

At the end of 2015, the ambassador for the European Union in Iraq, Jana Hybascova, expressed worries that European countries might possibly be buying oil from Daesh. Adding to these suspicions, the territorial conquests and terrorist acts conducted by the organization led a certain number of observers to question what supports, financial and other, Daesh was benefiting from. The decision to create a parliamentary mission was made on December, 1<sup>st</sup> 2015 by the Conference des Présidents of the National Assembly<sup>1</sup>. It was decided that this mission would focus on all the means of the organization, since Daesh not only possesses significant material means but also relies on very powerful propaganda.

As of February 2016, the mission was assigned the powers of a parliamentary committee of inquiry, in accordance with article 6 of the Ordinance n° 58-1100 on the functioning of parliamentary assemblies, dating back to November, 17th 1958. These non-ordinary powers are extremely useful as they enabled the mission to access data from the Autorité de contrôle prudentiel et de résolution (ACPR)<sup>2</sup> and assess how banking establishments respect their obligations in terms of the fight against terrorist financing. The mission also used these powers to gather information normally kept secret by the government that helped shed light on the accusations against the cement manufacturer Lafarge.

Daesh was born in a specific social, economic and political context. It prospers today in a complex regional framework where countries neighbouring Syria and Iraq are implicated as well as global powers. In spite of its claims and aspirations, Daesh is never called the “Islamic State” in the present report: it is indeed not a state but a violent and totalitarian terrorist organization. Daesh differs from other organizations by two characteristics: its territorial control and ambition to administer a territory and population and its capacity to establish and spread a massive, professional, targeted and adaptable propaganda.

## **MATERIAL RESOURCES**

Since 2015, Daesh faces a constant loss of resources, partly in thanks to the coordinated actions of the international coalition. Its annual budget, which may have reached up to 2 billion dollars in the past, is clearly diminishing. The different figures should nevertheless be considered with caution as some estimates are difficult to check and data is subject to political manipulation.

### **A self-sustaining system**

At the end of 2015, the theoretical value of all assets under Daesh’ control was estimated at more than 2 000 billion dollars. The organization benefits from numerous diversified and flexible resources: 30 000 barrels of crude oil produced a day (compared to 11 million by the USA) which represents an annual revenue for Daesh of 250 to 600 million dollars in 2015 - four times less than in 2014, 350 million dollars gained from the exploitation of gas, slightly less than 200 million dollars from the exploitation of agricultural resources (corn, barley ...) and 350 million from the productions of phosphates and cement.

### **Traffickings of unequal weight**

The amount of money Daesh gains from art and antiquities trafficking is not known for certain: estimates range from a few million to around 150 million dollars a year. Nonetheless, this kind of trafficking is of critical importance for the French customs. France already has a robust set of laws to fight art and antiquities trafficking. However, there is room

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<sup>1</sup> The Conférence des Présidents prepares the organisation of parliamentary work.

<sup>2</sup> The Autorité de contrôle prudentiel et de résolution (ACPR) is responsible for supervising the banking and insurance sectors in France.

for improvement as numerous borders around the world are still porous, in spite of the asserted official resolve of the different authorities to prevent such trafficking. International cooperation could also be strengthened to this end.

It is unfortunately proven that Daesh resorts to human trafficking along with barbaric and inhumane practices. This traffic represents only a small portion of Daesh' total revenue.

Lastly, no evidence supports the allegations of drug trafficking. In any case, such traffics cannot constitute a regular and significant source of revenue.

### **A pseudo "fiscal system"**

Daesh claims also to have established "taxes" in their controlled territory which are in fact mere extractions from the population. These have amounted to 460 million dollars in 2014, reached between 800 and 800 million dollars in 2015 and probably have increased even higher in 2016. To this effect, they are the only growing resource of the organization, illustrated by the fact that corporal punishments are being replaced by financial penalties and new taxes, such as on water and electricity, have been implemented at the beginning of 2016. In other words, facing diminishing resources, Daesh uses the population living in the territory it controls as an adjustment variable.

### **Limited foreign financing**

There have been many fantasies regarding foreign financing in comparison to what it really represents: about 5 million dollars per year. We need, however, to remain cautious regarding these flows of money. First, even if Daesh does not rely much on this method, other terrorist groups such as Jabhat al-Nosra, the Syrian branch of Al-Qaida, depend much more on foreign donors. As more and more money is collected in this way, and especially through social networks, the less credibility the states of the coalition have in their fight against terrorism financing. Lastly, it is possible that these flows will continue developing, especially if the organization goes deeper underground.

France has taken some initiatives regarding money flows financing terrorism. To reduce the anonymity of the different means of payment, a cap for payments in cash or with prepaid cards was introduced. However, these measures will only be fully efficient when, and if, adopted by a majority of countries. Likewise, it is necessary to set up more serious controls regarding the use of significant sums of money entering the European Union. The only obligation that exists today is that of reporting, when entering the EU, sums above 10 000 euros.

### **Military means**

Daesh has under its control operational means that are comparable to those of a motorised infantry unit. The terrorist organization obtained most of its equipment from Iraqi and Syrian arsenals and the rest through complementary circuits of provisioning. The weaponry used is mostly individual (around 60 000 assault rifles, pick-ups, etc.) while counter-improvised explosive devices and chemical weapons have also been used. The international community should take the responsibility to set up stronger controls of the trafficking of precursors, materials and equipment used to produce these weapons.

Since May 2016, Daesh has suffered major military setbacks, as shown in the liberation of Fallujah on June 23rd. However, Daesh is still very much present in Raqqa and Mosul, two cities with a Sunni majority that fear more than anything the return and subsequent exactions of Shiite militias linked to Iraqi forces. The cities liberated are often mined and booby-trapped by Daesh, preventing civilians from returning immediately after

liberation. Lastly, by recently shooting down a Russian helicopter near Palmyra, Daesh has proved capable of operating in territories that are no longer under its direct control.

It is probable that the fight against Daesh will not only continue in an asymmetric way, but will also be extended to other areas (Libya, Yemen, Turkey...). This calls for high vigilance.

### **The fighters**

If Daesh' army has in the past been made of up to 35 000 fighters, this number has been reduced to approximately 12 000 fighters today.

The various intelligence services of the international coalition have identified around 600 French nationals on the ground in the territories controlled by Daesh, among which are around 200 women. The return of foreign fighters and their families to their countries of origin – France but also North-African countries such as Tunisia - must be well anticipated. The future of children having undergone indoctrination and military training in Syria should also be addressed.

## **IMMATERIAL RESOURCES**

The Mission has taken into account Daesh' ideology and propaganda as part of the means used by the organization.

### **A totalitarian ideology**

Daesh is the latest known emanation of a loose Jihadist conglomeration whose doctrine, shaped during the Cold War, is of a totalitarian nature. Daesh uses religious references to its own benefit and puts codes and symbols at the service of primarily political ends, that is to say the creation of a transnational caliphate and the destruction of impious people and regimes.

In Daesh' eschatological vision of the world, that is, of the world close to the "end of times", there is no room for alterity with individuals sacrificing themselves for the cause and resorting to any kind of violence. This leads to a simple and binary way of viewing the world and to a process of dehumanization, both characterizing sectarian and totalitarian logics.

### **A targeted propaganda**

Daesh' propaganda is well organized: seven media branches are specialized in producing and spreading visual, written and audio contents. Its propaganda is also very professional as Daesh' productions are sophisticated and carefully thought out. The terrorist organization masters the use of social networks and social codes that appeal to adolescents and young adults.

Daesh knows how to adapt both the form and the content of its speech to the targeted audience: messages are differentiated according to the age, sex and geographical area. Daesh Their publications are also now translated into eleven languages.

Internet service providers, hosts of online applications as well as social networks do not seem to have realized the level of threat posed by Daesh. It is imperative that they acquire the effective tools to combat this threat and set up efficient teams to fight against the proliferation of extremist content on the internet. It is not acceptable for them to maintain a passive attitude that consists in only removing content when reported by internet users or by the authorities. More fundamentally, many social media and online research tools predict or push on internet users similar content to what he or she is searching for on the internet. The

internet user can thus easily be trapped in a sphere of self-referentiality which raises important questions.

Democratic countries are the ones that need to defend a common, unifying and inspiring dialogue and discussion. The strongest weapon to fight obscurantism is the use of critical judgment, the acceptance of different opinions and the respect of everyone's convictions. To this end, school plays a major role in the development of open and critical minds.

### **WHAT SHOULD THE ANSWERS BE ?**

This report deliberately adopts an optimistic viewpoint. France and the French people have the assets and qualities needed to win against Daesh. A victory will, however, only be possible if multiple actions are combined :

- A military action aiming at countering Daesh' territorial expansion and at liberating the populations under its domination;
- A fight against all sources of financing, which requires a stop all kinds of trafficking and the dismantling of all circuits providing resources to Daesh ;
- A better oversight and follow-up of foreign fighters traveling to Syria and a better control of the interactions between nationals and Daesh ;
- A long term action on mindsets aiming at promoting complexity, diversity and the respect of others

This report prescribes several very concrete actions, among which are:

- the favoring the adoption of a United Nations resolution on the return of foreign fighters in their country of origin;
- the updating of rules relative to the commercialization of products that can be used to make chemical weapons or counter-improvised explosive devices;
- the strengthening of devices aiming at fighting against art trafficking;
- the setting up of better and stronger controls of the use of cash that enters the European Union above a certain threshold;
- the defending of the mechanism consisting in lowering the minimum amount for which prepaid cards are accepted;
- the implementation by member states of the European Union of common data bases and of harmonized legislations.

As a conclusion, destroying Daesh' material resources will not be enough to bring back peace to this region of the world: a political solution is necessary. France should defend a strict observance of the cease-fire and fight for the stabilization of this region. France should also be active in the working groups on the reconstruction of the Syrian and Iraqi states set up within the international coalition. It is necessary to ensure that no communitisation of Syrian and Iraqi institutions takes place.

France should put forward a national political project that can be concretely implemented and that will fulfill the promises of our republican motto. The government has started work on this, as shows the new interministerial plan on the fight against racism and antisemitism (2015-2017). The work of Abdennour Bidar on universal humanism is another example of the form such work can take.