qatar Came to Host the Taliban," BBC News, June 22, 2013, <http://www.bbc.com/news/world-asia-23007401>.

<sup>15</sup> "Country Reports: Middle East and North Africa Overview," U.S. Department of State, 2014, <https://www.state.gov/j/ct/rls/crt/2014/239407.htm>.

<sup>16</sup> "Treasury Designates Financial Supporters of Al-Qaida and Al-Nusra Front," U.S. Department of the Treasury, August 5, 2015, <https://www.treasury.gov/press-center/press-releases/Pages/jl0143.aspx>.

<sup>17</sup> Ibid.

facilitate the travel of AQ-associated individuals.”<sup>18</sup> Evidently, al-Kaabi continued to provide funding for ANF even after Qatar supposedly shut down his fundraising platform in 2014, putting a large question mark over the integrity of Qatar’s measures to stop terrorist financing.

In another case, the U.S. Treasury sanctioned ‘Abd al-Malik ‘Abd al-Salam (aka Umar al-Qatari), a Jordanian with Qatari residence.<sup>19</sup> In 2011 and 2012, he worked with associates in Turkey, Syria, Lebanon, Qatar, and Iran to raise and move funds, weapons, and facilitate travel for fighters. For example, in 2012, Umar al-Qatari gave thousands of dollars and material support to an al-Qaeda associate in Syria, intended to assist ANF operatives. That same year, he also assisted with ANF recruitment in Turkey. He has used online sites to raise funds for al-Qaida and in 2011 he was part of an attack against U.S. forces in Afghanistan.<sup>20</sup> In 2014, the State Department’s Country Reports on Qatar said that the Qatari government had deported a Jordanian terrorist financier living in Doha and employed by a Qatari charity.<sup>21</sup> The report did not name the Jordanian deported, however, it is possible that they were referring to Umar al-Qatari. If it was in fact him, it is possible he continued to engage in terrorist financing for at least two years after he was designated by Treasury.

Doha has been particularly sketchy on the issue of the prosecution of terrorism financiers in Qatari courts. According to the State Department’s 2015 Country Reports, Doha had “made efforts to prosecute significant terrorist financiers.”<sup>22</sup> As of 2016, Qatar had prosecuted five terrorist financiers: Ibrahim al-Bakr,<sup>23</sup> Saad al-Kaabi,<sup>24</sup> Abd al-Latif al Kawari,<sup>25</sup> Abd al-Rahman al-Nuaymi,<sup>26</sup> and Khalifa al-Subaiey.<sup>27</sup> It is now clear that of these, two were acquitted, one was convicted but then acquitted on appeal, and one was convicted in absentia. As a result, none were in jail when the current intra-Gulf spat broke out, though the ones still resident in Qatar were reportedly under surveillance. According to recent reports, some new arrests have been made since the current crisis began, likely involving some of those previously tried in Qatari courts.

Despite shutting down al-Kaabi’s fundraising platform in 2014, Qatar acquitted al-Kaabi in 2016, along with Abd al-Rahman al-Nuaymi.<sup>28</sup> Both were designated by the Treasury for providing support to al-Qaeda.<sup>29</sup> According to his Treasury designation, Nu’aymi ordered the transfer of almost \$600,000 to al-

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<sup>18</sup> “Treasury Sanctions Prominent Al-Nusra Front and Al-Qa’ida Facilitator,” U.S. Department of the Treasury, March 14, 2017, <https://www.treasury.gov/press-center/press-releases/Pages/sm0027.aspx>

<sup>19</sup> “Treasury Designates Twelve Foreign Terrorist Fighter Facilitators,” U.S. Department of the Treasury, <https://www.treasury.gov/press-center/press-releases/Pages/jl2651.aspx>.

<sup>20</sup> Ibid.

<sup>21</sup> “Country Reports: Middle East and North Africa Overview,” U.S. Department of State, 2014, <https://www.state.gov/j/ct/rls/crt/2014/239407.htm>.

<sup>22</sup> “Country Reports: Middle East and North Africa Overview,” U.S. Department of State, 2015, <https://www.state.gov/j/ct/rls/crt/2015/257517.htm>.

<sup>23</sup> “Treasury Designates Twelve Foreign Terrorist Fighter Facilitators,” U.S. Department of the Treasury, September 24, 2014, <https://www.treasury.gov/press-center/press-releases/Pages/jl2651.aspx>.

<sup>24</sup> “Treasury Designates Financial Supporters of Al-Qaida and Al-Nusra Front,” U.S. Department of the Treasury, August 5, 2015, <https://www.treasury.gov/press-center/press-releases/Pages/jl0143.aspx>.

<sup>25</sup> Ibid.

<sup>26</sup> “Treasury Designates Al-Qa’ida Supporters in Qatar and Yemen,” U.S. Department of the Treasury, December 18, 2013, <https://www.treasury.gov/press-center/press-releases/Pages/jl2249.aspx>.

<sup>27</sup> “Treasury Designates Gulf-Based al Qaida Financiers,” U.S. Department of the Treasury, June 5, 2008, <https://www.treasury.gov/press-center/press-releases/Pages/hp1011.aspx>.

<sup>28</sup> “Counter Terrorism Designations,” U.S. Department of the Treasury, August 5, 2015, <https://www.treasury.gov/resource-center/sanctions/OFAC-Enforcement/Pages/20150805.aspx>.

<sup>29</sup> “Treasury Designates Al-Qa’ida Supporters in Qatar and Yemen,” U.S. Department of the Treasury, December 18, 2013, <https://www.treasury.gov/press-center/press-releases/Pages/jl2249.aspx>.

Qaeda through an al-Qaeda representative in Syria. He also assisted with the financing of al-Qaeda in Iraq and was the middle-man between Qatari-based donors and al-Qaeda in Iraq.<sup>30</sup>

The three other individuals that Qatar prosecuted include Bakr, Kawari, and Subaiey. Bakr and Kawari were convicted in 2016 and Subaiey was convicted in 2008. This was the second time that Bakr was convicted, following his 2000 arrest in which he was subsequently “released from prison after he promised not to conduct terrorist activity in Qatar.”<sup>31</sup> In his latest conviction, he was convicted in absentia and remains at large outside of Qatar. According to the 2008 Treasury designation, in 2006, Bakr assisted a terrorist cell that was plotting attacks against U.S. military bases in Qatar. Additionally, beginning in 2012, Bakr worked for al-Qaeda, serving as the link between Gulf-based al-Qaeda financiers and Afghanistan.<sup>32</sup>

Abd al-Latif al-Kawari, arrested in 2016 in Qatar and supposedly serving his sentence under house arrest, was designated in 2015 by the U.S. Treasury for coordinating the funding between Qatari funders and al-Qaeda. He also served as an al-Qaeda security official.<sup>33</sup>

Lastly, Khalifa al-Subaiey was originally arrested in January of 2008 in Bahrain for his “financing terrorism, undergoing terrorist training, facilitating the travel of others abroad to receive terrorist training, and for membership in a terrorist organization.”<sup>34</sup> He was arrested again in March of 2008 by Qatar and served a six-month term in prison. He is supposedly under surveillance; however, in 2015 the UN Committee on al-Qaeda sanctions updated his listing with new information—which is no small matter because it required a new vote of the full UNSC—and reported that al-Subaiey had resumed terrorist activity. According to the Committee, “after his release, Al-Subaiey reconnected with Al-Qaida financiers and facilitators in the Middle East and resumed organizing funds in support of Al-Qaida. His involvement with Iran based facilitators continued in 2009, 2011 and throughout 2012 with money flowing to Al-Qaida leaders in Pakistan.”<sup>35</sup> If he is in fact under Qatari surveillance, the Qatari authorities do not appear to be very vigilant.

Despite Qatar’s half-hearted efforts to prosecute terrorist financiers, there are many others who Qatar has failed to prosecute or designate as terrorists. Eleven of the names from the U.S. lists also appear on the list of the Arab Quartet, and six of them overlap with the UN lists. Qatari officials maintain there are other cases of terror financiers—both Qataris and non-Qataris—who are resident in the country and are the subject of investigations with an eye toward prosecuting them.

It is important to note here that while terror finance prosecutions are difficult cases, and acquittals are part of a normally functioning justice system, these are not the only tools available to Qatari officials to deal with the terror financiers effectively serving as regional bundlers of terror funding from donors throughout the region to al Qaeda in Syria in particular. The first big test for Qatar will be to populate the domestic designated list created by the Emir’s recent update to the country’s 2004 counterterrorism law.

## **Qatari Counterterrorism Legislation and Agreements**

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<sup>30</sup> Ibid.

<sup>31</sup> “Treasury Designates Twelve Foreign Terrorist Fighter Facilitators,” U.S. Department of the Treasury, September 24, 2014, <https://www.treasury.gov/press-center/press-releases/Pages/jl2651.aspx>.

<sup>32</sup> Ibid.

<sup>33</sup> “Treasury Designates Financial Supporters of Al-Qaida and Al-Nusrah Front,” U.S. Department of the Treasury, August 5, 2015, <https://www.treasury.gov/press-center/press-releases/Pages/jl0143.aspx>.

<sup>34</sup> “Treasury Designates Gulf-Based al Qaida Financiers,” U.S. Department of the Treasury, June 5, 2008, <https://www.treasury.gov/press-center/press-releases/Pages/hp1011.aspx>.

<sup>35</sup> “Narrative Summaries of Reasons for Listing,” United Nations, February 19, 2015, [https://www.un.org/sc/suborg/en/sanctions/1267/qa\\_sanctions\\_list/summaries/individual/khalifa-muhammad-turki-al-subaiy](https://www.un.org/sc/suborg/en/sanctions/1267/qa_sanctions_list/summaries/individual/khalifa-muhammad-turki-al-subaiy).

During Secretary of State Rex Tillerson's visit to the Gulf this past month, Qatari Foreign Minister Sheikh Mohammed bin Abdulrahman signed a memorandum of understanding (MOU) on countering terrorist financing.<sup>36</sup> The memorandum outlines a number of steps that the U.S. and Qatari governments will each take in the coming months and years to further dismantle terrorist financing networks and address global terrorist activities more broadly. As part of the agreement, U.S. officials will be posted at the Qatari prosecutor's office.<sup>37</sup>

In addition to the recent MOU, the Emir Sheikh Tamim bin Hamad al-Thani issued a royal decree amending Qatar's anti-terrorism laws last Thursday.<sup>38</sup> The decree, which amends a 2004 anti-terrorism law, provides definitions of terrorism, acts of terrorism, freezing funding, and terrorist financing. Furthermore, the amendments create two national terrorism lists and establish rules for placing individuals and groups on each list.<sup>39</sup>

What is not clear, however, is what these lists will be used for, what the difference is between these two lists, what the criteria are for getting on or off the lists, or if any names have been put on these inaugural lists. While the UAE Minister of State for Foreign Affairs Dr. Anwar Gargash has called the legislation "a step in the right direction,"<sup>40</sup> Qatar, however, has a history of failing to follow through on its counterterrorism legislation. Passing the law is not sufficient—the laws must be fully and effectively implemented. A look at the 2004 law here is instructive.

In 2004, Qatar passed a law criminalizing terror financing, established a Financial Intelligence Unit (FIU), and founded the Qatari Authority for Charitable Activities (QACA).<sup>41</sup> The Law on Combatting Terrorism gave the state the authority to prosecute individuals involved in terrorist activities, including providing material support, training and financing extremist groups. The FIU had a number of authorities, including the authority to receive "suspicious transaction reports related to money laundering and terrorism financing directly from all concerned entities in Qatar" and analyze "suspicious transaction reports and taking appropriate decisions thereon."<sup>42</sup> The QACA was responsible specifically for screening financial transactions made by Qatari charities to certify that such donations and transactions were solely intended for humanitarian causes and not covertly funding terrorist activities.<sup>43</sup>

Despite the 2004 legislative efforts, there was little follow through after the laws were implemented. According to the 2008 International Monetary Fund's (IMF) Country Reports on Qatar, one of the six factors that contributed to the failure of the FIU included its failure to "regularly review its own effectiveness in combating terrorist financing and money laundering."<sup>44</sup> Additionally, the administrative order creating the FIU was inconsistent with Qatar's anti-money laundering law.

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<sup>36</sup> "U.S. to Deploy Officials in Qatar in Counterterrorism Accord—Source," Reuters, July 20, 2017, <http://uk.reuters.com/article/uk-gulf-qatar-usa-idUKKBN1A51ZJ>.

<sup>37</sup> Ibid.

<sup>38</sup> "Qatari Emir Amends Laws to Bolster Fight against Terrorism: Agency," Reuters, July 20, 2017, <http://www.reuters.com/article/us-gulf-qatar-emir-idUSKBN1A52VY>.

<sup>39</sup> Ibid.

<sup>40</sup> "UAE Hopes Pressure Bears Fruit after Qatar Changes Terror Laws," *National*, July 21, 2017, <https://www.thenational.ae/world/uae-hopes-pressure-bears-fruit-after-qatar-changes-terror-laws-1.612917>.

<sup>41</sup> "Qatar: Detailed Assessment Report on Anti-Money Laundering and Combating the Financing of Terrorism," International Monetary Fund, October 2008, <https://www.imf.org/en/Publications/CR/Issues/2016/12/31/Qatar-Detailed-Assessment-Report-on-Anti-Money-Laundering-and-Combating-the-Financing-of-22396>.

<sup>42</sup> Ibid.

<sup>43</sup> Ibid.

<sup>44</sup> Ibid.

Another law, passed in 2006, expanded charitable oversight and gave additional authorities to the Ministry of Civil Service and Housing Affairs.<sup>45</sup> This was a step in the right direction, however, when a Financial Action Task Force (FATF) mutual evaluation team came to inspect Qatar's anti-money laundering and counter-terror finance (AML/CFT) regime two years later, it found significant problems. The IMF reported that Qatar criminalized terrorist financing, “but in a very limited way.”<sup>46</sup> The IMF assessed Qatar’s system requiring the disclosure of currency transported across the border as “neither implemented nor effective.”<sup>47</sup> And despite having authority to confiscate, freeze or seize funds tied to money laundering or terror finance, not a single confiscation had been ordered because not a single money laundering charge had been brought before the courts. To the contrary: The IMF reported that it appeared that “on one occasion, the [Qatari] authorities offered safe harbor to a person designated under [United Nations terrorism designation list] UNSCR 1267. No actions were taken with respect to this person’s funds or other assets.”<sup>48</sup>

In a surreal encounter in 2009, I experienced firsthand Qatar’s penchant for passing legislation and considering the matter closed without any implementation or enforcement. In a meeting with Qatari officials in Doha, I asked how the Qatari FIU assessed the compliance of local Hawalas (informal money transfer businesses common in the region) with a then-new law requiring Hawalas to register with the government or shut down. The official explained—with a straight face—that there appeared to be no Hawalas operating in the country since none had registered with the authorities as required under the new law. In fact, the official had an identical conversation with IMF assessors just a few weeks earlier. Highly skeptical that not a single Hawala operated in the country, IMF experts returned to their hotels and asked expatriate foreign workers how they sent money back to their families in their home countries. Their answers were hardly surprising: “Hawalas.” The IMF team returned to the official with a long list of Hawalas operating openly in Qatar, required the government submit an updated section of its report on this issue to the IMF, and stressed the need to actually implement and enforce new laws.

In 2010, Qatar passed the Combatting Money Laundering and Terrorist Finance Law which specifically required prosecutors to freeze funds of UN-designated terrorist organizations.<sup>49</sup> The law outlined penalties for terrorist financing and money laundering, including penalties and fines. Despite this positive step towards AML/CTF and transparency, the law left the terms, conditions, and time limits of the freezing of funds up to the Public Prosecutor’s discretion.<sup>50</sup> In practice, this law was not fully implemented in a timely manner. According to the State Department’s 2012 Country Reports on Terrorism, “the government has begun to distribute lists of UN-designated terrorist entities and individuals to financial institutions. Implementation, however, remained inconsistent.”<sup>51</sup>

Up until last week, Qatar’s most recent CT legislation was passed in September 2014. The Law Regulating Charitable Activities, based on FATF standards, created the Charities Commission as an independent, interagency government board aiming to counter-terrorist financing by monitoring

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<sup>45</sup> “Country Reports: Middle East and North Africa Overview,” U.S. Department of State, 2014, <https://www.state.gov/j/ct/rls/crt/2014/239407.htm>.

<sup>46</sup> “Qatar: Detailed Assessment Report on Anti-Money Laundering,” <https://www.imf.org/en/Publications/CR/Issues/2016/12/31/Qatar-Detailed-Assessment-Report-on-Anti-Money-Laundering-and-Combating-the-Financing-of-22396>.

<sup>47</sup> Ibid.

<sup>48</sup> Ibid.

<sup>49</sup> “Combatting Money Laundering and Terrorism Financing,” Qatar Financial Centre Regulatory Authority,” 2010, [http://www.qfcra.com/en-us/legislation/Laws/Anti-Money Laundering Law No. \(4\) of 2010.pdf](http://www.qfcra.com/en-us/legislation/Laws/Anti-Money%20Laundering%20Law%20No.%20(4)%20of%202010.pdf).

<sup>50</sup> Ibid.

<sup>51</sup> “Country Reports on Terrorism 2012,” U.S. Department of State, 2012, <https://www.state.gov/j/ct/rls/crt/2012/>

transactions of charity organizations.<sup>52</sup> This law was ready in draft form in 2013, but was only passed in 2014 under significant international pressure. In 2013, the State Department noted that “formally” the Qatari Ministry of Labor and Social Affairs monitors and licenses nongovernmental charitable organizations and requires their foreign partners to submit to a vetting and licensing process.<sup>53</sup> In fact, this has not happened, in part because so long as charities operated within the Qatar Financial Center (QFC), they were exempt from having to register or be subject to supervision.

In September 2014, Qatar also signed on to the Jeddah Communique, a U.S.-led agreement in which Qatar, in addition to several other Gulf States, pledged to “end impunity and bring perpetrators to justice” and “repudiate hateful ideology.”<sup>54</sup>

Despite the above legislative efforts, according to former senior U.S. Treasury official Daniel Glaser, U.S.- and UN-designated terrorist financiers continue to operate “openly and notoriously” in Qatar.<sup>55</sup> In February 2017, Glaser lamented that Qatar had not yet made the kind of “fundamental decisions” on combating terror finance that would make the country a hostile environment for terror financiers, concluding that the positive steps Qatar had taken were “painfully slow.”<sup>56</sup>

In the just-released 2016 edition, the State Department noted that “Qatar has made significant progress on deficiencies identified in its MENAFATF Mutual Evaluation Report in 2008,” adding that “According to the Second Biennial Update Report, Qatar is deemed ‘Compliant or Largely Compliant’ with all but recommendation 26, which accounts for regulation and supervision of financial institutions.”<sup>57</sup> Regulation of Qatar’s formal financial system is only part of the issue, however. As of the State Department’s 2015 International Narcotics Control and Strategy Report, Qatar was at that time still listed as a country of primary concern. One reason, the department noted, was that “exploitation of charities to finance terrorism continues to be a concern, as does the ability of individuals to bypass the formal financial sector for illicit financing.”<sup>58</sup> Moreover, that is not the only area demanding significantly more effort on the part of Doha to get up to speed on efforts to counter terror financing within the country.

## **Moving Forward**

The recent MOU and amendments are important steps to ensuring Qatar seriously addresses the ongoing issue of terrorist financing happening within and beyond its borders. However, Doha has a weak track record of implementing and enforcing the terms of agreements. Moreover, the steps they have taken thus far are vague, and it is unclear to what extent they will actually address the ongoing issues in Qatar.

There are other concrete steps that Qatar may take in the coming months. In early June, Saudi Arabia, the United Arab Emirates, Egypt and Bahrain collectively designated 59 individuals and 12 institutions

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<sup>52</sup> “Country Reports on Terrorism 2016,” U.S. Department of State, July 2017, <https://www.state.gov/documents/organization/272488.pdf>.

<sup>53</sup> “Country Reports: Middle East and North Africa Overview,” U.S. Department of State, 2013, <https://www.state.gov/j/ct/rls/crt/2013/224823.htm>.

<sup>54</sup> “Country Reports: Middle East and North Africa Overview,” U.S. Department of State, 2014, <https://www.state.gov/j/ct/rls/crt/2014/239407.htm>.

<sup>55</sup> Daniel Glaser, Foundation for Defense of Democracies, February 7, 2017, <https://www.youtube.com/watch?v=OXSMKYr-SFI&feature=youtu.be&t=34m18s>.

<sup>56</sup> Ibid.

<sup>57</sup> “Country Reports: Qatar,” U.S. Department of State, 2016, <https://www.state.gov/documents/organization/272488.pdf>.

<sup>58</sup> “Countries/Jurisdictions of Primary Concern-Qatar,” 2015 International Narcotics Control Strategy Report (INCSR), U.S. Department of State, <https://www.state.gov/j/inl/rls/nrcrpt/2015/supplemental/239287.htm>.



accused of financing terrorist organizations and receiving support from Qatar.<sup>59</sup> Many of these entities were previously designated by the United States and United Nations for financing al-Qaeda, though the list includes others with ties to Muslim Brotherhood and Salafi extremists in Egypt, Libya, and elsewhere. Some of those listed are not Qatar residents, and according to a Qatari official, at least six of the people listed are dead.

The list provides Doha an opportunity to help resolve its fight with its Gulf Cooperation Council neighbors, and a way to save face while doing so. It could immediately take action at least against those persons and entities on the list that are already designated by the U.S. or U.N. and therefore should already have been targeted by Doha. In particular, Qatar could focus on the many al-Qaeda financiers on the list, and take action based on their recent (re)commitment to counter terrorist finance at the recent Riyadh summit and in the MOU just signed with the United States.

Qatar must take the opportunity to change behaviors that have been tolerated for far too long, but the coalition of four countries that have broken diplomatic and trade relations with Qatar must be flexible enough to allow Doha to do so in a manner that saves face for all parties involved. Most importantly, whatever laws are enacted or agreements entered into must be fully implemented and enforced. Actions taken in the name of countering terrorism must be substantive and verifiable, which would be a welcome change from past patterns of behavior.

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<sup>59</sup> “43 New Designations Specifically Address Threats Posed by Qatar Linked and Based Al Qaida Terrorism Support Networks,” Emirates News Agency, July 24, 2017, <http://wam.ae/en/details/1395302618259>.