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HEZBOLLAH'S GLOBAL REACH

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BEFORE THE

SUBCOMMITTEE ON
INTERNATIONAL TERRORISM AND
NONPROLIFERATION

AND THE

SUBCOMMITTEE ON THE MIDDLE EAST
AND CENTRAL ASIA

OF THE

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HEZBOLLAH'S GLOBAL REACH

THURSDAY, SEPTEMBER 28, 2006

HOUSE OF REPRESENTATIVES,
SUBCOMMITTEE ON INTERNATIONAL TERRORISM
AND NONPROLIFERATION, AND
SUBCOMMITTEE ON THE MIDDLE EAST
AND CENTRAL ASIA,
COMMITTEE ON INTERNATIONAL RELATIONS,
Washington, DC.

The Subcommittees met, pursuant to notice, at 10:33 a.m. in room 2172, Rayburn House Office Building, Hon. Edward R. Royce (Chairman of the Subcommittee on International Terrorism and Nonproliferation) presiding.

Mr. ROYCE. This joint hearing of the International Terrorism and Nonproliferation Subcommittee and the Middle East and Central Asia Subcommittee will come to order.

The title of the hearing today is "Hezbollah's Global Reach." The Hezbollah threat is grave, indeed. As the secretary general of Hezbollah, Hassan Nasrallah, has said, "Death to America is not a slogan. For us, death to America is a policy, a strategy, and a vision." As our former Deputy Secretary of State, Richard Armitage declared in 2002, "Hezbollah may be the A-Team of terrorists and maybe al-Qaeda is actually the B-Team." Hezbollah is lethal, and it is magnified by the support that it receives from state sponsors of terrorism, particularly Iran. That is what gives it its capability and makes it so lethal.

Before September 11th, Hezbollah—which means "Party of God"—was responsible for more American deaths than any other terrorist group. This included the 1983 suicide attack on the United States Marine barracks in Lebanon that killed 241 Americans and ushered in the modern age of suicide attacks, and it includes the 1985 attacks on TWA Flight 847 and the 1996 attack on Khobar Towers.

Hezbollah has again managed to seize the world's attention. I was in Haifa this summer, as it rained rockets, as Hezbollah struck Haifa and much of northern Israel with some 4,000 indiscriminately fired rockets in these terrorist attacks. When I was in Haifa, they were firing rockets not only at civilian populations; they also attempted to hit the hospital in Haifa.

I had an opportunity to see one of those rockets, and to pick up the shrapnel with 50,000 ball bearings in every one of them, these rockets are intended to maximize civilian casualties. Haifa is a very cosmopolitan city. In the hospital there, I saw Arab Israelis, Druz Israelis, Jewish Israelis, all recovering. There were around

500 people in that one hospital due to rocket attacks. Today, the Administration will testify that Iran and Syria have not stopped arming Hezbollah, despite U.N. Security Council Resolution 1701.

Hezbollah is not just a menace to Israel, Lebanon and the region. According to the State Department's terrorism report, Hezbollah has "established cells in Europe, in Africa, in South America, in North America, and in Asia." One witness will tell us that Hezbollah's organizational and logistical network exists today in 40 countries. This includes a significant presence in our own hemisphere, in the tri-border region of Paraguay, Argentina, and Brazil. The network operates in West Africa, where Hezbollah has been active trading "blood diamonds," an issue the Africa Subcommittee explored when I chaired it.

Many Americans may be surprised to learn that Hezbollah's global reach includes significant activities on U.S. soil. A recent news report asserted that the FBI had more than 200 active cases involving suspected Hezbollah members at one point last year. The vast majority of this activity has been linked to fundraising, specifically to attempts to use Visa cards and MasterCards for fraudulent funds to support Hezbollah along with other criminal fundraising activities. We must be concerned that this existing network could be used, should Hezbollah, perhaps prodded by Iran, decide to strike inside our country.

A particular focus of this Subcommittee has been Hezbollah's ability to enter the United States. Mahmoud Kourani, who was indicted in 2004 for being a "member, fighter, recruiter, and fundraiser for Hezbollah," having trained in Iran, paid $3,000 to be smuggled into Mexico. He then paid a "coyote" to travel in the trunk of a car across the border of my state, California, and up to Dearborn, Michigan, where he began efforts to raise funds to send Hezbollah back to the organization. Kourani's brother is a top Hezbollah militia leader. Further, Salim Boughader Mucharrafille, a Lebanese-Mexican operating out of Tijuana, smuggled at least 200 individuals, including a large number of Hezbollah sympathizers, into the United States. Even after the 9/11 Commission report on terrorist travel highlighted this link between human smugglers and terrorists, border security efforts remain woefully neglected.

Border security must be a pressing concern because the Islamist terrorist threat facing us is so deadly. Hezbollah is sophisticated. It is well armed. It possesses unmanned aerial vehicles and over 10,000 Katyusha rockets. It possesses cruise missiles, as we know because one was fired against an Israeli ship. It also has medium-range, Zelzal missiles and its own television station. Many of Hezbollah's weapons and training are courtesy of Iran. There are reports that Iran will soon transfer sophisticated, shoulder-fired missiles to Hezbollah. These are the types of missiles that can knock down a jetliner. A nuclear-armed Iran, should the day come, would be even more bold in supporting Hezbollah's activity in the Middle East and beyond.

Hezbollah may be the "A-Team," and maybe it is only the "B-Team" of terrorism, but in today's era of proliferating WMD, even a C-Team is a worry, and Hezbollah certainly makes that grade.

I will now turn to Ranking Member Sherman for any opening statement, and then we will turn to the Chair of the Middle East and Central Asia Subcommittee, Representative Ileana Ros-Lehtinen, for her statement. We will now go to Mr. Sherman.

Mr. SHERMAN. Thank you, Mr. Chairman and Chairwoman Ros-Lehtinen, for holding these hearings to look at a terrorist organization which is second only to al-Qaeda in the number of deaths of Americans it has called and, as the Chairman points out, may very well be the A-Team of terrorism.

In my statement, I am going to be relatively wide ranging. Some will think, why is Sherman off on some tangent? But the theme of this statement is that we cannot prevail against Hezbollah in isolation from the global war on terrorism and that we cannot prevail in the global war on terrorism unless we think globally about every aspect of our economic and diplomatic policy.

If you think we are strong enough to say, win the global war on terrorism without concerning ourselves with the annoyance of having to say, how does our policy toward Russia or China or Paraguay relate to that? If you think that we can let most of the desks at the State Department go on about their business unenlisted on the global war on terrorism and still prevail, then you have an excessive view of American diplomatic and economic and military power.

Turning to Hezbollah, we have seen its ability not only to displace hundreds of thousands of Israelis but to also disrupt the politics of Lebanon and to shake the world and get the attention of the world. They did so just at the time when Iran needed a distraction from its nuclear program, and it is not surprising that Hezbollah, not only funded by Iran but created by Iran, would step forward and act in Iran's interest.

Just days before the July 12 kidnapping of two IDF soldiers, Iran's President declared that there would soon be an explosion of anger against Israel. Indeed, there was, and, of course, the result was that, at the G–8 meeting, they spent their time focusing on Lebanon and not on Iran's nuclear program. The lesson is clear: At a time and a place of Iran's choosing, Hezbollah will strike out in Iran's interest.

Now, there is the dispute over what is terrorism, and what is an appropriate or disproportionate response to terrorism? Let me just say that, as the Chairman pointed out, Hezbollah's actions were designed, as their purpose, to kill as many civilians as possible. That is in stark contrast to United States, Israel, and other civilized nations' military actions in which the effort is to achieve a military objective, and any civilian casualties are an unfortunate and regretted byproduct.

Nasrallah made a point of apologizing for civilian deaths caused by Hezbollah, the two Muslim civilian deaths caused by Hezbollah rockets. In doing so, he made it clear that he had no apologies but nothing but rejoicing and glee whenever his rockets were able to kill civilians of any other religion.

Now, turning toward Iran, we have had a failed policy over the last two Administrations. I want to applaud Ileana Ros-Lehtinen for her bill, H.R. 282. She fought valiantly for the strongest bill we could get, but, frankly, the Administration would veto any bill that

was not absolutely consistent with maintaining our current failed policy. In particular, they have recreated the circumstance where, when there is investment in the Iranian oil fields, the Administration will simply ignore it.

The Iran-Libya Sanctions Act has a process for reviewing and imposing sanctions against Iran, a country that, as I pointed out, is the chief sponsor of Hezbollah, and that last Administration and this one has a policy of simply saying, Oh, well, it is in the *Wall Street Journal*, but we do not have any information about any deal to invest in Iranian oil fields.

This is on top of our imports from Iran, on top of the Administration allowing American corporations to continue to do business with Iran through their subsidiaries, our acquiescence to loans from the World Bank to Iran. The litany goes on and on. Khatami just completed his five U.S. city, terrorism-promotion tour financed by U.S. taxpayers. We provided the security.

When the Rolling Stones tour America, they have to pay their own costs, but when Hatami tours America, we provide the security. The State Department does. Now, contrast that to the level of security provided the last time there were American diplomats in Tehran, and you get a sharp irony.

The biggest failure we have had in the global war on terrorism is our failure to get the U.N. Security Council on our side on issues ranging from Hezbollah to, most importantly, the Iranian nuclear program. Why have we failed? Because we refuse to engage in linkage. That is to say, when we send our diplomats to Moscow and ask for their help, we talk only about the Hezbollah issue, the Iran issue, and we never link it to anything Russia cares about, like Abkhaza, Moldova, Chechnya. The result is that the Russians have no reason to agree with us since we indicate no indication that will ameliorate our policies toward things the care about.

So due to inertia, and without even consulting the American people, the State Department has made the decision that the guy on the Moldovia desk gets to do whatever he has been doing for the last 10 or 20 years, and the guy on the Abkhaza desk or the Georgia desk gets to do whatever he is doing. We are not going to inconvenience them or ruffle their feathers by asking them to change their policies in order to get Russia on our side in the global war on terrorism.

Likewise, with China. With China, we are confronted with the issue of how do we respond to their legally questionable currency manipulation? There have been tens of thousands of pages written on that issue. This city, our capital city, Washington, is controlled by the huge, profit-making importers, who have prohibited anybody from raising the question: Should our response to Chinese currency actions be an opportunity to get China on our side in the global war on terrorism?

And so, as a result, China makes its policies toward Iran based on its energy concerns, based on its joy at our discomfort, based on the certain knowledge that Iran and Hezbollah are problems for America more than they are problems for China, and in the absolute knowledge that their access to the United States economy is not an issue.

We have to think about how to reshape our policy toward every country in the world and how to make the concessions that we can afford to make in order to get support on the global war on terrorism, and as long as our policies in other areas of the world fail to get Russia, China, and others on our side, then we will be holding hearings here talking about why we failed to stop Iran from developing nuclear weapons and Hezbollah from having thousands of missiles. I yield back.

Mr. ROYCE. Thank you. I want to recognize Chairwoman Ileana Ros-Lehtinen, whose Subcommittee has been working hard to analyze the threat of Iran to the United States, and then we will go to Ranking Member Ackerman, and, without objection, the other opening statements will be put in the record, and we will go to the witnesses. Chairwoman.

Ms. ROS-LEHTINEN. Thank you, Mr. Royce. I would like to thank the witnesses for testifying today on this very important hearing, and I would also like to thank my colleague, my friend, Ed Royce, the Chair of the Subcommittee on International Terrorism and Nonproliferation for holding this session as a joint effort with our Subcommittee on the Middle East and Central Asia.

Today's hearing builds upon a recent briefing that the Middle East Subcommittee held with the Office of the Director of National Intelligence on Iran, Syria, and Lebanon, where the Hezbollah connection to these states was raised.

Hezbollah has been a malicious presence and a threat to societies throughout the world since its establishment in the 1980s. The group's deadly activities have their origins in the Middle East. On April 18, 1983, an explosive-laden van was driven by a homicide bomber, rammed into our Embassy in Beirut, killing 63, including 17 Americans, and wounding over 100.

Six months later, on October 23, 1983, a truck bearing the equivalent of six tons of TNT smashed into the barracks that housed the United States Marines in Beirut. As a result, 241 American servicemen died that day, as did 58 French paratroopers targeted in a near simultaneous attack nearby. At least six Lebanese civilians were killed as well. It was the single deadliest day for U.S. Marines since the Battle of Iwo Jima and remains the deadliest post-World War II attack on Americans overseas. U.S. agencies have determined that Hezbollah was behind both attacks.

More recently, Hezbollah has adopted the cruel and cowardly tactic of targeting Israeli civilians in their homes, firing thousands of rockets indiscriminately toward villages, towns, and cities in northern Israel, as well as using Lebanese civilians as human shields.

But Hezbollah has not been limited to the Middle East for its murderous activities. On March 17, 1992, a pickup truck driven by a homicide bomber slammed into the Israeli Embassy in Buenos Aires. The blast took the lives of 29 and wounded over 200, most of them citizens of Argentina. A nearby Catholic church and a school building were destroyed as well.

Two years later, on July 18, 1994, a van containing powerful explosives was driven into the Amia Jewish Community Center of Buenos Aires, killing 85 and wounding over 300.

These two were carried out by Hezbollah.

News reports also referred to Hezbollah's supporters conducting black market activities in parts of Central and South America. To address increasing reports of Islamic terrorist activities in the Western Hemisphere, I introduced a resolution recognizing the threat that these entities, their supporters, and their financiers pose to the United States and our allies in our hemisphere while acknowledging the efforts undertaken thus far by some governments in the region to deny the use of their territory to Islamic terrorist organizations.

The resolution also urges the President to direct our representative of the Organization of American States, the OAS, to seek support for the creation of a task force to assist governments in the region in fighting the proliferation of Islamic terrorists. It urges OAS members to designate Hezbollah has a terrorist entity, and the resolution was overwhelmingly adopted by the House in June of this year, and we hope that this and many other efforts undertaken will refocus our efforts and our strategies to help prevent an escalation of the threat.

I look forward to hearing Mr. Kavanagh's assessment of Hezbollah's activities in the tri-border area of South America, as well as the steps being take to confront these operations. Hezbollah operatives continue to spread their venom in Europe, where the group's terrorist infrastructure and fundraising apparatus are alive and well.

It is of grave concern that the EU continues to oppose placing Hezbollah on its terrorist list after seeing all that the terrorist group has done. In fact, the EU's foreign policy chief, Javier Solana, has stated that there is no sufficient data to determine whether Hezbollah can be included in the list of terrorist organizations.

In the aftermath of the recent conflicts in the Middle East, where Hezbollah initiated the attacks against Israel and violated not just Israeli territory but Lebanese sovereignty, causing much death and destruction, the EU should immediately reconsider its policy toward Hezbollah.

When it comes to Hezbollah, one cannot be on the sidelines and expect the threat to disappear on its own.

Hezbollah activities have even reached the United States. In 2002, two Lebanese men were convicted of financing Hezbollah with $2 million in illegal cigarette sales in the United States. We must never forget who is behind Hezbollah and on whose behalf its twisted actions are taken.

The recent conflict in Lebanon, triggered by an unprovoked attack against Israel by Hezbollah, proved exactly how intensely involved Iran is in supporting Hezbollah with weapons and ideology. During the conflict, the Iranian Revolutionary Guard actively participated in Hezbollah's terrorist activities in southern Lebanon, and all evidence indicates that vast amounts of Hezbollah's weapons, including long-range missiles, were provided by Iran.

I would be interested to hear from the witnesses about their assessment of the strength, the capabilities, and the image of Hezbollah in the aftermath of the recent conflict.

Hezbollah draws its bitter hatred, its poisonous ideology, its resources, and its arms from Iran. The Iranian regime has poured

hundreds of millions of dollars into Hezbollah with the express purpose of harming Americans, Israelis, and other Western civilians and further destabilizing an already troubled Middle East.

On February 12, 2003, the director of the Central Intelligence Agency, George Tenet, stated this about Hezbollah: "An organization with capability and worldwide presence, it is al-Qaeda's equal, if not a far more capable organization." He added: "They are a notch above in many respects, in terms of their relationship with the Iranians and the training they receive, which puts them in a state-sponsored category with a potential for lethality that is quite great."

One can only imagine the untold horrors that Hezbollah may someday perpetrate, should its patron state achieve its coveted goal of nuclear weaponry.

We just intensify our efforts to effectively eradicate the Hezbollah threat and the hateful ideology that drives it.

I, once again, thank Chairman Royce for holding this hearing, and I thank the witnesses for appearing before us. Thank you.

Mr. ROYCE. Thank you, Chairwoman.

We will go now to Mr. Ackerman.

Mr. ACKERMAN. I want to thank the Chairs for organizing this hearing. Hezbollah's emergence, not only as a Shia militia and a political party, not only as an international terrorist organization, but as a strategic proxy for the Iranian theocracy, Hezbollah is surely worthy of the attention of this Congress, and I am very pleased that we are having a hearing exclusively on Hezbollah before this Congress adjourns.

The Hezbollah threat, however, is not new. Hezbollah has been designated as a terrorist organization by the State Department since 1995 and has been on the list of specially designated, global terrorist organizations since 2001.

More Americans have died at the hands of Hezbollah than any other terrorist group outside of al-Qaeda. The August war, which resulted in hundreds of innocent lives lost and billions of dollars of destruction, was just the latest atrocity for which Hezbollah bears responsibility.

Reciting Hezbollah's barbaric and bloody history, denouncing its philosophy of hatred and violence, and detailing its subservience to Iran and subversion of Lebanon's sovereignty, though appreciable for the satisfaction of condemning truly vile behavior, is not what we are here to do today.

Our problem is not insufficiency of rhetoric or even, atypically, of understanding. Neither Hezbollah's capabilities nor its wickedness are in dispute or doubt.

Our problem is, again and again and again, one of strategy, of developing a plan for applying available means to achieve desired ends.

So we may ask, what resources should the United States have at its disposal to address the challenge posed by Hezbollah? Ideally, the United States should have strong alliance relationships built on a shared vision for achieving international security. We should have a singular international prestige built upon our position as not only the richest and strongest nation but also the leading advocate for international institutions and norms of behavior.

We should have the public support of the most important Arab states, built upon a shared appreciation of the Hezbollah threat to regional peace and stability.

Five years after 9/11, we should have broad, international consensus on how to define and deal with terrorism in general. We should be militarily unencumbered or, at least, be able to generate robust and capable forces for any prospective conflict, and, of course, we should have confidence in the accuracy and completeness of our intelligence.

As anyone who has read a newspaper in the past year knows, we have none of these, not one of them. Our reputation is in tatters. Right now, Arab leaders would rather have a photo-op with a child molester than with the President of the United States. Instead of building a common front against madmen who demand the entire Middle East be stuffed back into a straitjacket of religious dogmatism, we have, by virtue of our own faith-based, foreign policy, set the entire region against us.

In the American version, we declare our most fervent hopes and prayers to be facts, and then we wait for them to come true. Thus, we have the self-executing roadmap and the endorsement of Palestinian elections which included Hamas. Thus, we have our failure to plan for Iraqi reconstruction or to consider the implications of dissolving the Iraqi Army or firing all of the members of the Ba'ath Party or of trying to occupy a country the size of California with too few troops.

Thus, we have the necessity of subcontracting to the EU–3 the question of Iran's nuclear weapons program and to China, North Korea's nuclear program.

Thus, too, with Hezbollah, we find our high hopes for the Security Council Resolution 1701 already foundering, with UNIFIL commanders proudly declaring their intention to do nothing that would frustrate Iran or annoy Syria or discomfort Hezbollah.

Should they encounter weapons in proscribed areas or arms being smuggled, what will they do? Well, they will consult with the Government of Lebanon, and who sits in the Government of Lebanon? Hezbollah. As prayer is our plan, we had better start praying a little harder.

No President gets to operate in a perfect world, and as our secretary of defensiveness has declared, "You go to war with the army you have, not the army you want." But clearly, by virtue of the choices that we have made and the priorities that we have chosen, we are much worse off now than we were 5 years ago. We have less acceptability, less flexibility, less capacity, less capability, and, most of all, less credibility.

In light of these unfortunate conditions, none of which was inevitable, I am looking forward to hearing from our distinguished witnesses as to what options remain available to us for dealing with the threat of Hezbollah. Thank you, Mr. Chairman.

Mr. ROYCE. Thank you. We will go first to Mr. Frank Urbancic, the principal deputy coordinator, Office of the Coordinator for Counterterrorism, at the State Department. He has served as Chargé and Deputy Chief of Mission at the United States Embassy in Kuwait. He has specialized in East European, Middle Eastern, and African affairs at the U.S. Mission to the United Nations, and

Mr. Urbancic has extensive experience in multilateral diplomacy and antiterrorism.

Then we will go to Mr. John Kavanagh. He has been a special agent with the Federal Bureau of Investigation since 1989, and is currently serving as section chief of the International Terrorism Operations Section II, Counterterrorism Division. Special Agent Kavanagh was previously with the FBI as assistant special agent in charge of the FBI Cleveland Division and on-scene commander in Baghdad, Iraq. Mr. Kavanagh has served as an assistant district attorney in New York and was a captain in the United States Marine Corps.

We appreciate both of you gentlemen testifying today. Mr. Urbancic, if you will summarize your comments to 5 minutes, that would be great. We have your written testimony. We are going to put that in the record.

Mr. URBANCIC. I will keep it as short as I possibly can.

Mr. ROYCE. Thank you.

STATEMENT OF MR. FRANK C. URBANCIC, JR., PRINCIPAL DEPUTY COORDINATOR, OFFICE OF THE COORDINATOR FOR COUNTERTERRORISM, UNITED STATES DEPARTMENT OF STATE

Mr. URBANCIC. Chairman Royce, Chairwoman Ros-Lehtinen, and Congressman Sherman, Congressman Ackerman, and distinguished Members of the Subcommittees, I thank you very much for the opportunity to come to speak with you today, and, as you requested, I will speak as quickly as I can and try to have as much time for you to have interaction as possible.

We do know that Hezbollah is a terrorist organization. It was formed in 1982 in response to the Israeli invasion of Lebanon. It is closely allied with Iran and often acts at Iran's behest. It also can and does act independently. Hezbollah has been a strong ally in helping Syria advance its political objectives in the region. It promotes Shia interests within the Lebanese political system, and it is an exemplar for Shia communities throughout the region.

Hezbollah focuses a majority of its efforts on ending the Israeli occupation of Lebanon. It also supports a variety of violent, anti-Western groups, and, as Chairman Royce noted, prior to 9/11, Hezbollah was responsible for more American deaths than any other terrorist group in the world.

It has a wide, increasing global reach, with an ability to harm U.S. and other Western interests across the continents. As recently seen, its rhetoric targets the United States for our alleged complicity with Israel. Hezbollah's recent actions also demonstrate the destabilizing effect it has on the region.

Hezbollah, Iran, and Syria's relationship can probably best be described and characterized as symbiotic. Iran and Syria cooperate with each other and with Hezbollah to supply funds, arms, and training for, and to facilitate travel by, Hezbollah members. Hezbollah continues actively to advance interests within the Lebanese political system that coincide with Syrian and Iranian interests. Its actions consistently benefit both Tehran and Damascus.

We believe that Iran's support for Hezbollah continued throughout the recent Hezbollah-Israeli conflict, and we believe that

Hezbollah's decision to exacerbate the conflict simply could not have happened without at least tacit support from Tehran.

We have made progress in impeding Iran's financial support for Hezbollah and in undermining its financial network. Treasury and State Department teams have traveled to Europe, the Middle East, and Asia to meet with banking officials there to enlist their support in efforts to combat terrorism and to cut off Iran's support for terrorist groups like Hezbollah.

On September 8, we and the Treasury Department announced that we will prevent Bank Saderat from gaining access to the U.S. financial system. We have also taken active steps to cut off Hezbollah's financial support from Iran and others, including by designating the Islamic Resistance Support Organization, under U.S. Executive Order 13224, which freezes that organization's assets under U.S. jurisdiction.

Hezbollah in Lebanon maintains the only significant armed militia in the country, despite the requirements under UNSCR 1559 that it be disarmed. We believe that UNSCR 1701 will strengthen 1559 and assist the Lebanese Armed Forces and UNIFIL troops in interdicting weapons shipments coming into Lebanon intended for Hezbollah. The Government of Lebanon will need to address the ability of Hezbollah to re-arm, and this is a problem for sure.

For the moment, Hezbollah appears to have lowered its military profile in the south. However, we are unable to assess whether this is primarily motivated by domestic political concerns, the UNIFIL presence, or losses suffered during the recent conflict. We remain wary that even with the increasing presence of the Lebanese Army and international troops in the south, Hezbollah will retain a potentially strong military capability in southern Lebanon and its ability to receive assistance from Syria and Iran.

Looking globally, Hezbollah's support network extends into the Middle East, where it performs various fundraising activities. It has supported terrorist activities in the Palestinian territories since at least 2000 by providing financial, training, and logistical support to Palestinian Islamic Jihad and other Palestinian terrorist groups.

Although there is little credible evidence of operational Hezbollah cells in Latin America currently, Hezbollah does have supporters and sympathizers throughout the Arab and Muslim communities in that region, and these are involved primarily in fundraising.

Hezbollah's supporters and sympathizers are also involved in a number of illegal activities, as has been mentioned by several Members of the Subcommittees. Hezbollah receives a significant amount of financing from the Shiite diaspora of West Africa and Central Africa. I myself have served in Freetown, and I know of those connections, and the diamond trade is a very difficult one to get a handle on.

The diaspora is active in West Africa's commercial sector beyond the diamond trade as well. Contributions there are often in the form of religious donations and paid in cash—they are difficult to track—and collected by Hezbollah couriers transiting the region.

We are working actively—I can assure you of that—to address this threat, but countering these terrorist financing networks will be a challenge, and will require significant resources and time. One

way to do so is via terrorist designations, and we have been active in that, as several of you have already mentioned.

I will cut my remarks on those just a little short, simply in the interest of time, but I will confirm that Hezbollah presents a very serious challenge to us all. Where we can act effectively to stem its activity is with or through the close cooperation of our allies. We concur completely with several of the comments that the Members have made.

In doing so, U.S. Ambassadors lead interagency country teams around the world that recommend strategies using all instruments of U.S. statecraft to help host nations understand the threat and to strengthen their political will and capacity to counter it.

I can confirm to you also that this is an entirely new strategy that we have developed. It did not exist in the last 12 months, and it is another way that we are looking to increase our effectiveness in countering the terrorist threat globally.

Another tool is this Regional Strategic Initiative, which is designed to establish flexible regional networks of interconnected country teams on a regional basis. We work with Ambassadors and interagency representatives in key terrorist theaters of operation to assess the threat and to devise collaborative strategies, actional initiatives, and policy recommendations. This strategy is aimed over the long term. Over time, our global and regional operations will reduce the enemy's capacity to harm us and our partners while local security and development assistance will build our partners' capacity.

This completes the formal part of my remarks, but I welcome very much the opportunity to discuss with you and take your questions.

[The prepared statement of Mr. Urbancic follows:]

PREPARED STATEMENT OF MR. FRANK C. URBANCIC, JR., PRINCIPAL DEPUTY COORDINATOR, OFFICE OF THE COORDINATOR FOR COUNTERTERRORISM, UNITED STATES DEPARTMENT OF STATE

Chairman Royce, Chairwoman Ros-Lehtinen, Congressman Sherman, Congressman Ackerman, distinguished Members of the Subcommittees, thank you for the opportunity to testify today on Hizballah, its ambitions, capabilities and global reach. I will summarize my formal written statement and ask that you include my full testimony in the record.

Hizballah's Origins, Aims and Ambitions

Formed in 1982 in response to the Israeli invasion of Lebanon, this Lebanese-based radical Shia group takes its ideological inspiration from the Iranian revolution and the teachings of the late Ayatollah Khomeini. The group follows the religious guidance of Khomeini's successor, Iranian Supreme Leader Ali Khamenei. Hizballah is closely allied with Iran and often acts at its behest, but it also can and does act independently. Though Hizballah does not share the Syrian regime's secular orientation, the group has been a strong ally in helping Syria advance its political objectives in the region. The Majlis al-Shura, or Consultative Council, is the group's highest governing body and has been led by Secretary General Hasan Nasrallah since 1992.

Hizballah promotes Shia interests within the Lebanese political system and is an exemplar for Shia communities throughout the region. Hizballah supports a variety of violent anti-Western groups, including Palestinian terrorist organizations. This support includes the covert provision of weapons, explosives, training, funding, and guidance, as well as overt political support. Prior to September 11, Hizballah was responsible for more American deaths than any other terrorist group.

Hizballah formed its ranks in part by subsuming members of separate Lebanese organizations, many of which had cooperated under the umbrella of the Islamic Jihad group during this time period. It also began to receive financial and material

support from the Iranian government very early on. The organization has portrayed itself as an instrument of legitimate national resistance, focusing a majority of its efforts on ending the Israeli occupation of Lebanon. Following Israel's 2000 withdrawal from southern Lebanon, Hizballah has continued to assert that regions of Lebanon remain occupied and has used this pretext as cover to strengthen its capabilities.

Hizballah has a wide, increasing global reach, with an ability to harm U.S. and other western interests across continents. As we saw during the most recent conflict, Hizballah's rhetoric targets the United States for its alleged complicity with Israel. In addition, Hizballah's recent actions demonstrate the destabilizing effect it has on the region. These events have reinforced the need to deny non-state actors such as Hizballah the ability to exploit weak states and undergoverned areas.

We believe that Hizballah maintains the ability to threaten the survival of the current government of Lebanon from within, as well as continuing to threaten the security of Israel and the region. Hizballah receives logistical, material, and financial support from its Iranian and Syrian backers. It maintains an extended network of social and support services to the Lebanese people, particularly in the Shia-dominated south of the country. We cannot recognize Hizballah as a legitimate party until it ends its terrorist activity and gets out of the terrorist business.

Relationship Between Hizballah, Iran and Syria

Hizballah, Iran, and Syria continue to enjoy a relationship which can best be characterized as symbiotic. Iran and Syria cooperate with each other and with Hizballah to supply funds, arms and training for, and to facilitate travel by Hizballah members. Hizballah continues to actively advance interests within the Lebanese political system that coincide with Syrian and Iranian interests, and otherwise behaves in a manner that benefits both Tehran and Damascus.

The USG has long assessed that Iran provides technological, operational, and financial support and guidance to Lebanese Hizballah. The Iranian regime has for 27 years used its connections and influence with terrorist groups to combat U.S. interests it perceives as at odds with its own, and Hizballah has acted as a willing partner in that conflict.

We believe that Iran's support for Hizballah continued throughout Hizballah's recent conflict with Israel. Hizballah and Iran are strategic collaborators. We believe that Hizballah's decision to exacerbate the conflict with indiscriminate rocket attacks into Israel targeting Israeli civilians could not have happened without at least the tacit support of Tehran. We also believe that Iran and Syria's non-humanitarian support for Hizballah—including financial, logistic, and military support—has not stopped since the cease-fire or the adoption of UN Security Council Resolution (UNSCR) 1701. Just last week Nasrallah bragged publicly about Hizballah's remaining weapons cache. We continue to call upon Iran and Syria to comply with the legally binding requirement of UNSCR 1701 to prevent the transfer of illicit weapons to Hizballah.

The United States and the international community condemned the recent conflict and we worked hard with our partners in the international community to end it, and to adopt and implement all of the provisions of UNSCR 1701. When it is fully implemented, resolution 1701 will radically change the reality in Lebanon for the better, strengthening Lebanon's sovereignty, independence, and freedom—thus ending Hizballah's ability to threaten its stability. The international community continues to call upon both Syria and Iran to meet their obligations fully to help implement resolution 1701 and past Security Council resolutions on Hizballah, including the full and verifiable disarmament of Hizballah.

Iran is the "central banker" of terrorism and a primary funding source for Hizballah. Because money is a terrorist group's oxygen, attacking terrorist financing is an essential element to combating terrorism. In that regard, we have made progress in impeding Iran's financial support for Hizballah and in undermining Hizballah's own financial network. The Department of Treasury is spearheading an interagency effort to undermine Iran's financial support for terrorism. In recent weeks, Treasury and State Department teams have traveled to Europe, the Middle East and Asia to meet with banking officials to enlist their support in our efforts to combat terrorism and cut off Iran's support for terrorist groups like Hizballah. The U.S. Government announced on September 8 that it will prevent one of Iran's largest state-owned banks—Bank Saderat—from gaining access to the U.S. financial system. We believe Bank Saderat has been used by Iran to transfer money to Hizballah, Hamas, Palestine Islamic Jihad, and other terrorist organizations. We have also taken active steps to cut off Hizballah's financial support from Iran and others, including by designating the Islamic Resistance Support Organization, a key front charity funding Hizballah, under U.S. Executive Order 13224, thus freezing

that organization's assets under U.S. jurisdiction. Finally, we continue to urge our partners in the Global War on Terror to take similar steps to cut off Iran's funding of Hizballah's terrorist activities, and to press the Iranian regime to end its support for terrorism.

Finally, we assess Lebanese Hizballah and the Iranian Revolutionary Guard have implemented training programs for Iraqi militants in the construction and use of sophisticated IED technology. These individuals then pass on this training to additional militants in Iraq.

Hizballah's Current Activities in Lebanon

Hizballah maintains the only significant armed militia in Lebanon, despite requirements under UNSCR 1559 that it be disarmed. We believe that UNSCR 1701 will strengthen the previous resolution, and assist the Lebanese Armed Forces and UNIFIL troops in interdicting weapons shipments coming into Lebanon intended for Hizballah. The Government of Lebanon will need to address the ability of Hizballah to re-arm, particularly as this relates to the Lebanon-Syria border.

Hizballah, an established, stable movement with deep roots and broad support, especially in the southern Lebanon Shia community, has shown an ability to cross confessional lines in order to garner further support. With its social services network largely intact, Hizballah has also been very quick to provide high-profile reconstruction and humanitarian assistance over the past month, well in advance of international donor efforts.

For the moment, Hizballah appears to have lowered its military profile in the south; however, we are unable to assess whether this is primarily motivated by domestic political concerns, UNFIL presence, or losses suffered during the recent conflict. Hizballah leaders have made public statements indicating that they will not be disarmed and that the disarmament issue should not fall within the purview of the UNFIL troops. With that said, we remain wary that even with the increasing presence of the Lebanese army and international troops in the south, Hizballah will retain a potentially strong military capability in southern Lebanon and its ability to receive logistic and material assistance from Syria and Iran. Indeed, Hizballah was able to receive this support despite the fighting with Israel, taking full advantage of existing land access routes and tunnels along the porous Lebanon-Syria border, especially in the Bekaa Valley, to receive weapons and other material.

Hizballah's Activities Worldwide

The Middle East. While Hizballah's most robust presence remains in the Levant, its support network extends well beyond, including into the Gulf, where Hizballah performs various fundraising activities. Hizballah has supported terrorist activities in the Palestinian territories since at least 2000, by providing financial, training and logistical support to Palestinian Islamic Jihad and other Palestinian terrorist groups. While the vast majority of Palestinians support peace negotiations and want a two-state solution, Hizballah actively foments terrorist activity that directly undermines this goal.

Latin America. Although there is little credible evidence of the present activity of operational Hizballah cells in Latin America, Hizballah has numerous supporters and sympathizers throughout Arab and Muslim communities in the region who are involved primarily in raising funds for the terrorist group, by licit and illicit means. Hizballah supporters and sympathizers are also involved in a number of illegal activities, including smuggling, drug and arms trafficking, money laundering, fraud, intellectual property piracy, and other transnational crime.

We are working with all our partners in the Americas to heighten awareness of this threat and to take the necessary measures to contain and eventually dismantle Hizballah activities in this hemisphere. Our focus has been on thwarting terror financing, improving border controls, strengthening our friends' intelligence capabilities, and urging adoption of stricter counterterrorism legislation.

On the critical component of intelligence, U.S. bilateral cooperation with our hemispheric partners is, with a few notable exceptions, excellent. Perhaps more importantly, intelligence and information sharing *among* our neighbors is at an unprecedented high. We are particularly encouraged by the growing collaboration among Brazil, Argentina, and Paraguay to address smuggling, drug and arm trafficking, money laundering, fraud, intellectual property piracy, and other transnational crime in the Tri-Border Area. Through formal dialogue with the U.S., Argentina, Brazil and Paraguay have begun to institutionalize what were once ad-hoc cooperative or loosely-coordinated activities among local officials. This enhanced cooperation has led to a number of these suspects being prosecuted by our three partners for a variety of crimes.

Yet challenges remain. Most of our neighbors in the hemisphere have high competing priorities for scarce public resources, making it politically difficult to invest even modestly in CT capabilities when basic social services, such as education and healthcare, remain under-funded. Official corruption is another serious problem that can undermine the most advanced training and the most sophisticated detection systems.

We have more work to do in encouraging foreign legislation. No Latin American country has in place, or is seriously considering adopting, terrorist designation regimes that would make membership in and support for a designated terrorist organization a crime. In the case of Hizballah, this is an especially high hill to climb, particularly because some of our neighbors consider Hizballah a legitimate political party.

West and Central Africa. Hizballah also receives a significant amount of financing from the Shiite Muslim diaspora of West and Central Africa, whose presence was established in the late 19th century. The Lebanese disapora is active in West Africa's commercial sector with extensive business networks throughout the region and extending beyond. In many cases these businesses have significant control over basic imported commodities, such as rice and chicken. Lebanese traders are also very active in diamond exports, both as a business and in criminal exploitation.

It is important to note that the Lebanese community in West Africa is not monolithically Muslim nor completely supportive of Hizballah, but mirrors the same religious and political divisions present in Lebanon. It is clear, however, that Hizballah receives significant support from this community. Contributions, which often take the form of religious donations, are often paid in cash, and are collected by Hizballah couriers transiting the region. These groups provide safe haven and R&R sites for Hizballah fighters. Countering this network of terrorist financing will be a challenge and will take significant resources and time.

Al-Manar

Hizballah has been designated by the U.S. Government under three different counterterrorism authorities—as a Foreign Terrorist Organization, a Specially Designated Terrorist, and a Specially Designated Global Terrorist. The Lebanese Media Group (LMG) and its subsidiaries, Al-Manar television and Al-Nour radio, form a recognized arm of Hizballah. Hizballah established Al-Manar in 1991. Al-Manar and Al-Nour have provided Hizballah with fundraising and other material support. Al-Manar has raised funds for Hizballah by running advertisements on its television broadcasts and website. In addition, Al-Manar regularly airs Hizballah promotional videos featuring suicide bombers and rallies of Hizballah fighters.

To confront the threat posed by the LMG, Al-Manar, and Al-Nour, the USG has multiple authorities for designating terrorist organizations, each with significant—and different—consequences. In December 2004, the U.S. Department of State added Al-Manar to the Terrorism Exclusion List (TEL). Putting an organization on the TEL has immigration and deportation consequences for non-U.S. citizens who have certain associations with the group, but it does not result in economic sanctions. Their addition to the TEL did, however, lead to the removal of Al-Manar's programs from its main satellite television provider in the U.S. and made it more difficult for Al-Manar associates and affiliates to operate here. At the same time, Al-Manar also lost access to its main satellite television service providers in Europe.

On March 23, 2006, the Department of Treasury designated the LMG, Al-Manar, and Al-Nour under Executive Order 13224, making all three organizations Specially Designated Global Terrorist entities. This resulted in economic sanctions, namely the assets and other property of these entities, subject to U.S. jurisdiction, which have now been frozen. Moreover, it is now a criminal act for any U.S. person to willfully engage in any financial transactions with these organizations or to provide them any material benefit. This has made it far more difficult to gain access to Al-Manar programs in the U.S. A satellite television service provider in New York was recently arrested for making Al-Manar available to customers. We continue to monitor the situation and keep a careful eye on the activities of the LMG, Al-Manar, and Al-Nour.

Conclusion

In summary, I would emphasize that Hizballah presents a very serious challenge to us. Hizballah is a highly organized, disciplined, and trained organization, which enjoys robust funding through multiple sources and means, and is capable of acting against U.S. interests on several fronts and on several continents. Where we can act effectively to stem its activity is through the close cooperation of our allies across the globe who also recognize this threat.

We aim to enhance our partners' capacity to counter the terrorist threat and address conditions that terrorists exploit. We work with or through partners at every level (both bilaterally and multilaterally), whenever possible. To implement this strategy, U.S. Ambassadors, as the President's personal representatives abroad, lead interagency Country Teams that recommend strategies using all instruments of U.S. statecraft to help host nations understand the threat, and strengthen their political will and capacity to counter it.

The Office of the Coordinator for Counterterrorism has worked to develop the Regional Strategic Initiative, which is designed to establish flexible regional networks of interconnected Country Teams. We are working with Ambassadors and interagency representatives in key terrorist theaters of operation to assess the threat and devise collaborative strategies, actionable initiatives and policy recommendations.

Our strategy is aimed over the long-term. Over time, our global and regional operations will reduce the enemy's capacity to harm us and our partners, while local security and development assistance will build our partners' capacity. Once partner capacity exceeds threat, the need for close U.S. engagement and support will diminish, terrorist movements will fracture and implode, and the threat will be reduced to proportions that our partners can manage for themselves over the long term.

Hizballah's penchant for exploiting poorly-governed areas is all the more reason to continue focusing our efforts and our resources on enhancing regional cooperation and building partner will and capacity. Absent this type and level of continued attention to Hizballah and the threat it poses, our knowledge of the group and the means of confronting it are hindered immeasurably.

This completes the formal part of my remarks, and I welcome your questions and comments.

Mr. ROYCE. Thank you, Mr. Urbancic.

Now, we are going to go to Mr. Kavanagh.

STATEMENT OF MR. JOHN G. KAVANAGH, SECTION CHIEF, INTERNATIONAL TERRORISM OPERATIONS SECTION II, COUNTERTERRORISM DIVISION, FEDERAL BUREAU OF INVESTIGATION

Mr. KAVANAGH. Chairman Royce, Chairwoman Ros-Lehtinen, Ranking Members Sherman and Ackerman, Members of both Subcommittees, I want to thank you for this opportunity to speak to you on the topic of Hezbollah and the concerns you have about Hezbollah's capabilities. I will address some of the types of activities Hezbollah has been involved in while keeping in mind the sensitivities associated with discussing certain operational matters in an unclassified setting.

Hezbollah is one of the most capable terrorist organizations in the world. This Lebanon-based, radical Shia organization advocates the destruction of Israel and the establishment of Islamic rule in Lebanon and in the Middle East. Hezbollah was created in 1982 in response to the Israelis invasion and occupation of Lebanon. As seen in the recent conflict with Israel, Hezbollah has a well-trained, guerilla force that is proficient in military tactics and weaponry. Since its inception, Hezbollah has employed suicide bombers and has committed airline hijackings, kidnappings, and murders in furtherance of its operations. Prior to September 11, 2001, as stated by this panel, Hezbollah was responsible for 288 American deaths, more than any other terrorist organization at that time.

Hezbollah is known or suspected to have been involved in numerous anti-United States attacks overseas, including the suicide truck bombing of the United States Embassy in Beirut in April 1983; the bombing of the United States Marine Corps barracks in Beirut in October 1983 that killed 241 United States servicemen, and the at-

tack on the United States Embassy annex in Beirut in September 1984. Hezbollah is also responsible for the kidnappings and murders of U.S. Government officials William Buckley and Lieutenant Colonel William Higgins. In June 1996, a Saudi Hezbollah member also drove the vehicle that destroyed one of the Khobar Towers in Saudi Arabia, killing 19 United States servicemen. According to the indictment, a member of the Lebanese Hezbollah assisted Saudi Hezbollah with the construction of the tanker truck bomb that was used in this attack.

Hezbollah also has shown the ability to strike outside the Middle East by attacking the Israeli Embassy in Argentina in 1992 and the bombing of the Israeli Cultural Center in Buenos Aires in 1994. Hezbollah has been designated by the secretary of state as a foreign terrorist organization, in accordance with Section 219 of the Immigration and Nationality Act.

Currently, four high-profile Hezbollah members are wanted in the United States in connection to the June 14, 1985, hijacking of TWA Flight 847 as it departed Athens International Airport en route to Rome. The hijackers shuttled the airplane between Beirut and Algiers, where they brutally beat several United States passengers and executed U.S. Navy diver Robert Stethem. The four members who have been indicted for their roles in this dastardly attack are Imad Mughniya, the current head of Hezbollah's security apparatus; Hassan Izz-Al-Din, Muhammad Ali Hammadi, and Ali Atwa. There are also 14 outstanding arrest warrants for those responsible for the Khobar Towers attack.

The FBI, in conjunction with the U.S. intelligence community and through the FBI-led Joint Terrorism Task Force, continues to investigate Hezbollah activities directed at the United States. Although Hezbollah retains the capability to attempt to strike at United States interests, Hezbollah has not directly targeted the United States since the attack on Khobar Towers in 1996. Within the United States, Hezbollah associates and sympathizers have engaged in a wide range of criminal activities, to include money laundering, credit card fraud, immigration fraud, food stamp fraud, bank fraud, and narcotics trafficking. Recently, the FBI and its law enforcement partners concluded an investigation in Detroit in which 107 Federal indictments were obtained, leading to the arrests of 58 Hezbollah subjects and the seizure of approximately $5 million in property. These individuals were involved in a variety of Federal violations, including providing material support to a terrorist organization and racketeering.

It is common in the United States for associates of terrorist organizations to use alleged Middle East charitable organizations to funnel money back home to support the various terrorist operations. The FBI, with its partners in the Department of the Treasury, Department of State, and the rest of the Department of Justice, works closely to have these organizations that are providing material support to terrorists shut down and have those knowingly engaged in such conduct criminally charged. In March 2006, the Department of the Treasury designated Al-Manar television a Specially Designated Global Terrorist entity. Al-Manar is the Hezbollah television propaganda medium that raises funds for Hezbollah via advertisements. Al-Manar's programming includes

features glorifying Hezbollah fighters and suicide bombers. The FBI and its partners in the New York Joint Terrorism Task Force recently arrested the Al-Manar satellite television service provider for knowingly providing support to Hezbollah.

The FBI, with our partners in the United States intelligence and law enforcement communities, will continue to aggressively investigate and prosecute the threat posed by Hezbollah and other terrorist organizations in order to protect our citizens and preserve our national security. Director Mueller recently remarked, "It has been nearly 5 years since the last terrorist attack on America. Yet there is no room for complacency. As we have seen in recent months, our enemies are adaptive and evasive. They are taking full advantage of technology. They are combining their resources and their expertise to great effect. We must do the same."

Thank you, Mr. Chairman.

[The prepared statement of Mr. Kavanagh follows:]

PREPARED STATEMENT OF MR. JOHN G. KAVANAGH, SECTION CHIEF, INTERNATIONAL TERRORISM OPERATIONS SECTION II, COUNTERTERRORISM DIVISION, FEDERAL BUREAU OF INVESTIGATION

Chairman Royce, Chairman Ros-Lehtinen, Ranking Members Sherman and Ackerman, members of both Subcommittees, I want to thank you for the opportunity to speak to you on the topic of Hizballah, and the concerns you have about Hizballah's capabilities. I will address some of the types of activities Hizballah has been and is involved in within the United States, while keeping in mind the sensitivities associated with discussing certain operational matters in an unclassified setting.

Hizballah (Party of God) is one of the most capable terrorist organizations in the world. This Lebanon-based radical Shi'a organization advocates the destruction of Israel and the establishment of Islamic rule in Lebanon and the Middle East. Hizballah was created in 1982 in response to the Israeli invasion and occupation of Lebanon. As seen in the recent conflict with Israel, Hizballah has a well trained guerilla force that is proficient in military tactics and weaponry. Since its inception, Hizballah has employed suicide bombers and has committed airline hijackings, kidnappings and murders in furtherance of its goals and objectives. Prior to September 11, 2001, Hizballah was responsible for 288 American deaths, more than any other terrorist organization at that time.

Hizballah is known or suspected to have been involved in numerous anti-United States attacks overseas, including the suicide truck bombings of the United States Embassy in Beirut in April 1983; the bombing of the U.S. Marine Corps barracks in Beirut in October 1983 that killed 241 U.S. servicemen; and the attack on the United States Embassy annex in Beirut in September 1984. Hizballah is also responsible for the kidnappings and murders of U.S. Government officials William Buckley and Lt. Colonel William Higgins. In June 1996, a Saudi Hizballah member also drove the vehicle that destroyed one of the Khobar Towers in Dhahran, Saudi Arabia, killing 19 U.S. servicemen; according to the indictment, a member of Lebanese Hizballah assisted Saudi Hizballah with the construction of the tanker truck bomb used in the attack. Hizballah has shown the ability to strike outside the Middle East region by attacking the Israeli Embassy in Argentina in 1992 and bombing a Jewish Argentine cultural center in Buenos Aires in 1994. Hizballah has been designated by the Secretary of State as a Foreign Terrorist Organization in accordance with Section 219 of the Immigration and Nationality Act.

Currently four high profile Hizballah members are wanted in the United States in connection to the June 14, 1985, hijacking of TWA flight 847 as it departed Athens International Airport en route to Rome. The hijackers shuttled the airplane between Beirut and Algiers, where they brutally beat several U.S. passengers and executed U.S. Navy diver Robert Stethem. The four members who have been indicted for their roles in this crime are Imad Mughniya, the head of Hizaballah's security apparatus, Hasan Izz-Al-Din, Muhammad Ali Hammadi and Ali Atwa. There are also 14 outstanding arrest warrants for those responsible for the Khobar Towers attack.

The FBI in conjunction with the U.S. Intelligence Community and through the FBI led Joint Terrorism Task Forces (JTTFs) continues to investigate Hizballah ac-

tivities directed at the United States. Although Hizballah retains the capability to attempt to strike at United States interests, we assess that Hizballah has not directly targeted the United States since the attack on Khobar Towers in 1996. Within the United States, Hizballah associates and sympathizers have engaged in a wide range of criminal activities to include money laundering, credit card fraud, immigration fraud, food stamp fraud, bank fraud and narcotics trafficking. Recently the FBI and its law enforcement partners concluded an investigation in Detroit, Michigan, where 107 Federal indictments were obtained, leading to the arrests of 58 Hizballah subjects and the seizure of approximately 5 million dollars in property. These individuals were involved in a variety of Federal violations, to include providing material support to a terrorist organization and Federal racketeering charges.

It is common in the United States for associates of terrorist organizations to use alleged Middle East charitable organizations to funnel money back home to support the various terrorist organizations. The FBI with its partners in the Department of Treasury, Department of State and the rest of the Department of Justice works closely to have these organizations that are providing material support to terrorists shut down and have those knowingly engaged in such conduct criminally charged. In March 2006, the Department of Treasury designated Al-Manar television a Specially Designated Global Terrorist entity. Al-Manar is the Hizballah television propaganda medium that raises funds for Hizballah via advertisements, and Al-Manar's programming includes features glorifying Hizballah fighters and suicide bombers. The FBI and its partners in the New York JTTF recently arrested an Al-Manar satellite television service provider for knowingly engaging in prohibited transactions with Al-Manar.

The FBI with our partners in the U.S. Intelligence and the law enforcement communities will continue to aggressively investigate and prosecute the threat posed by Hizballah in order to protect our citizens and preserve our national security. Director Mueller recently remarked, "It has been nearly five years since the last terrorist attack on America. Yet there is no room for complacency. As we have seen in recent months, our enemies are adaptive and evasive. They are taking full advantage of technology. They are combining their resources and their expertise to great effect. We must do the same."

Thank You for the opportunity to address this important issue. I am happy to answer your questions.

Mr. ROYCE. Thank you, Mr. Kavanagh.

The FBI recently arrested 58 Hezbollah subjects in Detroit, and looking at the profile of Mr. Mahmoud Kourani, I see he had extensive training in terrorism and weapons in both Iran and in the Bekaa Valley. Do you know if any of these 58 individuals that were arrested in Detroit had any military training?

Mr. KAVANAGH. What we are seeing, sir, is that we are not seeing the highly military-trained individuals in the United States. Those who we know are identified as having had Hezbollah training basically were acted very quickly on, and with our partners in Homeland Security, we usually have been very successful in having them charged and deported. In this case, the 58 were not military trained.

Mr. ROYCE. We see the Border Patrol attempting to apprehend these individuals, but, clearly, with Mahmoud Kourani, he was able, through the use of a "coyote," to avoid capture until you caught him in Dearborn.

What have your conversations with the Border Patrol been like about this strategy of trying to apprehend individuals coming into the United States, and how extensive do you think it is—maybe we could look back and compare what is happening this year with 5 years ago, especially 10 years ago—in terms of Hezbollah operatives coming into the United States? You are making a lot of apprehensions here now, and I wanted to ask you to follow up on that.

Mr. KAVANAGH. I would say, generally, we are not seeing Hezbollah operatives in the United States. What we are seeing is

a lot of supporters and sympathizers who are funneling a lot of money back to Lebanon for the cause, for the suicide bombers and the terrorist operations that are occurring in the Middle East.

We work very closely with the Joint Terrorism Task Forces, with ICE, with Homeland Security, and basically taking all of our expertise and intelligence that we have, and with the international intelligence community overseas, to identify them before they enter the country.

Mr. ROYCE. I noticed in your testimony that you were talking about the immigration fraud in which Hezbollah is increasingly involved. Could you elaborate on that immigration fraud as a modus operandi for Hezbollah?

Mr. KAVANAGH. I would probably feel more comfortable having somebody from the Department of Homeland Security answer that question, sir, for you, but I would say, sir, we are definitely seeing a pattern of a lot of people entering the country with visa fraud on their documentation. We are also seeing a lot of marriage fraud. I think it is stuff that is well known to these Subcommittees that we do have issues and problems with the process that is allowing a lot of these individuals into the country.

Mr. ROYCE. We had a hearing in Laredo, Texas, and also one in San Diego. In Laredo, there was a real concern on the part of the sheriffs with OTMs and particularly about people from this part of the world who they were apprehending coming in through the Texas border. How legitimate of a concern that might be?

Mr. KAVANAGH. I think, sir, Texas is just one of the areas, but the whole border issue is how the entry points are being made. I do not think we are seeing as much of the smuggling operations at this point as the people who are legally gaining access to this country.

Mr. ROYCE. Although we did see that with one operative in Tijuana who brought in 200 individuals and was aligned with Hezbollah, so we have seen some activity on the California——

Mr. KAVANAGH. Correct, sir. We have seen some, but on the whole scale, though, sir, I think the bigger issue is some of the problems that are occurring with the immigration policies or the enforcement, as a nation, to deal with those. Also, we are seeing more so, as you know, sir, the student visa problems.

Mr. ROYCE. The last question I was going to ask of Mr. Urbancic. *Jane's Defense Weekly* reports that Iran plans to supply Hezbollah with Chinese-designed, shoulder-fired missiles. The reason Iran wants to do that is they say these can take out the Israeli Air Force. Of course, they could also take out any jetliner. There are also reports of longer-range Russian missiles, such as the sophisticated SA–16.

Part of the strategy with the resolution that the U.N. was taking, UNSCR 1701, was that Hezbollah was not supposed to be re-armed by Iran. Clearly, the evidence in your report right now is that rearmament continues. From these reports, there is wide expectation of a rather massive ramp up in terms of the type of weaponry. It is now going to be more than the cruise missiles that we have seen in the past.

It was the hope that there was going to be a price paid by Iran for Hezbollah's aggression. When I was in Israel during those rock-

et attacks, people were saying, "Well, there will be a price paid by Iran." That does not seem to be the case, does it?

Mr. URBANCIC. Well, Congressman, I cannot speak specifically to Iranian deliveries of MANPADS to Hezbollah. I have seen the reports. But, clearly, the threat of MANPADS and other missiles in the hands of Hezbollah or in the hands of other terrorist groups is something that we take very seriously. Already, the Israelis faced that in East Africa, and we are very, very cognizant of it.

We are doing everything that we can with our allies, as I mentioned in my statement, because that is the way we have to do it. This is an international problem. We are working directly with our allies to not only register our concerns but to make sure that those resolutions are implemented in Beirut and in Lebanon.

We just completed our Joint Task Force Working Group on Counterterrorism with the Russians here in Washington a week and a half ago, and without going into great detail, I can tell you that some of the most intense discussions were about Iran.

Mr. ROYCE. I appreciate that very much, and, again, from the testimony, Iran "has not stopped since the cease-fire" or the adoption of "the U.N. resolution its financial, logistic, and military support," so we are going to have to redouble those efforts.

We are going to go to Mr. Ackerman for his questions.

Mr. ACKERMAN. Thank you, Mr. Chairman.

Al-Manar, which is Hezbollah's television network, has been banned in our country, as well as France, and several satellite services have discontinued broadcasting Al-Manar.

What I would like to know, with it still being broadcasted, both in Egypt and Saudi Arabia, who are also threatened by Hezbollah, why is Al-Manar still on the air? What steps have we taken to try to get them off the air there, and why are those governments reluctant to do it, and do they need some help and cover, and are we contemplating doing that?

Mr. URBANCIC. Congressman, Hezbollah is something that we take very seriously, and we are in intense discussions with the two governments that you mentioned, Saudi Arabia and Egypt, on the entire range of CT issues, not just Al-Manar. Al-Manar is a big one. We are working with those governments.

There are various complications and various political problems that we have with them, but, as I said before, working with our partners is the key to shutting Al-Manar down, and we are doing everything that we can on the diplomatic front as aggressively as we possibly can, at every encounter that we have, to get those broadcasting channels shut down.

Mr. ACKERMAN. Nothing specific that you could share with us in this venue?

Mr. URBANCIC. In the discussions, no, sir, not in this forum.

Mr. ACKERMAN. You would be able to do that in a different setting?

Mr. URBANCIC. I will take the question, if you would like, or, yes, if you want to do a different——

Mr. ACKERMAN. No, no, no. I am saying, if we had a different venue for this meeting——

Mr. URBANCIC. Sure.

Mr. ACKERMAN [continuing]. Would we be able to discuss that further?

Hezbollah has been called the "A-Team of Terrorism" by Former Secretary Armitage. What types of activities do we see from Hezbollah within the United States? Do they have plans to attack the United States or our interests overseas, and what have we done to limit that possibility?

Mr. KAVANAGH. Sir, as I stated earlier, what we have done with the Joint Terrorism Task Forces and with the intelligence community is basically worked together overseas internationally to get the information and intelligence to the people over here in CONUS that need that information to effectively combat all terrorist groups.

Like we have said, if we knew someone who had, let us say, a military background and is possibly a Hezbollah operative, we would do everything——

Mr. ACKERMAN. The question is, do we know of Hezbollah operatives in the United States, and do we know if or that they have plans for an attack in the United States?

Mr. KAVANAGH. I would say, sir, at this time, I would say the United States is used more as the financial funding operation. We are a great financial funder for a lot of the terrorist organizations in the Middle East through the various charities. Hezbollah basically, to date, even though they are unpredictable, have basically kept their attacks isolated to the Middle East regarding the United States.

Mr. ACKERMAN. I am talking about what their plans are.

Mr. KAVANAGH. Sir, I could just say, based on what we know to date, we do not see any ongoing or attempted operations in the United States, but, again, as of right now.

Mr. ACKERMAN. So you are telling us that Hezbollah has no plans within the United States for an attack on the United States.

Mr. KAVANAGH. What I am trying to tell you, sir, is——

Mr. ACKERMAN. We have no information on this.

Mr. KAVANAGH. As of right now, sir, I have no information I can share with you right now about any ongoing plans or attacks in the United States by Hezbollah.

Mr. ACKERMAN. You added that you can share with us to that statement, which, otherwise, I understood.

Mr. KAVANAGH. I would say, sir, right now, there is——

Mr. ACKERMAN. Do you know of any plans?

Mr. KAVANAGH. No, sir. I do not believe there are any plans right now that we are aware of at this point.

Mr. ACKERMAN. So we know of no plans for Hezbollah to attack the United States, and they are basically just using us as——

Mr. KAVANAGH. When you say the "United States," as CONUS, United States, as of right now, like I said, sir, I would probably feel more comfortable if we discussed this question, at least, in a classified Subcommittee meeting.

Mr. ACKERMAN. Maybe, Mr. Chairman, we can arrange for that.

Mr. ROYCE. We will arrange for that, Mr. Ackerman, and we will go now to Mr. Tancredo from Colorado and then to Mr. Berman from California.

Mr. TANCREDO. Thank you, Mr. Chairman.

I want to go back a little bit to the discussion we were having with regard to the border, especially the southern border of the United States and the various activities on the other side of that border that are quite perplexing and disconcerting.

In particular, there has been an increase in the number of paramilitary activities on the Mexican side of the border: camps, as I understand it, that have been developed near Matamoris, Mexico, and in other places run by the Zadas. These camps are primarily and essentially set up for the purpose of training people to move drugs into the United States and to avoid contact with American authorities, but they are paramilitaries, and the Zadas, of course, are people that we trained at one point in time, went back to Mexico, turned, and became part of the Mexican cartels. They are very capable people.

We have had an indication that there have been now thousands—up to 10,000, I think I read just recently—of desertions from the Mexican military, many of them also entering into the ranks of the folks who are moving drugs into the United States.

Now, we all know that the activities so far have been centered around the movement of drugs, as I say, but we also know, or, at least, at one time we were told by Administration officials, that there were concerns about the possibility that contact had been made between these organizations and Hezbollah.

I wonder if you could tell me if you have any more information about that. To what extent do you know about any contact that has been made that you can tell us about in this setting, and, I guess, if you cannot tell us specifically what contact has been made, can you tell us what your concerns are about that possibility? How real is the possibility that Hezbollah has made any sort of arrangements with the various radical groups in Mexico that are part of the drug cartels and also have established enormously successful routes into the United States where both people and drugs could be moved?

Mr. URBANCIC. Congressman, in a general fashion, what I could say is that, first of all, Hezbollah portrays itself primarily as a nationalist movement within Lebanon.

Mr. ROYCE. Mr. Urbancic, if you or Mr. Kavanagh would pull those microphones close to you, that would be helpful. There you go.

Mr. URBANCIC. If I could say, first of all, that Hezbollah, so far, has portrayed itself as a nationalist movement within Lebanon. I think we could think of it perhaps as almost an octopus with the head in southern Lebanon and tentacles moving around the world. Mostly those tentacles that we are aware of outside of Lebanon, except for the Iran-Syria link, obviously, are for supply and support, and that is what we see.

What we are very, very concerned about is the potential linkup between Hezbollah and narcoterrorism, the FARC in South America, which is its own problem, and the potential to use that type of funding mechanism against us, first, domestically and, secondly, in the Middle East.

It is a subject of great concern for us. I do not want to speak of specific contacts that we are aware of, but it is something that we

are very much worried about in the tri-border area, as we have mentioned.

Mr. TANCREDO. The tri-border area was going to be my next question. Certainly, we do know that there is movement through that area, from the Middle East into South America through the tri-border area, where they are trained, where they are given documentation, where they are kept for some period of time, and then moved on into the United States.

Now, all of these people who are paying these enormous sums in order to get here are not doing so to work at the 7-Eleven. They are doing so for other purposes, and we have to assume that those purposes are nefarious.

Mr. URBANCIC. I think that is exactly right. All of the documentation that you talked about is for sale, and it is easily—well not easily—it certainly can be reproduced, and there are experts that do it overseas for all types of purposes: for smuggling, for nefarious purposes much worse than illicit drugs.

On the domestic side, I defer to DHS and to the FBI.

Hezbollah has assets around the world, and it can mobilize them on a moment's notice. I am quite sure of that.

Mr. ROYCE. And Hezbollah subjects that are detained today have been involved in immigration fraud. That has come out in the testimony as well.

We are now going to go to Mr. Berman of California and then Mr. Rohrabacher of California.

Mr. BERMAN. Thank you, Mr. Chairman, and thank you for holding this hearing.

This notion of Hezbollah's global reach being for purposes of supply and support—I think that is what you said.

Mr. URBANCIC. Yes. I think that is the characterization we would—which is not to say that it does not have additional potential, but I think, primarily, at the moment, that is the status that we have.

Mr. BERMAN. Well, let me ask you about one particular activity that has gotten publicity in the last 12 months, and that is Hezbollah being a provider of particularly Islamic Jihad, Al-Aksa, and Hamas, to some extent, in the West Bank and in Gaza, to the point of actually encouraging specific kinds of terrorist operations by those organizations and helping to equip and supply them.

Mr. URBANCIC. Yes, sir. I think I mentioned in my statements that, since at least 2000, those contacts have existed——

Mr. BERMAN. 2000?

Mr. URBANCIC. The year 2000.

Mr. BERMAN. Oh.

Mr. URBANCIC [continuing]. Those contacts have existed, and we are very concerned about them. It is a clear indication of their willingness to use their wicked ideology and to spread it and to support other terrorist groups. These links are links that we want to work to break. Certainly, we are in close contact with the Israelis about this and everybody else who could be of——

Mr. BERMAN. Can you illustrate how that works, how those links are made? What kinds of activities are supported or directed? Can you link specific terrorist operations with Hezbollah?

Mr. URBANCIC. I will not go into specific operations, but the Palestinian——

Mr. BERMAN. Could you if this were a closed session?

Mr. URBANCIC. We could certainly say a lot more.

Mr. BERMAN. In other words, you do not have such information, or you do not have such information you want to share.

Mr. URBANCIC. We have additional information that we could share in, you know, a more closed forum.

Mr. BERMAN. Okay. All right.

Mr. URBANCIC. But it is not a secret, and we do not try to hide the fact that Hezbollah clearly is interested in expanding its links to other terrorist organizations around the world, and it certainly has in the West Bank and Gaza.

Mr. BERMAN. "Links" is a funny term.

Mr. URBANCIC. Support.

Mr. BERMAN. Support. So, in this case, there are people working with Hezbollah and not for operations inside Lebanon or at the border with Israel but in the West Bank in Gaza.

Mr. URBANCIC. Again, Hezbollah's primary focus is Lebanon, which is not to say it does not also want contacts and support from and to other terrorist organizations, like minded, particularly anti-Israeli ones.

Mr. BERMAN. All right. Can you give an estimate of the number of rockets you think Hezbollah now still has, based on what remains and what has been resupplied, in Lebanon?

Mr. URBANCIC. I will take the question. I cannot give it to you at this moment because I do not know.

Mr. BERMAN. You will take the question and try to answer it?

Mr. URBANCIC. Yes.

[The information referred to follows:]

WRITTEN RESPONSE RECEIVED FROM MR. FRANK C. URBANCIC, JR. TO QUESTION ASKED DURING THE HEARING BY THE HONORABLE HOWARD L. BERMAN

We do not have firm information in this regard. Hizballah has claimed 20,000 rockets, but we are not in a position to confirm or deny that number.

Mr. BERMAN. Okay. To what extent do we see activity by Hezbollah to rebuild infrastructure, to reestablish bunkers, to, in a sense, repair the damage done to their organizational military capabilities from the recent war?

Mr. URBANCIC. I think there is no doubt that they are trying to get resupplied and that the Iranians are happy to do that. At the moment, their emphasis, though, seems to be on establishing and consolidating their political base inside Lebanon, and they are doing that, as you know, through reconstruction efforts and through the spreading around of a lot of money, which is not to say that they have neglected their military wing, but the military part, for the moment, is not their emphasis, which is not to say that they are not going to do it the week after next.

Mr. BERMAN. My final question. I think you may have covered this, but I was not quite sure what the answer is. Since the conflict with Israel, since the cease-fire resolution and the direct conflict ended, do we have evidence of resupply across the Syrian-Lebanon border of Hezbollah of military equipment?

Mr. URBANCIC. Let me take that question, and I will answer it back to you in writing.

[The information referred to follows:]

WRITTEN RESPONSE RECEIVED FROM MR. FRANK C. URBANCIC, JR. TO QUESTION ASKED DURING THE HEARING BY THE HONORABLE HOWARD L. BERMAN

Yes, we believe, based on information received, that resupply is occurring. We do not yet have sufficient information to make a public case.

Mr. BERMAN. Okay. Thank you, Mr. Chairman.

Mr. ROYCE. Thank you, Mr. Berman.

We are going to go to Mr. Rohrabacher and then Ms. Berkley of Nevada.

Mr. ROHRABACHER. Thank you very much, Mr. Chairman, and thank you for your leadership, Mr. Chairman, that you have provided in delving into issues that are so significant for our well-being as a people and the safety of our families today, and I appreciate the good work that you are doing, as represented by this hearing today.

I would like to go on record right off the bat saying that I do not believe that it is appropriate for our Government to approach Hezbollah infiltrators into our country as potential fundraisers. I think that as we look at these people, we should be examining them as probable future terrorists and not just part of a fundraising team.

Mr. Chairman, when I take a look at the way the world works, Hezbollah does not have to raise $10,000 at a mosque in order to support its terrorist operations in Lebanon and in the Middle East or in other parts of the world. They have tens of millions of dollars, if not hundreds of millions of dollars, available to them from Syria and Iran and other nation states, and the idea that they are coming over here simply to make contacts with a mosque in order to get a few thousand dollars, I think, has been counterproductive to the FBI and intelligence effort because it actually has put us at odds with some people at these mosques who may well be supporters of ours, if they were approached in a different way.

With that, let me ask you this. Have you been deterred? Has there been any hesitancy on the part of people like yourselves to engage in tough questioning of Hezbollah and other terrorist suspects due to the hoopla that we have seen in recent days in Washington, DC, about how you treat people who are incarcerated who are involved with terrorist networks?

Mr. KAVANAGH. Sir, I would like to make a couple of things clear. First of all, we are not saying all Arab mosques are engaged in terrorism, and what we do is basically, as you know, a very thorough investigation. Under the laws of the Constitution, what we have here, we are bound by them. If we can only show that these people are providing material support, then that is what they are going to be charged with. So you are saying that all fundraisers——

Mr. ROHRABACHER. I am trying to tell you, my guess is, unless you can tell me now—maybe you have statistics—that the amount of material support coming out of, for example, hitting up mosques, local mosques, for contributions, is significant as compared to the hundreds of millions of dollars being shipped into this movement by Syria and Iran and others.

Mr. KAVANAGH. I would say, sir, if you asked me a question pertaining to the population that sympathizes or supports Hezbollah in this country, I would tell you that this is what we are seeing in the United States. We are seeing the support through the charitable organizations to funnel money back to Lebanon.

Mr. ROHRABACHER. How much are we talking about?

Mr. KAVANAGH. Excuse me?

Mr. ROHRABACHER. Are we talking about $1 million, $2 million, $5 million, $100,000?

Mr. KAVANAGH. I could tell you sir. I do not have the exact figure in front of me, but with the Middle East charitable organizations that are funneling money back to terrorist organizations, it is in the millions.

Mr. ROHRABACHER. Okay, from the United States.

Mr. KAVANAGH. Correct.

Mr. ROHRABACHER. Okay. When you say "in the millions," I take it that that is a couple of million dollars, not $100 million. I guess what I am trying to suggest to you is that approaching these people as fundraisers, my guess is that the fundraising activity is only used, frankly, as a cover in order for people to make contact and find potential people who might be sympathetic with them rather than as an actual instrument of raising the funds necessary to conduct a terrorist operation.

I have to move on to one last question because I see my red light is on there.

And, again, we have got to get tough with Syria and Iran to the degree that we, in some way, enrage Muslims that could be our friends, that is counterproductive. Did the Saudis and the Jordanians and the Egyptians, during this recent fighting and the battle between Israel and Hezbollah and Hamas, did not the Saudis and the Jordanians and Egyptians, did they actually come out pretty much condemning Hezbollah, as they should have, I might add, because Hezbollah obviously started, as their Chairman noted, started shooting rockets into Israel, and Israel's response, I think, was totally justified.

But usually we do not see the Saudis or the Jordanians and the Egyptians come on board in condemning that type of activity, but did we not see that this time?

Mr. URBANCIC. Congressman, yes, and what we saw was an evolution over time in the general public reaction, and as the public reaction changed, then the public posture of those governments changed as well. But yes, especially when the kidnappings took place, and the first rockets started hitting Israel, there was great shock throughout the Arab world and some considerable understanding of the Israeli position.

Mr. ROHRABACHER. I close just by suggesting that if we are going to win this war with radical Islam, we have got to try our best to work with those moderate Muslim elements that also deplore the killing of innocent men, women, and children by terrorist actions. So thank you very much.

Mr. URBANCIC. We absolutely concur.

Mr. ROYCE. Thank you. Ms. Berkley, and then we will go to Mr. Weller of Illinois.

Ms. BERKLEY. Thank you, Mr. Chairman, and thank you, gentlemen, for being here to share your knowledge with us. I have a number of questions, but perhaps the first one that I would like to get an answer for is, if Hezbollah was created in 1982 for the purpose of ending the Israeli occupation of Lebanon, and the Israelis withdrew from Lebanon over 6 years ago, can you enlighten me as to what the purpose of Hezbollah is at this point in time?

Mr. URBANCIC. Well, I remember an old saying that there is nothing as permanent as a temporary quonset hut. They had a stated goal, but they——

Ms. BERKLEY [continuing]. Which they have achieved.

Mr. URBANCIC [continuing]. Which they have achieved. They will tell you, of course, that Shebba Farms justifies their continued military——

Ms. BERKLEY. But I thought that was disputed territory with Syria.

Mr. URBANCIC. Well, should be, but, you know, you have to have a fig leaf, and so they have got their fig leaf.

The fact is they have established themselves. They are a functioning political and other type of party. They are a terrorist organization as well, but they have very deep pockets, and they provide a lot of services that the central government has not been able to provide in the south, and, therefore, they exist, and they function, and they continue to go forward. They really do not need, from their point of view, to justify their existence.

Ms. BERKLEY. Why is it that the Lebanese Government cannot provide these services to southern Lebanon?

Mr. URBANCIC. It has been very difficult for them. They went through a 15-year civil war, and now, of course, the situation, we hope, is changing, and we are working very strongly with the central government to support the Sinora government to allow them to do development down there and to begin to strengthen themselves to a point that they effectively control. This is the first time the LAF has been deployed in the south, as you know, for years.

Ms. BERKLEY. This is my concern. Israel endured 6 years of Katyusha rockets being lobbed at them from Lebanon by Hezbollah. Now, I understand, or I have been told, that Katyusha rockets are very inaccurate, but if one lands on you, it is extraordinarily accurate.

Hezbollah kidnapped two soldiers that started a war with Israel in August that, quite candidly, was tragic, not only for the Israeli people, and I think it was, but particularly for the people of Lebanon. There was a level of sophistication of weaponry and technology that heretofore had not been fully appreciated. After 32 days of serious bombardment by the Israelis, IDF, which is supposed to be the best military force in the world, on the very last day, Hezbollah was still able to lob 300 rockets into Israel, not exactly something that gives any of us a sense of security.

I was in Israel the day the cease fire was signed, and it was not too long after the cease fire was signed, and 1701 was approved by the United Nations, Hezbollah has already declared, through Nasrallah, that they are not going to disarm, and he was very brazen in what he said. He bragged, and I know that Mr. Kavanagh is going to tell us, perhaps behind closed doors, how many rockets

they are supposed to have, but Nasrallah said he had over 20,000 rockets that were ready to go and be launched against Israel. That is after 32 days of being bombarded.

We know for an absolute certainty that Iran, with the help of Syria, is re-arming Hezbollah, even though that is against the United Nations resolution that was passed by the Security Council, and they have already stated that they have no intentions of ceding any land in southern Lebanon to the Lebanese military, and they are not going to adhere to U.N. Resolution 1701.

So, knowing all of these things, and knowing that the European Union—I do not know what one has to be to be named a terrorist organization by the European Union and the fact that the Arab countries and our so-called "allies" in the region, which, in my opinion, is a joke, to call very many of the Arab nations an ally of the United States of America. I think perhaps they have the most vested interest in disarming Hezbollah and eliminating this threat to Lebanon.

I do not see them doing anything. I do not see the European Union doing anything, and I am very concerned that the United States of America cannot go alone in this. Now, what do you think it will take to get the rest of the world engaged in this war against terrorism, which will have profound repercussions and ramifications to not only the State of Israel but certainly Lebanon, the entire region?

Mr. URBANCIC. A number of points. I will try to address as many as I can, and please remind me of the ones that I miss.

I think the first thing we have to do is implement 1701. That is the primary thing. We do have good cooperation. The Germans are actually involved.

Ms. BERKLEY. What about the Lebanese Government?

Mr. URBANCIC. And the Lebanese Government as well, absolutely. We have to work with the Lebanese Government to get them the strength to be able to expand their authority in the south. There is no doubt that this is a deficient situation. It is not a pleasant situation. It is not one that we want to see continue.

Mr. ROYCE. We are going to go to Mr. Weller of Illinois and then Mr. Cardoza of California.

Mr. WELLER. Thank you, Mr. Chairman.

Mr. Urbancic, shifting back to our own hemisphere, we have been treated, over the last few weeks, by seeing the President of Venezuela publicly embrace the President of Iran, declaring solidarity and support for the Iranian agenda. Last year, President Chavez likened his own Bolivarian Revolution to the Iranian Revolution in a speech in Tehran.

I would like to get from you a perspective. Since Hezbollah is an Iranian-sponsored, terrorist group, tell us about what you know, and you can share with us, about Hezbollah activities inside Venezuela.

Mr. URBANCIC. Congressman, I think you may recall, the last time I was before this Committee, we spoke of Venezuela, and President Chavez was, at that time, just beginning to launch his world tour. We are very, very concerned. He has a border with Colombia. Colombia is a center of narcoterrorism.

There is a large Hezbollah nexus to Venezuela. I do not want to go into names or details, but it is something that we are conscious of, that we are watching, and that we are very concerned about, and given the proclivities of the Chavez Government, it is not a reassuring situation at all.

Mr. WELLER. Well, you mentioned Colombia, and, of course, the FARC, the narcoterrorist group—it is internationally recognized as such—operates in Colombia, but the so-called "foreign minister of the FARC" was found to be in Caracas with Venezuelan identity papers giving him Venezuelan citizenship, you know, essentially suggesting that FARC operatives may have some sort of safe haven in Venezuela.

Is Hezbollah operating under the same type of opportunity? Is there a safe haven for Hezbollah inside Venezuela?

Mr. URBANCIC. The development of Venezuela as a safe haven for all kinds of really objectionable activities is something that we are extremely concerned about, and we certainly would not exclude Hezbollah activities in Venezuela as an area that we need to watch and worry about.

Mr. WELLER. We have seen an increase in anti-Semitic activity in Latin America. Last year, there were armed military sent into a Jewish grade school in Venezuela on a school day. Children were present. A pretty intimidating action by the Venezuelan Government, and, at the same time, this year we are seeing the Chavez Government say, after joint appearances with the Iranian President, that it is going to withdraw diplomatic relations with Israel, something I think we should all be very concerned about as we watch what is going on in our back yard.

I realize I am running out of time here, but let me go back a few years. You know, Hezbollah, along with its main patron, Iran, was involved in this hemisphere in the 1992 bombing of the Israeli Embassy in Buenos Aires, and later, in 1994, they bombed a Jewish Community Center in Buenos Aires. Can you share with me what the status of holding those accountable for those actions, what we are doing to hold the Iranian leadership accountable? But also tell us what the current Government of Argentina, the Kirchner Government, is doing to hold those terrorists accountable for those actions against the Jewish community, as well as the Nation of Israel and their own capital.

Mr. URBANCIC. The Kirchner Government actually is active. I think that we would all agree that there were some mistakes made, particularly with the Interpol red notices, but they are actively pursuing this case, and we think, and we hope, that when they get to the point of issuing new warrants, that Interpol will honor those.

The Iranian connection is clear. It is hard to imagine a country that has worse relations than us with Iran, and we are doing everything we can to bring that government, to make it accountable for a whole host of horrible terrorist associations that it has and groups that it supports. It is a tough slog. We have not succeeded in convincing some of our best friends—not our best friends but some of our critical allies to take a harder stand, but we are working very hard in the U.N. and elsewhere to bring the Iranians and to make them accountable and to get them to change their behav-

ior. That has not been an easy row to hoe. Thank you, Mr. Chairman.

Mr. ROYCE. Mr. Cardoza?

Mr. CARDOZA. Thank you, Mr. Chair. I know we may have votes at any minute, so I will try and be brief. I appreciate you holding this hearing. I continue to be concerned, as this whole Committee does, on the whole threat of shoulder-fired missiles targeting domestic aviation.

When you put them in the hands of these people, who have clearly demonstrated their lack of concern for civilian populations by firing Katyusha rockets at Israel—a number of Members of this Committee, including Ms. Berkley and I, traveled to Israel about 3 years ago, and the day after we left a particular kibutz that we stayed in overnight, the kibutz was fired on by Katyusha rockets.

This is not a new phenomenon. It has been going on in Israel for years, the firing of rockets against innocent civilians in that country, and the recent war just made it more of a concern.

What concerns me even more is Hezbollah's efforts to win the hearts and minds of the world population and the Lebanese population by their perceived altruistic contributions to that population, and, in my opinion, it is surrogates trying to allow them to buy friends in that population. Clearly, they are spending billions of dollars in the reconstruction effort in Lebanon.

My question to you is, can you trace where those billions of dollars are coming from, and are you able to tell us where those dollars are coming from today?

Mr. URBANCIC. I cannot say to the extent of 100 percent, but there is no question that Iran is supplying very significant amounts of money to Hezbollah, and much of that goes through Syria, and it is supplied because, as you say, the Iranians want to use Hezbollah as a surrogate. They want to strengthen Hezbollah as a counter, from their point of view, to Israeli influence in the region, and they want to, frankly, use them as proxies against us. It is a straightforward proposition.

Mr. CARDOZA. Any good detective will tell you, if you want to find the base of criminal activity, find out who the criminal is, you follow the money. Do you have any idea the degree, how much money they are getting, and do you also know of any legitimate means that Hezbollah has of raising dollars in Lebanon itself?

Mr. URBANCIC. The dollar contribution of Iran to Hezbollah, I could not tell you. I do not know. I can try to find out, and if we can give you an answer, I will send it to you.

[The information referred to follows:]

WRITTEN RESPONSE RECEIVED FROM MR. FRANK C. URBANCIC, JR. TO QUESTION ASKED DURING THE HEARING BY THE HONORABLE DENNIS A. CARDOZA

Because of the clandestine nature of funding for Hizballah, we can only estimate its financial resources. Iran probably provides in excess of $100 million per year. Hizballah also receives funds from other sources, including private charitable donations made to its social and cultural organizations, and profits from businesses, like its construction arm, Jihad al-Binaa. Post-conflict, Hizballah promised to pay between $10,000 and $12,000 for each household to compensate for the loss of a home, apartment or other dwelling. One estimate says that 15,000 people have received this payout. If only half that number were paid at the lower figure, that makes a minimum of $75,000,000. So far as we know, most of this funding has come from Iran.

Mr. URBANCIC. But, yes, Hezbollah, as I was mentioning to Congresswoman Berkley, it is more than a military organization. It is a military organization, it is a terrorist organization, but it is also a business. It runs TV stations. It runs banks. It runs hospitals. It runs clinics. It has a whole series of, if not legitimate, at least, on the face of it, innocent-appearing corporations. It has a very wide reach throughout Lebanon and throughout the world, and it has a huge fundraising mechanism. It does diamonds. It does—you name it.

Mr. CARDOZA. Thank you.

Mr. ROYCE. Thank you. We will go to Mr. McCaul of Texas.

Mr. MCCAUL. Thank you, Mr. Chairman.

It has been commented upon, the relationship of Chavez to Iran. He has embraced the Islamic Jihadists. Marguerita Island is a known Hezbollah haven. The tri-border area is of concern.

Recently, Mahmoud Kourani was arrested. He was the Hezbollah operative who, as I am sure you are aware of, smuggled across the United States-Mexico border the brother of the Hezbollah chief of military operations in southern Lebanon. That puts it squarely in our hemisphere and our own back yard.

In Beirut, he paid $3,000 to bribe a Mexican Consulate if I recall for a Mexican visa and was smuggled into California by a "coyote." He pled guilty, was arrested, and then was convicted of being a member, fighter, recruiter, and fundraiser for Hezbollah. That deeply concerns me, and I know there are many other cases like Kourani.

My question is twofold, and that is, in my experience in the Justice Department in counterterrorism, you read Lightning out of Lebanon, the cell in North Carolina that was busted. How many Kouranis do you believe are here, and how easy is it for them to go from support cells, in other words, financing, to operational? As we ratchet things up with Iran, I am concerned about these cells lighting up in the United States.

Lastly, the influence of Chavez and Hezbollah on the cartels, which have completely taken over northern Mexico in the delivery routes.

Mr. KAVANAGH. Sir, to answer your first question regarding how easy is it to go from support to actual operations, that is a question that, as you know, if somebody is motivated to cause harm, they can do it, and that has always been everyone's concern.

What we do, though, working together with intelligence communities overseas and with our law enforcement here is try to target those that we know are Hezbollah members, who we know have the military training, and try to intercept them if we know they are trying to head to the country or are in the country. I think, to date, we have been very successful regarding that end of it.

Your distinguished colleague was kind of equating fundraising with material support for terrorism, and I would differ with him on that. The bottom line, sir, is that it is a good question, and that is why we go after anyone who provides any support or anybody who sympathizes and basically violates the laws. We go after them and try to take them out and get them deported or get them into jail because we agree with you, sir, that we do not know what the

intent of a lot of these individuals is and what it would take for them to maybe become operational.

Fortunately, to date, they have not been. Like I said, it has been basically a fundraising operation through a lot of low-level criminal conduct. We are seeing more now like the bank frauds and more of the narcotics trafficking, and that brings it to a different level. But that is what we are seeing, at least in regard to the Hezbollah members or sympathizers that are in this country.

Mr. MCCAUL. Okay. The second half of my question, again, is what influence, if any, do you believe Chavez and Hezbollah are having on the cartels?

Mr. URBANCIC. On the cartels. I am not sure which way it works, actually. He is not a guy who is tough on crime, and we are very worried about it. I think that links, more than links—I think that there is a relationship there, and I think it is one we have to worry about, and it is one we have to counter.

Mr. MCCAUL. I see my time has expired. Thank you, Mr. Chairman.

Mr. ROYCE. Mr. Sherman?

Mr. SHERMAN. It is easy to see why Hezbollah is an effective criminal organization because it can use an ideology to create the unity that other criminal organizations do not have when every member is in it plainly for their own economic gain.

We have not been able to convince the Europeans that Hezbollah is a terrorist organization. Have we been able to convince some that it is a criminal organization, and, if not, why not?

Mr. URBANCIC. Yes and no. I mean, everything that we can possibly share with the Europeans, we take to the Europeans, and then it is up to the Europeans to decide. You understand that very clearly. But we are actively pursuing every avenue that we have with the Europeans. They do not always respond because they do not always see it as in their interest. When we do have criminality involved, the Europeans tend to be more responsive, and it is a clearer-cut picture.

Mr. SHERMAN. Mr. Urbancic, you are coordinating our effort against terrorism, and we have to get the entire world on our side on Hezbollah and related issues. It occurs to me we have had some difficulty.

Are you consulted with regard to what our position should be on issues that Russia cares about that are outside the area of antiterrorism, and what I am referring to here is linkage; that is to say, when we are trying to decide whether to accept Russia's policy toward Moldova or Abkhaza or whether to confront Russia and take an anti-Russian position, does anybody come to you and say, "Well, what do you need from the Russians on the antiterrorism front?"

Mr. URBANCIC. I mentioned earlier, we just completed our Joint Working Group on Counterterrorism with the Russians about 2 weeks ago, and one of the biggest things that we discussed with them is how we can link ourselves up, in the G–8 and elsewhere, on counterterrorism.

Mr. SHERMAN. Sir, I think you are misconstruing my word "linkage." You are going to work with antiterrorism officials in Russia.

Mr. URBANCIC. And the foreign minister.

Mr. SHERMAN. And the deputy foreign minister and important people in Russia, and they are going to have to decide things like, will Russia list Hezbollah as a terrorist organization, and you are going to have a mixed record on your ability to get Russia on our side on important terrorism issues, especially Hezbollah, and Russia has not been as anti-Hezbollah has it ought to be.

The question is, have we offered to Russia to ameliorate our policies toward Abkhaza, Moldovia, or any other nonterrorist issue in order to get them on our side on Hezbollah?

Mr. URBANCIC. I think we do not want to compromise principles, but it is clear that when we work with the Russians, as we work with almost any other country, the better the relationship is in other areas, the better the relationship is in additional areas. A quid pro quo, you can have Abkhaza, and will you give us Hezbollah? Probably not, but we want to work and find a way to work with the Russians to bring them around.

Mr. SHERMAN. But does the guy in the State Department who is talking to the Russians about Abkhaza or Moldovia talk to you?

Mr. URBANCIC. Sure. Absolutely. We are in the same room all of the time.

Mr. SHERMAN. Okay. Then there is the hope for a little bit more linkage behind the scenes. I have had top State Department officials tell me, we absolutely refuse to link any other issue with the Global War on Terrorism, and I think that that is the chief explanation of our failure to get the international support that we need.

I know that we want to bring in the other panel, but I do want to ask the other witness a question, and it is kind of outside the scope of this Committee, but what do we need to do with our domestic laws on the books in order to give you the tools you need to prevent terrorists from either raising money here in the United States or organizing cells to carry out operations here in the United States?

Mr. KAVANAGH. Sir, with all due respect, I am probably going to leave that one to the director, but I think, sir, that we have a lot of the tools necessary to disrupt and dismantle. I think what the problem we are seeing, sir, is the immigration issues that, I think, are very important to this country. I think that we are basically seeing a lot of people who are coming through the front door getting into this country and getting established who probably should have been blocked before they got into the country.

So I think that the domestic security issue is one of the things that, as a team, I think we have bigger issues. I think law enforcement works really well with the laws we have right now. I am sure that the director could probably come up with a few to tighten up here and there, but, at the same time——

Mr. SHERMAN. I want to interrupt you. You seem to be saying that we are allowing to immigrate to the United States legally persons who may subscribe to extreme Islamist views.

Mr. KAVANAGH. No, sir. What I am saying, sir, the Detroit case is a perfect example where we are seeing there is a lot of fraud, there is a lot of stuff that is being done by the individuals that are getting into this country, and I think that we are seeing a lot of that with regard to a lot of our terrorist investigations.

As law enforcement entities and as a community, I think we need to take a real hard look at what we probably need to do to basically prevent a lot of the fraud and prevent a lot of the stuff that allows these people into the country who then engage in low-level criminal activity and engage in the support back home of funneling the money back to the terrorist organizations.

Mr. SHERMAN. Okay. I yield back.

Mr. ROYCE. Thank you, Mr. Sherman, and, Mr. Sherman, I think this is one of the issues that we have investigated with our Committee. We had a hearing on USCIS and whether it was broken in regard to its ability to check this kind of fraud.

Gentlemen, we appreciate it very much.

We are going to ask now for our next panelists to come forward, and we are going to go right to their testimony. As they are coming forward, I am going to introduce them.

Mr. Eitan Azani is a senior researcher at the Institute for Counterterrorism in Israel. He is an expert on terror organizations in the Middle East, particularly on Hezbollah. Mr. Azani was formerly the head of intelligence in the Lebanon Division of the Israeli Defense Force, prior to which he served as head of the intelligence branch of the Israeli Air Force. Dr. Azani is a colonel in the Israeli Reserve.

Colonel, thank you for traveling here. Your institute was kind enough to host me on a recent trip to Israel and I met several of your colleagues at that time.

We next have Mr. Christopher Hamilton. He is a Senior Fellow in Counterterrorism Studies at the Washington Institute. Prior to joining the institute, he had a distinguished FBI career for over 20 years. Mr. Hamilton served in the Bureau's Counterterrorism Division. His work involves strategic planning, providing guidance to field investigators, overseeing counter-espionage operations, and implementing the FBI's first overseas Arab language instruction program. Mr. Hamilton received numerous awards for his service, including a Director of Central Intelligence Meritorious Unit Citation in 1993.

Lastly, we have Mr. Ilan Berman, vice president for policy at the American Foreign Policy Council. He is an expert on regional security in the Middle East, Central Asia, and the Russian Federation. Mr. Berman has consulted for both the U.S. Central Intelligence Agency and the U.S. Department of Defense, and Mr. Berman is the author of *Tehran Rising: Iran's Challenge to the United States*, and he is also co-editor of *Dismantling Tyranny: Transitioning beyond Totalitarian Regimes*.

Gentlemen, thank you very much. Dr. Eitan Azani, if you would like to begin. Please summarize in 5 minutes. Thank you.

STATEMENT OF EITAN AZANI, PH.D., SENIOR RESEARCHER, INSTITUTE FOR COUNTERTERRORISM, HERZLIYA INTERDISCIPLINARY CENTER, HERZLIYA, ISRAEL

Mr. AZANI. Thank you very much for inviting me here to speak before the Committee. I want to start with a sentence saying Hezbollah is a pragmatic terror organization of global reach, a pragmatic but not a moderate organization, a pragmatic but dan-

gerous organization since the beginning of the organization during the eighties.

Nasrallah, using a double-faced policy, on one hand, to blur the identity of the organization as a terrorist organization and to emphasize the identity of the organization as a political party inside Lebanon and social party inside Lebanon. If we look at the flag of the organization, we can see the global aspiration of the organization. We see here the globe.

The other issue is the violence. The organization uses violence. We see the hand with a rifle, which means, at the end of the day, they say "resistance," and I say "violence."

The goals of the organization. A sentence said that Hezbollah are the winner. Looking into some notes regarding the principles, ideology, and aim of the organization, the principles came from the heritage of Khomeini. "Activism" means violence. "Self-sacrifice" means the culture of suicide bombing. The role of the religious scholars inside the organization: Who are the enemies, global enemies? The great Satan, United States; greater Satan, Israel; and the corrupted Muslim regimes in the region.

What are the goals? Establishing an Islamic state in Lebanon. Even today, we think about Hezbollah as trying to establish an Islamic state in Lebanon today. Destroying Israel: Death to Israel and also death to the United States. Promoting the concept of ummah, led by the Shiites. As you can see here, a picture showing how they educate their children in this organization.

I was asked, can a separation be made between the organization's social, political, and military wings, and Hezbollah answered there is only one leadership in Hezbollah, through members, senior members, of Hezbollah have said during the last year. One of them is Muhammad Fanish. Currently, he is a minister in the Lebanese Government. He said very clearly, no distinction should be made between the military wing and the political wing of Hezbollah. The other declaration by Naim Kassan—he is the deputy of Nasrallah—said there is only one leadership in Hezbollah, and its name is the Shura Council, which is the decision-making council of the organization. It directs the political, military, cultural, and social activities of the organization.

What is the Hezbollah Shura Council? Seeing the photos of the Shura Council, the members of the Shura Council of Hezbollah, we can see that there are seven Lebanese members—most of them are religious scholars—and two Iranians. Most of these members are heads of other Subcommittees of the organization.

For example, Imad Mugniyah, one of the most wanted by the FBI, on top of the list of the FBI, is the head of the Jihad Council, and he sits on the Shura Council. Other members are the head of the Political Council, the Executive Council that carries out social activities, which means, at the end of the day, in the same Shura Council sitting together, are the military and terrorist branches of the organization and the other social and political branches of the organization.

What is Hezbollah's uniqueness? Hezbollah is backed by a two-state sponsor of terrorism, and more than that, it is a state within a state in Lebanon, which means it is backed by three state sponsors of terrorism. It is operating inside and outside the political

system in Lebanon, trying to promote the goals of the organization and to exploit the Lebanese political system to promote the organization's interests.

It is well equipped and well trained, and even as you can see here, Nasrallah declared that even though his members are in the Parliament, he did not withdraw his Jihadist responsibilities, which means we are playing in these two places.

Hezbollah versus Israel; we see that Hezbollah initiated direct and indirect operations against Israel from Lebanon and through the Palestinians. What we see is a pure terrorist strategy of the organization in the second Lebanon war. Why? Intentionally and knowingly, attacking the Israeli cities; this is a pure terrorist act. Through the Palestinians, organization tried to support and promote terror attacks as a means to disrupt possible agreement of political initiatives between Israel and the PA. In Iraq also, the organization carried out a terror attack.

Some words regarding Hezbollah in a second Lebanon war: First of all, we speak about strategic changes in Lebanon that are still in process, so it is very difficult to evaluate what it will be. One, for sure, is the decrease of Hezbollah power in south Lebanon, and there is an unstable situation in the region.

There is risk and opportunity, which means we have two main possible developments. One is more decreasing of Hezbollah power; the other, get Lebanon in civil war again. The crucial condition to decreasing Hezbollah power is the survivability of Seniora's government in the field.

[The prepared statement of Mr. Azani follows:]

Dr. Col. (Res.) Eitan Azani – Senior Researcher at the Institute for Counter-Terrorism (ICT), at the Interdisciplinary Center in Herzliya, Israel

Edited & translated by Moshe Horowitz (ICT)

9/28/2006

"House Committee on International Relations – Subcommittee on International Terrorism and Nonproliferation"

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Hezbollah – a global terrorist organization – situational report as of September 2006

Overview

Hezbollah of the year 2006 is a pragmatic terrorist organization that is well-armed, well-trained, and equipped with highly sophisticated weaponry. It is far more dangerous than the revolutionary Hezbollah of the 1980's due to both the means at its disposal and the double faced policy it employs. In effect, Hezbollah did not abandon its goals; it just changed the pace of their implementation.

Hezbollah simultaneously operates both within the Lebanese political system and outside of it, a fact that allows it greater leeway in both arenas. The organization's pragmatic façade has fooled, and continues to fool, researchers and actors in the international arena. Indeed, Hezbollah's entrance into the Lebanese Parliament in 1992 and the Lebanese government in 2005 was perceived by many as an important first step that demonstrated the organization's moderation and abandonment of its radical ideology. Hezbollah even implemented a series of measures intended to highlight the change it allegedly went through.

Since the beginning of the 1990's, Hezbollah has been making a tremendous effort to blur its image as a pan-Islamic terrorist group, while at the same time strengthening its image as a legitimate Lebanese resistance movement fighting an occupying army. As part of this effort, Hezbollah has limited the extent of its terrorist activities against Western targets in Lebanon and in the international arena. The organization only carried out "high quality" clandestine attacks, did not take official responsibility for the attacks and denied any connection to the operations. The attacks against Jewish and Israeli targets in Argentina (1992 and 1994) and the attack against Americans in the Khobar Towers in Saudi-Arabia (1996) are noteworthy examples of attacks with the aforementioned characteristics.

Hezbollah's operations against Israeli forces in Lebanon, as long as they did not fire at Israeli civilians, were perceived by the Lebanese population and the international public opinion as legitimate guerilla operations. UN Secretary-General Kofi Annan's meeting with Nasrallah in June of 2000 gave the organization international legitimacy and many actors in the international arena continue to meet with Hezbollah leaders.

Hezbollah was able to convince observers that its activity is focused on the sociopolitical arena in Lebanon and the protection of the country from Israeli aggression by serving as a deterrent. In September of 2004, Nasrallah stated that his organization operates in Southern Lebanon alongside the Lebanese military as part of a joint strategy with the Lebanese state intended to protect Lebanon.[1] However, immediately following the Israeli withdrawal from Lebanon in May of 2006, Hezbollah began systematically taking over Southern Lebanon and creating a "state within a state". It worked towards deepening its control over the population by taking over the social and welfare arenas and managing the civilian services.

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[1] Interview with Hassan Nasrallah, Al-Mannar, 4/9/04

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During this period and until the Second Lebanon War in July of 2006, Hezbollah established an operational network in Southern Lebanon that included: an extensive fortification network in open areas and in the villages along the international border, various advanced weaponry, headquarters, communications posts, weapons depots, rocket-launching sites and intelligence-collecting positions. Moreover, Hezbollah positioned advanced tactical and strategic weaponry in the arena, such as medium-range land rockets, thousands of Katyusha rockets, land to sea missiles, and advanced anti-tank missiles. These weapons, provided to Hezbollah by Iran and Syria, enabled the organization to build a substantial military framework that is unparalleled by any other terrorist group in the world. This reality created "mutual deterrence" with Israel, which had a significant portion of its population and vital infrastructure installations within striking distance of Hezbollah's missiles.

Hezbollah marketed its activity as intended to create deterrence in order to prevent future Israeli aggression against Lebanon and utterly rejected any plan that would disarm the organization by threatening, both blatantly and implicitly, the stability of the Lebanese political system if such a measure would be employed against the organization.

However, when one examines Hezbollah's activity, institutions and behavior in the international and regional arenas in depth, a very different picture from the one Hezbollah tries to portray emerges. The Shura Council, the organization's executive board, is in command of its military and terrorist operations on the one hand and its social and political activity on the other hand. Imad Mugniyah, who is in charge of the organization's clandestine terrorist branch in Lebanon and abroad and is wanted by the American government for planning and conducting terrorist attacks, also serves on the Shura Council. Moreover, "slips of tongue" made by the organization's leaders from time to time reveal the true reality. For example, in January of 2002, Hezbollah parliamentary representative Muhammad Fanish stated that "*one cannot separate between Hezbollah's military branch and its political branch*".[2]

The Second Lebanon War clearly exposed Hezbollah's true nature as a terrorist organization. Hezbollah deliberately fired Katyusha rockets at Israeli civilians and population centers, and Nasrallah even warned that his organization would expand the firing of rockets at Tel-Aviv.[3] In addition, Nasrallah's live appearance on the "*Al-Mannar*" television station in which he updated the viewers regarding the firing of a "land to sea" missile at an Israeli cruise ship in "real time" demonstrated, despite the organization's attempts at blurring this fact, the extent of involvement and control the organization's leadership has over the operational activities.[4] Moreover, when a Hezbollah rocket attack killed two Israeli Arabs during the Second Lebanon War, Nasrallah delivered a personal apology and took responsibility for the operation.

Hezbollah is not a state actor and cannot pose a real existential threat to any actor in the international arena. However, its "sting" is still very dangerous and it can wreak a great deal of damage. The organization is well aware of the limitations of its power

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[2] Muhammad Fanish, Al-Mannar, 18/1/02

[3] Al-Sharq Al-Awsat, 27/7/2006.
http://www.aawsat.com/details.asp?section=4&issue=10103&article=375115&search&الله20%حزب=state=true

[4] http://news.msn.co.il/news/StatePoliticalMilitary/Military/200607/20060715072749.htm

and it therefore carefully navigates its path between the various actors. Hassan Nasrallah, the organization's leader since 1992, adopted the policy of "brinkmanship" in his relations with the Lebanese, regional and international systems and he has been able to take advantage all the arenas in which Hezbollah operates.

Hezbollah's arenas of operation

Hezbollah in the intra-Lebanese arena – Nasrallah operates in the intra-Lebanese political system and works to assuage the Lebanese population's concerns regarding the implementation of Sharia law in Lebanon, while at the same time working to establish a terrorist and organizational infrastructure in the Lebanese, regional and international arenas. His political activity in the Lebanese arena is an example of the organization's pragmatic ability to separate between the religious Shiite ideology that is based on "the rule of the jurisprudence" and pan-Islamism, and the daily task of operating within the existing system in order to achieve the organization's long term goals. Hezbollah simultaneously operates both within the Lebanese political system, thus exploiting the advantages it provides, and outside of the political system, as a "state within a state" that Hezbollah established and runs.

Hezbollah in the regional arena – Hezbollah maintains a close relationship with Iran and Syria, which are both state sponsors of terrorism. This relationship is an important and powerful factor influencing the organization's capabilities, as Hezbollah enjoys military, political and financial support from both countries. The strategic defense pact signed between Iran and Syria in June of 2006 strengthens Hezbollah's position and ensures the continued military and financial support even after the Second Lebanon War. Ahmadinejad's election to the Iranian presidency, which signifies the rise of radical elements in Iran, his self-perception as the promoter of the "second Islamic revolution", and the mounting crisis surrounding the Iranian nuclear program turns Hezbollah into one of the components of the Iranian retaliation. Iran might use Hezbollah in order to promote the goals of the Islamic revolution, further Iranian interests in the Middle-East, and serve as a retaliatory force in case the crisis surrounding the Iranian nuclear program deteriorates.

Hezbollah in the Palestinian arena – Hezbollah, as an Iranian proxy, put a lot of effort into promoting terrorist attacks in the Palestinian arena as a central means of disrupting any possible agreements or political initiatives between the Palestinian Authority and Israel. Hezbollah maintains ties with senior leaders of Palestinian terrorist organizations, including: Hamas, Palestinian Islamic Jihad, Fattah – Tanzim, Jibril's Popular Front, etc. It encourages them to carry out attacks, funds their activities, trains Palestinian terrorists in its Lebanese camps, smuggles weapons and passes on knowledge and information to Palestinian terrorists. In certain cases, Hezbollah directly operates cells to carry out attacks by funding and guiding the activists.

Hezbollah Vs. Israel – Hezbollah maintains an ongoing state of conflict and attrition with Israel both directly from the Lebanese border and indirectly, by guiding, funding and training Palestinian terrorists. The objective of this ongoing activity is the destruction of the state of Israel. Following Israel's withdrawal from Lebanon in May of 2000, Hezbollah continued to carry out direct terrorist attacks against Israel from Lebanese territory, while assuming it could deter Israel with its array of approximately 13,000 Katyusha rockets and various missiles. Nasrallah adhered to his policy of "brinkmanship" in this case as well and conducted cost-benefit analysis for every attack against Israel. However, the Israeli retaliation for the kidnapping of

two of its soldiers in July of 2006 disrupted Nassrallah's plans, as he had hoped to exploit the kidnappings to improve his standing as a regional and Lebanese leader. The Israeli retaliation demonstrated Hezbollah's failure to deter Israel and Hezbollah admitted it did not foresee Israel going to war over the kidnapping.[5]

The Second Lebanon War created a new situation in Lebanon. It caused substantial damage to Hezbollah's infrastructure and standing in Lebanon, the Lebanese Military, with the help of international forces, is currently taking control over the territory in which Hezbollah operated freely, and the Lebanese government increased its involvement in Southern Lebanon. It is still too early to evaluate the direction in which this process will develop in the intermediate and long run since the process is still at its beginning. It is absolutely clear that it largely depends on the degree of resolve and determination of the Lebanese government, which will be forced, at one point or another, to confront Hezbollah, set clear guidelines for the organization, and be willing to pay the price for this confrontation.

Hezbollah in the international arena – Over the past two decades, Hezbollah established its international terrorist network infrastructure in over 40 countries and it centrally controls it through the Shura and Jihad Councils headed by Nasrallah and Imad Mugniyah. This international terrorist network, whose cells have attempted and conducted terrorist attacks since the 1990's, is the most organized terrorist network in the world and is a threat to the interests of Israel, the US and Western states that classified Hezbollah as a terrorist organization. Hezbollah's international terrorist network is used for gathering intelligence, attacking Jewish, Israeli and Western (mostly American) targets worldwide, purchasing and smuggling weapons, and as a source of funding for the organization's activities.

Hezbollah and Jihad in Iraq – Hezbollah is one of the leaders of the media campaign against the American involvement in Iraq, but it does not limit itself to that. Hezbollah funds radical Iraqi Shiite elements and established a clandestine network in Iraq with operatives that cooperate with local and Iranian elements. Together they are involved in carrying out attacks against American targets in the country.

The organization's success, survival and expansion, despite the efforts of its competitors, opponents and adversaries, are based on two central elements:

1. The ability to establish effective operational capabilities that rely on external and internal sources and are comprised of an effective and hierarchical organization of the movement, military capabilities, financial funding and enforcement of organizational authority.

2. The legitimacy element – This element is based on the organizational discourse that included religious justification for the strategic changes made by the organization, the appropriation of Lebanese national responsibility, partial adaptation (if only to keep up appearances), and the willingness to operate within the existing Lebanese political system

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[5] http://www.islamonline.net/Arabic/news/2006-08/27/11.shtml, see also http://www.nrg.co.il/online/1/ART1/470/132.html

Hezbollah – the ideological framework

Shiite ideology and the principles according to which Hezbollah operates were shaped by Ayatollah Khomeini and they constitute the basis for the organization's activity to this day. The following are key principles that were handed down by Khomeini:[6]

1. Obtaining legitimacy for Shiite activism – Until the time of Khomeini's rule, the Shiites were passive and oppressed due to their being a minority within the Muslim world (90% of which are Sunni Muslims). Under Khomeini, the Shiites underwent a change and became an active group that strives to achieve political goals, including the use of violent measures. Khomeini called for action by the "oppressed" (Shiites) against the "oppressors".

2. Delegitimization of corrupt Muslim regimes – Khomeini classified the regimes that do not follow Sharia law as corrupt and illegitimate, thus sanctioning the means to overthrow them.

3. Joining the Jihad against corrupt Arab rulers and the West as a means to promote the idea of the Islamic nation.

4. Defining the enemy – Khomeini coined two phrases that defined the enemies of Islam: the "Great Satan" – the US, and the "Little Satan" – Israel.

5. The principle of sacrifice – Khomeini reformulated the principle of sacrifice. He advocated a transition from the state of sacrifice to the state of self sacrifice through Jihad against the enemies of Islam. In such, Khomeini founded the basis on which the phenomenon of suicide attacks as a strategic means for terrorism to achieve its goals developed. Hezbollah adopted the idea early on and carried out suicide attacks against foreigners in Lebanon between 1983-85. This method of operation was later adopted by other terrorist organizations.

6. The principle of "the rule of the jurisprudence". According to Khomeini's approach, religious scholars need to run the Islamic state since they are the only ones that can interpret God's laws. This principle is unique to the radical Shiite thought and is strictly followed by Hezbollah as well.

As a revolutionary Shiite organization with a universal Islamic outlook, Hezbollah has adopted three central objectives that derive from Khomeini's teachings and principles and has been striving to implement them since its inception:

1. Implementation of Islamic law in Lebanon as part of a universal Islamic revolution – this objective has always been part of Hezbollah's agenda, though the organization's leaders attempted to blur this point since the 1990's in order to promote current objectives in Lebanon. However, this strategy did not escape the eyes of Arab liberals, who are concerned over the strengthening of Hezbollah in Lebanon, and they made sure to stress that the organization did not abandon its goal of establishing an Islamic republic in

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[6] Shaul shai, "terror in the name of the Imam - twenty years of Shiite terrorism 1979-1999" (Herzliya - IDC, Israel, 2001) pp. 23-28.

Lebanon. This issue became increasingly heightened following Ahmadinejad's election to the Iranian presidency and the Second Lebanon War.[7]

2. Expulsion of the foreign forces in Lebanon – this was one of Hezbollah's primary goals and it took much pride in the fact that it was the cause for the expulsion of the multi-national forces from Lebanon in the 1980's and the expulsion of Israel from Lebanon in 2000. Hezbollah claims its mission is not complete as long as the Shebba farms are in Israeli hands and, therefore, there is a need for the continuation of the "resistance" in its current form. In his speech on Friday, September 22nd, 2006, Nasrallah stressed that the "resistance" is a consequence of the occupation, the prisoners, the theft of water, and the attacks against Lebanese sovereignty. He added that until all the reasons that brought about the establishment of the "resistance" are not removed, the "resistance" will not disarm. Regarding the multinational forces that arrived in Lebanon, Nasrallah issued a veiled threat and a recommendation that they concentrate on their mission of aiding the Lebanese Army and not attempt to spy on Hezbollah or try to collect weapons from its members.[8]

3. The destruction of Israel and the liberation of Jerusalem – One of the pillars of Hezbollah's ideology is the struggle against the state of Israel (the "Little Satan") until its destruction and the liberation of Jerusalem. Due to this principle and in order to achieve this objective, Hezbollah feels committed, ideologically and in practice, to strive for an ongoing conflict with Israel with all means possible on all fronts. In light of this, Hezbollah constantly stresses its basic approach to Israel and its goal to destroy it.[9] As a result of Hezbollah's aforementioned attitude towards Israel, it rejects the possibility of any future accords with Israel, any possibility of recognizing its existence as a national entity in the region or of any co-existence with Israel. Hezbollah is very ardent about expressing its strong objections to any attempt at reconciliation in the region while strongly criticizing those who negotiate with Israel in order to increase the pressure on them in the Arab "street". In the past few years, special emphasis has been placed on preventing any agreements between Israel and the Palestinians while maintaining the level of violence and terrorism in the territories. Hezbollah's terrorist attacks targeting Israeli civilians receive ideological legitimization in the same way Sheikh Yusuf Qardawi, one of the most senior members of the "Muslim Brotherhood", legitimized the attacks. The legitimization for attacks against civilians is based on Nasrallah's portrayal of the Israeli population, including women, children and the elderly, as a "military population" that does not have innocent civilians. There is a duty to fight each and every one of its citizens.[10]

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[7] Al-Nabulsi, "Will Lebanon become an Islamic republic?" http://www.elaph.com/ElaphWeb/ElaphWriter/2006/8/170391.htm, as quoted in http://www.memri.org.il/memri/LoadArticlePage.asp?language=Hebrew&enttype=4&entid=2037

[8] http://www.ynet.co.il/articles/0,7340,L-3307104,00.html

[9] Al-Mannar, 7/5/1998.

[10] Hassan Nasrallah, Al-Mannar, 27/12/97.

Hezbollah's attitude towards The US – the "Great Satan"

Hezbollah demonstrates deep animosity towards The US. This animosity, which is one of the central facets of the organization's ideology, is a direct result of the Iranian revolutionary outlook that defined the US as the "Great Satan". Hezbollah claims that the goal of American policy is to take over the entire region and strip the Arabs of their natural resources, with Israel being one of the tools for this plan. Since the US began its campaign against international terrorism following the attacks of 9/11 and in light of the continuation of the American presence in Iraq, the Iranian nuclear program crisis, and the Second Lebanon War, Hezbollah has significantly increased its level of inciting rhetoric and propaganda against the US and its policies. Indeed, the Second Lebanon War is perceived by radical Islam, including Nasrallah, as an additional phase in the American conspiracy intended to take over the Middle East and its resources. It views Israel as an American proxy for attaining its objectives in Lebanon.[11] The chants of "death to America and death to Israel" are often heard during Hezbollah ceremonies and rallies in Lebanon, in Iran, and amongst the organization's supporters around the world.[12]

Hezbollah's messages of hate and propaganda are distributed through the Al-Mannar television station, the Nur radio station, and internet websites operated by the organization. Other Arab television stations assist in disseminating the messages of hate by providing a media platform for Hassan Nasrallah, who enjoys a large degree of popularity in the Arab world, and by quoting Al-Mannar and other Hezbollah media.

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[11] Radio Nur, 16/2/2000 – taken from http://www.intelligence.org.il. See also "Al-Mannar" from 11/11/2001, 22/10/2002, 26/1/2003, and 3/3/2003. See also http://www.islamonline.net/Arabic/news/2006-08/22/03.shtml

[12] Al-Manar TV, http://www.memritv.org/search.asp?ACT=S9&P1=566, 18-19/2/2005

Structure and command – Hezbollah's decision-making "Shura Council"

During its more than twenty years of operation, Hezbollah went through a very significant process of organizational development. It was transformed from one of many local Lebanese terrorist organizations operating in the Lebanese arena into a political movement with international reach in the fields of terrorism, military infrastructure and strategic capabilities, including ground-to-ground rockets. This complex organizational framework, which includes civilian, military and social functions, is headed by the decision-making "Shura Council". The Council has been headed since 1992 by Sayd Hassan Nasrallah – the leading formulator of the organization's policy.

Hezbollah operates through the use of two "arms": the "sociopolitical arm" and the "military arm". Both "arms" are interlocked, support each other, and are subject to Hezbollah's "Shura Council". On January 18th, 2002, Hezbollah parliamentary representative Muhammad Fanish clarified the nature of the relationship between the two arms when he stated: "Hezbollah is being seduced in order to stop it. The goal is not to harm the political arm, but rather the military arm. However, I can state that there is no separating between Hezbollah's military and political arms".[13]

In the period since Hezbollah's inception, an organizational and hierarchical system began developing based on the institutions and group leaders that founded the organization. This organizational system maintained complete secrecy during its first years, until 1986 when the organization revealed the existence of its leadership council – the Shura Council.

The Shura Council

Hezbollah's Shura Council is comprised of nine members - seven Lebanese members and two Iranian members representing Iran's interests within Hezbollah. It is currently headed by Hassan Nasrallah, who has been heading the organization since February 1992. The Shura Council is elected once every several years and lately elections are held every 2-3 years. Abbas Musawi was elected as secretary general in May of 1991. Following Musawi's assassination in February of 1992, Hassan Nasrallah was elected as Hezbollah's secretary general. During the elections for the sixth Shura Council, Hezbollah changed the organization's regulations and decided that the secretary general's term would be three years without limitation on the number of terms he could serve. Hezbollah is directed by five Shura Councils whose heads sit in the Decision-making "Shura Council". The five councils are:[14]

1. The Jihad Council – The council is headed by Imad Mugniyah and is responsible for Hezbollah's terrorist operations in Lebanon and worldwide

2. The Executive Council – The council is headed by Hashem Safi Al-Din and is responsible for the organization's social activity, manpower and education. This council has territorial responsibility and, as a result, is also connected to the organization's operational and terrorist activities. One of the prominent members of the council is Sheikh Nabil Kauk, who is responsible for the

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[13] Muhammad Fanish, *Al-Mannar,* 18/1/2002.

[14] For the role and structure of the Shura Council see Naim Qassem, *Hezbollah – Al-Manhajj Al-Thajraba Al-Mustaqabal*, (Beirut, Dar Al-hadi, Abri, 2002) pp. 85-87

southern region and as such is also involved in the organization's terrorist attacks launched from that region throughout the 1990's and until today.

3. The Political Council – The council is headed by Sheikh Ibrahim Amin Al-Sid. It includes the Parliament members and is responsible for the activity in the Lebanese political arena and the implementation of the chairman's policies in the Parliament.

4. The Political Advisor – Hajj Hussein Halil. Responsible for promoting the organization's policies and political interests vis-à-vis organizations, parties, and political entities inside and outside of Lebanon.

5. The Judiciary Council – Sheikh Muhammad Yazbek. The Council is responsible for the judicial system in the Hezbollah-controlled areas, especially the Shiite villages.

The current Shura Council was elected in August of 2004 and the previous elections took place in July of 2001. The majority of the members on the "Shura Council" have been serving on the Council alongside Nasrallah since the early 1990's. All of its members, except the head of the Jihad Council Imad Mugniyah, are religious scholars.

The Shura Council's fields of responsibility

The Council is responsible for running all of the organizations components - military, political and social - and it is involved in all of the organization's activities in the Middle Eastern and international arenas. The council makes strategic decisions regarding the organization's terrorist activities locally, regionally and abroad and all decisions concerning sociopolitical policy in the Lebanese, regional and international systems. The council's decisions are constantly implemented in the field.

All of the heads of the secondary councils participate in the Shura Council and through them the Council controls the organization. Therefore, in effect, the Hezbollah is an organization that is directed by a unified leadership that controls all the components of the organization, including its military-terrorist activity.

The organization's senior members have clarified more than once that Hezbollah and all of its branches are a single organic unit whose policy and activity are decided by its leadership. For example, when asked "who makes the decisions regarding operations – the activists in the field or the political leadership?" Nasrallah answered "the Hezbollah leadership…the organization's leadership is the resistance's leadership and it is the one to consider all the information, the resistance's interest and its operational policy. The brothers in the field are the ones who carry out the policy".[15]

Sheikh Naim Qassem, Nasrallah's deputy, made a similar statement: "We are a political party that prioritizes the resistance, since fighting against Israel and the policy of confronting the occupation are actions of a political party. We believe that

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[15] Al-Majla, 24/3/02.

the political activity merges with the resistance activities, which is an inseparable part of political activity."[16]

"If there was a military arm separate from the political arm, there would be consequences and implications in the political arena, but there is only one leadership in Hezbollah and its name is the "Shura Council". It directs the political, military, cultural and social activity in the organization. Hezbollah's secretary general is the head of the "Shura Council" and also head of the Jihad council, which means we have one leadership and one administration."[17]

Hezbollah exploited the Lebanese political system to promote the organization's goals and was able to simultaneously operate within the political system and outside of it. Its entrance into the Lebanese political system and local municipalities in the 1990's and into the government in 2005 was used in order to expand its activity vis-à-vis the Lebanese population, thwart decisions that could have harmed the organization and promote the organization's interests and activities. In October of 1994, Nasrallah stated that "*the Al-Wafa party [the Hezbollah party in the Lebanese Parliament] became the voice of the resistance in the Parliament, in Lebanon and abroad.*"[18]

Hezbollah – Iranian relations

The rise to power of radical elements in Iran, of which Ahmadinejad is a good example, and the Second Lebanon War rekindled the question regarding the extent of cooperation between Iran and Hezbollah. It is interesting that while Nasrallah makes sure to emphasize that Hezbollah is primarily an independent Lebanese movement with a only a religious affiliation to the supreme leader Khamenei, senior Iranians and the Arab network see Hezbollah as an Iranian forward unit in Lebanon and the ultimate product of the export of the Islamic revolution. In an interview he gave to the Iranian newspaper "Al-Sharq", Ali Akbar Mohtashemi [one of Khomeini's loyalists, one of the founders of Hezbollah, former Iranian ambassador to Syria and Lebanon, and former Iranian Minister of Interior] addressed the relationship between Hezbollah and Iran. He stated that "Hezbollah is part of the Iranian rulership; Hezbollah is a central component of the Iranian military and security establishment; the ties between Iran and Hezbollah are far greater than that those between a revolutionary regime with a revolutionary party or organization outside its borders".[19]

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[16] Lebanese television, 23/1/03, as quoted by www.intelligence.org.il/sp/hizbullah/hizbu_ae.doc

[17] Al-Mustaqabal, 31/12/00, as quoted by www.intelligence.org.il/sp/hizbullah/hizbu_ae.doc

[18] Interview with Hassan Nasrallah, Al-balad, 22/10/94

[19] Regarding Nasrallah's statement that his organization maintains ties with Syria and Iran, but is independent, see http://www.ynetnews.com/articles/0,7340,L-3307177,00.html. Mohtashemi interview can be found in http://www.memri.org.il/memri/LoadArticlePage.asp?language=Hebrew&enttype=4&entid=2037

A similar description was published in "Al-Sharq Al-Awsat" in May 2006. The newspaper quoted an Iranian figure who told a group of Western statesmen in London that Iran attributes great importance to Hezbollah and that the organization "is one of the elements of our strategic security. It serves as an Iranian front line of defense against Israel. We do not agree that it needs to be disarmed..."[20]

Iran provides Hezbollah with approximately 100 million dollars annually and supplies it with an array of arms, mostly via the Damascus airport. Hezbollah's operational infrastructure was developed, almost entirely, with extensive Iranian backing. This aid included financial support, transportation of weapons, and training the organization's activists.

Iran views Hezbollah's consolidation in Lebanon as a great success in the "export of the Islamic revolution". Even after Israel's withdrawal from Lebanon, Iran continues to see Lebanon as its frontline against Israel and Hezbollah as a key factor in leading the struggle. For this reason, Iran continued to strengthen Hezbollah's military capabilities and consistently supported the continuation of Hezbollah's terror operations along the Israeli-Lebanese border.

The Iranian Revolutionary Guards' "Quds Brigades" (Jerusalem Brigades), which are deployed in Lebanon, direct Iranian operations in the area and Iranian assistance to Hezbollah. The force provides guidance and military support for terror attacks against Israel. This support includes funding and varied military support expressed in the following ways:

1. Training and instructing Hezbollah activists in military and operational subjects, including advanced courses in Iran.

2. Transfer of military aid by air, via Damascus international airport, and through the "Quds Brigades" to Lebanon. Since Israel's withdrawal from Lebanon, the Iranians meticulously built up Hezbollah's military and operational capabilities. Over the years, large quantities of top-quality weapons have been transferred to the organization, including: advanced anti-tank missiles, katyusha rockets, cannons and various anti-aircraft missiles, SA-14 and SA-7 shoulder missiles, small-scale naval warfare equipment, ultralights, UAVs, and advanced weapons systems such as ground-to-ground long range rockets. It would appear that there is no terror organization worldwide that benefits from such a massive ongoing and regular supply of top-quality arms.

Iran helped, and is still helping, Hezbollah build its global terrorist network. Iran also helps the organization operate its network with agents from its security forces and the Iranian Revolutionary Guards, which operate from Iranian embassies worldwide.

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[20] Al-Sharq Al-Awsat (London), 11/5/06

Hezbollah – Syria relations: from proxy terrorist organization to strategic partner

During Hafez Al-Assad's reign, Hezbollah was a Syrian proxy terrorist organization. Syria was the reigning power in Lebanon and it controlled the activities of the various elements in Lebanon, including those of Hezbollah. Hezbollah did not completely submit to Syria's authority and from time to time there were even differences of opinion between the two. In recent years, Syria mostly used diplomatic tools to restrain Hezbollah: It summoned their leaders to Damascus for clarifications, it involved Iran and demanded that Iran use its influence with the organization, and, in certain cases, it even threatened the organization. The "special" status which the organization enjoyed and the "forgiveness" which Syria demonstrated, even when its own interests were harmed by the organization's acts, mostly emanated from Syria's need to maintain the strategic alliance with Iran.

During the rule of Bashar Al-Assad, a significant change occurred in the relationship between Syria and Hezbollah. Hezbollah became Syria's strategic partner in Lebanon. In light of this development, Syria supports Hezbollah in a number of fields:

1. Syria provides Hezbollah with military assistance, which is a deviation from the patterns formulated during the rule of Hafez Al-Assad. Syria transferred Syrian manufactured long-range rockets, Russian anti-tank missiles, and, possibly, improved anti-aircraft missiles to Hezbollah, in complete contradiction to the policies enforced during Hafez Al-Assad's rule.[21]

2. Syria provides Hezbollah with political backing in the intra-Lebanese and international arenas and widespread maneuverability within Lebanon in order to establish itself in Lebanon and continue its activities in Southern Lebanon: this activity is intended to prevent the Israeli-Lebanese border from turning into a quiet border and to ensure a controlled level of tension.

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[21] "Channel 10 as quoted by Ma'ariv 28 February 2003

Hezbollah's operational strategy – operational arenas and main characteristics

General

Hezbollah's ideological platform, published in February of 1995, defined itself as part of the Islamic nation facing the Western attack that sees the Iranian Islamic regime as a pioneer for the Islamic nation. It also noted that the main enemies in the region are: Israel, the US, France, and the SLA and that the operational strategy against these enemies is resistance.

In his book *"Axis of evil – Iran, Hezbollah and Palestinian terrorism"*, Shaul Shai calculated the number of attacks carried out by Shiite terrorists and Iranian entities between 1980 and 1999. According to the information, 260 terrorist attacks were carried out in the international arena (excluding terrorist attacks in Lebanon and the Iran/Iraq war) with the following distribution:

1. Kidnapping hostages – 67 attacks
2. hijacking/blowing up airplanes – 12 attacks
3. detonating explosive devices and vehicle bombs – 82 attacks
4. assassinations – 97 attacks

Although these numbers include the Iranian attacks, it points to the potential in the Iranian-Shiite system to carry out terrorist attacks in the international arena. Moreover, it should be stressed that Hezbollah's 2006 international terrorist network is much broader and well established than that of the 1980's and 1990's.

Hezbollah has been promoting the goals of the Islamic revolution since its inception. It placed the use of terrorism in the center of the asymmetric conflict strategy that it conducts against its opponents. One of its central components is the "suicide weapon". At the same time, Hezbollah carried out an operational strategy aimed at achieving its objectives and spreading its influence to all of the Shiite population.

This strategy combined the use of preaching based on religious indoctrination backed by welfare activity and education, and the use of terrorism as a means of broadening the potential recruitment and support pool.

Already in the 1980's, Hezbollah attacks were characterized by innovation, professionalism and a high level of daring that was new to the Lebanese arena. This was due largely to the implementation of the principle of sacrifice by the organization's activists, who blew themselves up against multinational forces and IDF targets in Lebanon. Moreover, the organization's activity in Lebanon had the professional fingerprints of the Iranian Revolutionary guard who trained Hezbollah for their attacks and supplied them with explosives, weapons, and technological equipment. Analysis of the organization's operational characteristics from its inception to the present indicates a continuous improvement in the organization's activists level of operational capabilities and the technological means they use in order to circumvent the defensive measures the IDF used in Lebanon and security apparatuses used around the world.

Following the IDF's withdrawal from Southern Lebanon, Hezbollah began building a broad military network that included: thousands of rockets and missiles, headquarters, fortification systems, command and control posts and intelligence positions along the international border as part of the Shiite-Iranian axis' attempt at creating a "balance of terror" vis-à-vis Israel with the threat of Katyusha and middle range rockets in any future confrontation. This also provided Iran with an additional deterrent in case of a deterioration in the Iranian nuclear program crisis that can be operated on short notice. The mutual deterrence that developed was perceived by Hezbollah as a means that provided it with a wide margin for operations in order to promote the organization's interests in the Lebanese and regional arenas. Under its protection, Hezbollah carried out cross-border firings, bombings, attempted kidnappings of Israeli soldiers and recruitment of Israeli Arabs for intelligence collection and carrying out terrorist attacks in Israel throughout the period.[22] The kidnapping of two Israeli soldiers on July 12th, 2006, by Hezbollah activists sparked the Second Lebanon War. The ceasefire agreement that took effect on August 14th, 2006, after 32 days of fighting serves as the basis on which, in one way or another, a new order in Lebanon will take place.

Possible implications from the Second Lebanon War on the Shiite axis – Hezbollah and Iran

The war created a new strategic situation in Lebanon and the regional arena that has influenced, and will continue to do so in the future, the actions of the Hezbollah-Iran axis in the short, medium and long term. This strategic situation is still developing, a fact that can still lead to the weakening of Hezbollah and its eventual disarmament on the one hand, or, on the other hand, to an intra-Lebanese crisis that will enable Hezbollah to survive this current crisis and rehabilitate its capabilities prior to the next round of violence. The stability of the Lebanese government is critical for the formulation of the new strategic situation in Lebanon and channeling it in the direction of weakening Hezbollah. Hezbollah, on its part, will make a serious effort to try and prevent the Lebanese government from manipulating the situation in this direction. It will try and do so by using a "show of force", such as the "victory rally" it held on Friday, September 22nd, 2006, which was attended by thousands of Hezbollah supporters, or with more violent means in order to prevent further erosion of its status in Lebanon.

Following are the central consequences of the Second Lebanon War for Hezbollah:

1. A dramatic decrease in Hezbollah's military capabilities, infrastructure, manpower, weapons, and operational space.

2. Hezbollah lost its exclusive control of Southern Lebanon, which was transferred back to the Lebanese state and the multinational forces. This could bring about an increase in the strength of Hezbollah's opposition, both within and outside of the Shiite group. Until recently, there were only sporadic attempts, and mostly declarative, to try and challenge Hezbollah and reduce its power.

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[22] http://www.islamonline.net/Arabic/news/2006-08/27/11.shtml

3. The war created an opportunity to halt the uninhibited shipping of large quantities of weapons to Hezbollah from Iran and Syria – this could limit the organization's capabilities to produce firepower at the same extent and pace it did in the current war.

4. Reduction in Syria's ability to transport weapons to the Lebanese arena and the pointing of the finger in the direction of the Iranians might slow down the pace of Hezbollah's rearming.

5. Hezbollah will have to fight again over the "heart" of the Shiite population in light of the damages this population suffered, though this time it will be against increased involvement of the Lebanese government and other rivals in this arena.

6. The war brought the issue of disarming Hezbollah to the forefront of the Lebanese agenda – this issue will put additional pressure on the Shiite-Iranian axis.

7. The Shiite-Iranian axis found itself isolated during the war in the face of a broad Arab front that formed against it, specifically Egypt, Saudi Arabia and Jordan. The common denominator for these countries was the desire to minimize the power of the Shiite-Iranian axis and its ability to create regional crises. It is likely that these efforts will continue in the future.

8. A reduction of Hezbollah's capabilities in Lebanon might cause the organization to increase its efforts to carry out, both directly and indirectly, terrorist attacks in other arenas. In this context, it is likely that that the Shiite-Iranian axis would:

    a. Increase its encouragement and initiation of attacks in the Palestinian arena and inside Israel through the use of Palestinian terrorist organizations or Israeli Arabs.

    b. Establish new operational arenas abroad against Israeli and American targets (Hezbollah identified America as the central element that supported Israel).

    c. Take part, in one way or another, in promoting terrorist operations in the Golan Heights as part of the Syrian-Iranian alliance, which fits Assad's latest statements regarding other possible methods for freeing the Golan Heights.

9. Tactical level – Hezbollah will try and maintain its capabilities in Southern Lebanon under a deep cover of secrecy, rehabilitate its infrastructure in the open and in the villages by relying on its activists that live in these villages, and gradually and consistently erode the agreements until the time is right for it to initiate activity along the border, even at the "risk" of a local confrontation with the Lebanese Army or the multinational forces.

Iran will continue to support and back Hezbollah in any possible way, overtly and covertly, by transferring funds directly to Hezbollah in order to rehabilitate Southern Lebanon, transferring weapons to Hezbollah, and continuing to train the organization's activists on the operation of sophisticated weaponry.

Hezbollah's involvement in advancing Palestinian terrorism

The anarchy that took over the Palestinian Authority during the Al-Aqsa Intifadah enabled Hezbollah to become an influential force in the West Bank and Gaza. Hezbollah established a network of terrorist cells in the territories, trained them - including in their training camps in Lebanon - in explosives, the manufacture of arms, combat techniques and how to perpetrate attacks. It activated these cells and used them to carry out attacks. In addition, according to Israeli intelligence sources, in 2004, Hezbollah financed many terror cells that operated in the territories with a sum ranging from $750,000 to $1.5 million dollars a year. During 2005, the organization strived to put an end to the relative "calm" that existed (regarding the terror attacks) and raised the sum paid for a suicide attack to $100,000, while in the past the amount was only $20,000.[23]

Hezbollah assists the Palestinian armed struggle in four central manners:

1. **The military route**: providing military assistance, including the supply of arms, smuggling them into the territories, training operational activists, establishing terror networks in the territories, and enlisting Israeli Arabs to carry out terror attacks and intelligence gathering.

2. **Operational activity from the Lebanese border**: Hezbollah perpetrates attacks from the Israeli-Lebanese border in order to help the Palestinian struggle.

3. **The financial route**: The transfer of funds to terrorist organizations operating in the territories.

4. **The public relations-propaganda route**: Hezbollah placed its media, in particular its Al-Mannar TV station, at the disposal of the Palestinian armed struggle and it broadcasts communications whose focal points are the continuation of the violence and the resistance to negotiations and to ending the confrontation.

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[23] http://www.intelligence.org.il/sp/2_05/iran_hez.htm

Hezbollah – a dangerous and sophisticated terrorist actor with presence in the international arena

Currently, only five countries (US, Canada, Australia, Holland and Israel) classified Hezbollah as a terrorist organization. Several European countries differentiated between Hezbollah and what they termed an "external security organization".[24]

Since its inception in 1982, Hezbollah has been conducting a global terror policy parallel to its Lebanese activities. This includes establishing operational and logistical networks worldwide and perpetrating attacks against Israeli and American targets.

During the 1980's, Hezbollah was behind a series of attacks against Western targets as part of Iran's policy. In the 1990's, Hezbollah lowered its profile of activities against the West (due to a change in the Iranian policy) and focused on carrying out terrorist attacks against Israeli and Jewish targets while relying on the infrastructure it built around the world.

Hezbollah conducts vast activity in the international arena. It cooperates with other Islamic terrorist organizations in various countries worldwide. The international network established by Hezbollah in over 40 countries worldwide enables it to perpetrate attacks against targets in the international arena within a short time frame. This network is controlled by the Shura Council, though the operational network itself is headed by Imad Mugniyah, who is a member of the Shura Council and head of the "Jihad" military council. The organization's operations within the international arena were carried out mainly against Israeli, Jewish and American targets.[25]

The establishment of Hezbollah's infrastructure in the global arena is based on the same principles that guide the organization's activities in Lebanon and the infrastructure is managed by the same decision-makers. In essence, this approach stipulates a methodical formation of global operational capabilities that would provide flexibility in deciding to carry out an operation and shorten the organization's response times. It is likely that the expansion of the organization's operational infrastructure abroad suits Iranian interests, which sees Hezbollah as one of the components of its retaliation in case of a military or diplomatic crisis surrounding the Iranian nuclear program.

The calls to open a second front against Israel abroad are not new. They already appeared implicitly during the 1990's. Moreover, the thwarting of attempted attacks and the arrest of Hezbollah cells in various places around the world in the late 1990's and the current decade demonstrated that Hezbollah is still continuously operating in this arena.

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[24] See Ma'ariv, 11.3.2005, for E.U. parliament resolution and Nicholas Blanford, "Hezbollah in the Firing Line", Middle East Report Online, April 28, 2003; Notable Exception: Some European States are Unwilling to Label Hezbollah a Terrorist Group, http://www.aipac.org/Notable Exception112904.htm.; Patrick Gooddenough, Australian Muslim Leader praises Suicide Bombers, www.crosswalk.com/news/1247108.html

[25] "IDF Intelligence Chief Views Hezbollah-Syria Ties, PA Chaos, Saudi Stability", *The Jerusalem Post*, July 26, 2004

In fact, during the Second Lebanon War, several senior Iranian figures with ties to the establishment called for attacking Israeli and American targets around the world. In July of 2006, Hossein Shariatmadari, who is the editor of the Iranian daily newspaper "Keyhan" and close to Khamenei, stated that "the retaliation against Israel's crimes in Gaza should not be limited to the occupied lands". In an interview with the conservative Iranian Mehr news agency, Shariatmadari stated that the Islamic world does not need to limit its retaliation against the Zionists' attacks to the Gaza strip, but rather ensure that "no Zionist should feel safe anywhere in the world".[26]

An additional Iranian source, the Fars News Agency, reported that the commander of the Iranian Revolutionary Guard, Yahya Rahim Safavi, delivered a speech to the Basij and Revolutionary Guards forces on 30/7/06 in which he told them to be prepared to retaliate against Israel and the US.[27]

It is likely to assume that, in light of the Iranian deterrence policy regarding its nuclear program, Iran helps Hezbollah expand and consolidate its operational infrastructure in the global arena through its offices and consulates around the world. It can also be assumed that, in light of the strategic defense pact between Iran and Syria, Syria might support and assist Hezbollah activity abroad.

Hezbollah's activity in the international arena is fairly "easy", since it was only classified as an international terrorist organization by just five countries (US, Canada, Australia, Holland and Israel), can operate without interference abroad, and establish a very broad infrastructure of activists and supporters.

The lack of an accepted international definition of terrorism prevents international cooperation in the fight against Hezbollah and its infrastructure. This fact, in addition to international actors' fear of getting involved in violence and terrorism saturated regions so as not to harm their interests, play into the hands of Hezbollah. Even during the 1980's, when Hezbollah frequently carried out attacks against international actors, the international system had difficulty cooperating in order to create effective pressure that would curb or eliminate the organization. Without a basic agreement that Hezbollah is a terrorist organization, the international system's influence on Hezbollah will remain extremely minor.

Hezbollah's global network has components of international crime and petty crime, and it serves to reach the following objectives:

1. Collecting operational intelligence on defined targets.

2. Maintaining "sleeper" cells in various countries.

3. Fundraising for the organization's operations through donations from wealthy donors, charities, and income from various crime: smuggling cigarettes,

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[26] "Keyhan", 3/7/06 – as quoted by http://www.memri.org.il/Memri/LoadArticlePage.asp?enttype=4&entid=2002&language=Hebrew

[27] http://www.farsnews.com/newstext.php?nn=8505080619, as quoted by http://www.memri.org.il/memri/LoadArticlePage.asp?enttype=4&entid=2012&language=Hebrew

drugs, and diamonds, forging documents and credit card fraud. The organization operates independently or in collaboration with crime organizations in various places all over the world.

4. Purchasing and smuggling arms – mostly advanced technological weaponry which the organization needs for its operational activities. Hezbollah uses its activists outside Lebanon (temporarily or permanently), "innocent" businessmen and companies that Hezbollah established (some of them "front companies"). The equipment obtained includes computers, night vision equipment, GPS navigation instruments, mine detectors and aviation computer programs. Several cases that were exposed in the past few years in the US, Canada and the tri-border area indicate that Hezbollah conducts vast amounts of activity in this field.

When analyzing the organization's operations in the international arena, one can clearly differentiate between two periods:

- **The first period** - The decade of the 1980s. During this period, Hezbollah perpetrated a series of terror attacks, including suicide attacks, hijacking aircrafts, and kidnapping Western hostages in Lebanon and abroad. Hezbollah laid the foundations, with Iranian help, for its network of international activists and collaborators.

- **The second period** - Since the beginning of the 1990's. During this period, Hezbollah changed its modus operandi in the international arena. It began expanding and establishing its operational and logistical infrastructure. At the same time, it reduced the scope of its attacks in this arena and concentrated on planning and perpetrating attacks against "quality" targets. Hezbollah attacked Israeli and Jewish targets worldwide. The most well-known attacks carried out by the organization were in Argentina.

Since 1994, Hezbollah did not carry out any attacks outside the Middle Eastern arena on a scope similar to the attacks in Argentina. However, its activists continued to gather intelligence, plan, and initiate attacks against Western targets that were foiled during various stages of the planning and implementation. Hezbollah maintains its readiness to perpetrate attacks in the international arena as soon as a decision is made. This operational capability gives the Iranian and Syrian regimes a potential weapon they can activate in the future. In the past decade, intelligence agencies and security services worldwide have reported the arrest of Hezbollah cells in their countries and the foiling of the organization's planned attacks in various places around the world.[28]

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[28] A partial list of reports on the matter can found in the following sources: "Hezbollah had plans to attack US, Israeli ships in Singapore" *Agence France Press*, 9 June 2002; "Hezbollah denies plan to attack US, Israeli ships in Singapore", *Agence France Press*, 10 June 2002; Matthew Levitt. "Hezbollah: A Case Study of Global Reach". *The Washington Institute for Near East Policy*; "9/11 Commission Finds Ties Between Al-Qeada and Iran", Time Magazine, 16 July 2004; 9/11 Commission Report, pp. 86, 128. See also Ely Karmon. "Fight on all Fronts, Hezbollah, the War on Terror and the War in Iraq". *The Washington Institute Policy Focus*, 2003, p.11. see also "Asian Organized Crime and Terrorist Activity in Canada, 1999-2000", *Federal Research Division Library of the Congress Washington D.C.* July 2003. p.34.

The deployment of Hezbollah's global network

Hezbollah's global network is spread out over more than 40 countries and five continents and, in contrast to Al-Qaeda, is controlled from Lebanon by the organization's Shura Council and directly by Imad Mugniyah. As mentioned above, Hezbollah conducts a wide array of activities in all the continents, mainly amongst Lebanese Shiite communities.

The exposure and media coverage of several affairs provided a short glimpse into the character and makeup of the Hezbollah cells that were caught, methods of operation, and methods of recruitment. The information that was revealed indicated that:

1. Hezbollah is involved in international crime, including narcotics, counterfeiting, dealing in stolen goods, smuggling and fraud. This activity is intended to promote several important Hezbollah goals: the creation of a significant independent source of funding in addition to the funding from Iran and exploiting professional criminal elements in order to improve the organization's operational capabilities. These networks operate primarily in the Middle East, South America, Europe and Africa.

2. Hezbollah's recruits its manpower infrastructure from the Shiite communities and it usually includes the following components:

   - A preaching and indoctrination network, which is vital for recruiting activists. It is based on Islamic centers, the internet, Al-Mannar television channel, and personal ties.[29]

   - A financial network that is based on criminal activities.

   - An operational network that raises funds, smuggles activists and weapons, and collects intelligence on potential targets.

   - A procurement network responsible for procuring/stealing weapons for Hezbollah's use.

   - The liaison element to the operational ranks in Lebanon – in the majority of the affairs that were exposed, it turned out that activists communicated with the organization's leadership in Lebanon, some even communicated directly with Imad Mugniyah.

3. Hezbollah cells that were exposed abroad maintained local ties within the countries, regionally, and with the organization's leadership in Lebanon. For example, several Hezbollah cells that operated in various US cities communicated amongst themselves, as did American and Canadian activists. Likewise, the Hezbollah cell that was exposed in the tri-border area maintained ties with local activists, regional activists and with Lebanon.

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[29] For example, see report on recruitment through da'awa (preaching) in Romania: "Romanian Intelligence Report Cites Hezbollah, Islamic Liberation Party Activity" *Bucharest Ziua,* (in Romanian) 13 Feb, 2002, p.7.

Hezbollah presence and activity by continent:

America:

Hezbollah cells were uncovered in the US and in Canada. Hezbollah maintains a broad infrastructure of activists in the tri-border area (Argentina, Brazil and Paraguay), which is involved in criminal activity, terrorism, logistical support and funding. Operations in the tri-border area serve as an important source of income for Hezbollah. In addition, Hezbollah maintains a presence in other countries in the continent, including Colombia, Venezuela, Guatemala, Panama, Costa Rica, Chile and Mexico.[30]

Europe:

Hezbollah has a presence in many European countries including: Russia, the Balkans, Sweden, Norway, Switzerland, France, Belgium, Denmark, Greece, Ukraine, Romania, Italy, Turkey, Cyprus, Holland and Spain. Hezbollah's presence and activity in Germany is especially noteworthy. Hezbollah's presence in Germany is overt and known to the German security services. The "Federal Protection of the Constitution" annual reports indicated that Germany has over 800 known Hezbollah activists. Some of these activists took part in terrorist activities while others participated in organizational activity, which included fundraising, recruiting activists into the organization, and training them to carry out attacks – for example, the case of Stephen Smirk who was recruited in Germany and sent to Israel to perpetrate attacks. Hezbollah is also involved in criminal activities in Germany as part of its international smuggling network that deals with smuggling and counterfeiting. At least in one case, in December of 2004, a German court refused to grant German citizenship to a Hezbollah activist due to his membership in the organization, which was perceived by the courts, in contrast to the state's position, as a terrorist organization.[31]

Asia:

Hezbollah has a widespread organizational network in Asia, especially in the Middle East. The organization is also active and maintains a presence in Turkey and China. South East Asia - presence in: Singapore, Malaysia, the Philippines, Indonesia, Thailand, Korea and India. Reports on the activities of this network indicate that the organization's activists gathered intelligence on Jewish synagogues in Manila and on the El Al offices in Bangkok. In 1994, an attempted car bombing against the Israeli

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[30] "Terrorist and organized crime groups in the tri-border area (TBA) of South America", *Federal Research Division, Library of Congress*, July 2003. See also http://www.canadafreepress.com/2006/hagmann071806.htm; http://www.adl.org/learn/extremism_in_the_news/Islamic_Terrorism/Hezbollah_Mahmoud_Kourani.htm; *Police link Ecuador drug ring to Hezbollah - Authorities bust operation suspected of financing Muslim group* (http://msnbc.msn.com/id/8312121); "Paraguay: Daily Reports More Evidence of Barakat's Contributions to Hezbollah", *Asuncion ABC Color (Internet Version) in Spanish,* 28 May 02 (ABC COLOR Tuesday, May 28, 2002); "Romanian Intelligence Report Cites Hezbollah, Islamic Liberation Party Activity" *Bucharest Ziua in Romanian* 13 Feb 02 p.7 (ZIUA Wednesday, February 13, 2002)

[31] Beschluss Akz. 24 L 3189/04, Verwaltungsgericht Dusseldorf, see also "German Weekly: Hezbollah Planning To Set Up 'Training Center' in Berlin", *Hamburg Der Spiegel in German* 24 Jun 02 p 17 (DER SPIEGEL Monday, June 24, 2002)

embassy in Thailand was foiled due to an accident. It was also reported that Hezbollah is recruiting local activists from Southeast Asia and sending them for training in Lebanon in order to prepare them to carry out attacks in their countries of origin and in Australia.[32]

Africa:

Hezbollah and the Iranians conduct widespread activities in Africa within the Shiite and Muslim communities. Indeed, wealthy Lebanese Shiite communities living in Africa (Ivory Coast, South Africa, and Senegal) donate to Hezbollah. Hezbollah maintains a presence in the Ivory Coast, Nigeria, South Africa, Zaire, Zimbabwe, Uganda, Sudan and additional places. Hezbollah activists and the Iranians cooperated with Bin Laden in Sudan between the years 1991 and 1996. Hezbollah also operates a diamond smuggling network from the African mines. In June of 2004, Hezbollah denied American claims that it was profiting from diamond trade in West Africa.[33]

Hezbollah's sources of funding

Hezbollah's budget is estimated at about 100 million dollars a year, which is mostly received from Iran. This money is used to finance the organization's military and terrorist activities, its social activities, and its organizational expenses for its various activities. Iran directly finances Hezbollah's activities via two separate channels:

1. **Governmental offices** – The funds are transferred to Hezbollah by the "Revolutionary Guards" (the Quds Force) and the Foreign Ministry (via its embassy in Syria).

2. **Semi-governmental bodies** – Following the 1979 revolution, Iran established charitable funds that were subordinate to the Iranian leader. These funds have branches in Lebanon, which as part of the "export of the Islamic revolution" policies, grant widespread financial and social aid to Hezbollah and the Shiite population identified with it.

In addition to the Iranian aid, over the years, Hezbollah has strived to establish additional financial sources all over the world as follows:

1. **Fundraising in Lebanon and worldwide**: Hezbollah raises millions of dollars a year in Lebanon and around the world (particularly among the Shiite Muslim communities). The money in Lebanon is raised through the "Assistance to the Islamic Resistance Fund", which belongs to Hezbollah. Worldwide, the fundraisers operate through charitable funds and local Shiite community centers.

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[32] Ely Karmon, "Fight on all Fronts, Hezbollah, the War on Terror, and the War in Iraq" in: *The Washington Institute Policy Focus*, 2003; http://www.aijac.org.au/resources/aijac-media/cr-age-020603.html, Colin Rubenstein. "Australia is Right to Ban Hezbollah, Here's why ", *the Age*, June 2 2003. see also "Activating Hezbollah cells 'to make no place safe for Israelis': The Implications for Southeast Asia" By Zachary Abuza

[33] Http://www.intelligence.org.il/eng/bu/hizbullah/chap_d.doc, see also Al-Mannar from 30/6/04.

2. **Legitimate business activities**: Alongside commercial companies that belong to Hezbollah or to its charitable organizations, Hezbollah activists are also involved in an array of legitimate business activities, such as the oil trade, real-estate, and small businesses.

3. **Criminal activities in Lebanon and worldwide**: Hezbollah activists are involved in two main fields – narcotics and counterfeiting. The organization's activists also deal in cigarettes, car theft, credit card fraud, etc'.

4. **Receipt of part of the Lebanese government's budget**: Hezbollah's parliamentary faction, government ministers, and representatives in the municipalities are able to obtain Lebanese government funding for financing projects within the Shiite population centers in Lebanon.

Hezbollah's use of the media to promote its goals

Hezbollah is a media superpower in comparison to other terrorist organizations. Hezbollah's leaders, well aware of the power of rhetoric and media on the shaping of public opinion and recruitment, operate several mass-media outlets:

1. **Al-Mannar Television** – Hezbollah's main outlet, which is broadcasted by satellite to millions of viewers worldwide. In December of 2004, France outlawed the broadcasting of the channel via satellite in France. A week later, the US announced that the channel broadcasts terrorism-supporting propaganda.

2. **Al-Nur Radio** – broadcasted in Lebanon and disseminates the organization's messages in Lebanon.

3. **Internet websites** – Hezbollah is one of the leading terrorist groups in the world in conducting psychological warfare and da'awa (preaching) through the internet.

Hezbollah's media network is used to: strengthen the organization and its leaders' status in the public opinion in Lebanon and abroad, promote the organization's ideology and strategic objectives, conduct psychological warfare against its opponents and propaganda amongst the rest of its listeners. The organization used the media to promote the Palestinian struggle during the Al-Aqsa Intifadah and the resistance to the Americans in Iraq.

Mr. ROYCE. Thank you, Mr. Azani. I think we will get to some of your other points during Q&A, and we will now go to Mr. Hamilton.

STATEMENT OF MR. CHRISTOPHER HAMILTON, SENIOR FELLOW, COUNTERTERRORISM STUDIES, THE WASHINGTON INSTITUTE FOR NEAR EAST POLICY

Mr. HAMILTON. Thank you, Mr. Chairman.

I would like to pick up where both you and Representative Sherman left off before and reemphasize the fact that in order to understand Hezbollah, we need to look at the whole situation in the Middle East. Certainly, in one big salad bowl there are two other issues there that I do not think you mentioned. The issue is an emerging Sunni-Shia split and the possibility of a transnational Shia organization equivalent to the Sunni.

The analysis of this conflict is important, and I would like to make several conclusions regarding the conflict that just ended because I think everybody else is looking at that, the Israelis are looking at it, Hezbollah is looking at that, and we should also because I think there are a number of lessons to be learned.

Certainly, the first is that they are very confident, and anybody who watched Hassan Nasrallah last week, in front of 500,000 people, as he sneered at the United States and made a lot of statements very boldly. This is the man that is in charge. He is cracking jokes. He knew what he was doing, and he is clearly somebody that we need to contend with.

Let me just go right into about six conclusions that I have made, very general. Some of these overlap with what has already been said.

The first is, as we know, and I just said that Hezbollah is a very well-managed organization, and at the risk of dating myself, I go back to the Redskins back in 1970 when George Allen said he wants veterans on his football team. That is what Hassan Nasrallah has. He has very experienced people working his organization. That is unlike many other organizations, and that makes him a very formidable organization, passing these instincts down to Hamas and PIJ as well.

Secondly, the war did not impact their terrorist capability. They were hurt significantly—do we have to adjourn here?

Mr. ROYCE. We have 15 more minutes, and I would like you and Mr. Berman to conclude, and then we will ask you some questions. Please continue.

Mr. HAMILTON. Very good. I have another 3 minutes to go.

The war did not impact their terror capability. It did impact their military capability. These are two separate entities. Inside the Hezbollah organization, their terrorist capability remains very robust. As I said in my statement, they planned nine terrorist attacks inside Israel.

I think the upshot of that is that we need a second U.N. resolution, 1702, somehow to address the terrorist issues that still exist there. They still have training camps and they still fund terror operations, and something needs to be done about that.

Hezbollah's stature relative to its other patrons has been elevated. There is no longer a patron-client relationship between these

organizations and Hamas. This is a semi-independent state actor emerging in the Middle East. As was mentioned before, they have a very close relationship with Venezuela and Cuba, and I will discuss that in just a second.

The third issue that I would like to raise is the robust intelligence-gathering capability of Hezbollah. They penetrated the IDF in northern Israel very effectively. They knew about the IDF maneuvers. They were able to anticipate that. They have a surveillance capability, records keeping. They have everything.

This concerns me in the United States with Venezuela because Venezuela is here, Cuba is here. Any kind of coalition or alliance between these organizations gathering intelligence in the United States is certainly not to our interest.

I see no evidence that Hezbollah and al-Qaeda have formed any kind of alliance at all, and I do not see that happening in the future.

Despite all of this that we are talking about, what do we think of the threat from Hezbollah? I would assess that threat as moderate, and breaking that down into intentions and capabilities, I think their intentions are low at the moment. In the past, they have not conducted violent attacks against us or Israel outside the region unless they were provoked, and they are, so far, not provoked. So I would assess their intentions as being fairly low.

Their capabilities are high. We have already discussed all of that. They do have people here in the United States, and we have to assume that those people have some sort of capability to do some kind of military operation. The question was asked to John Kavanagh before about is the FBI looking at that, and, absolutely, the FBI will see that. They are watching for that, and just because they see fundraising does not mean they do not see military and violent activity.

Lastly, Hezbollah's capabilities inside the United States. There are a couple of things that I am concerned about. Hezbollah, as well as Hamas and PIJ (Palestinian Islamic Jihad), they all know that we are watching them. They are very aware of what we do, and they are getting very, very good at deflecting our investigations and using our laws against us. It is becoming very, very difficult to get convictions now. They have very good lawyers, and that is becoming certainly a problem for us.

Secondly, they are very good at resurrecting themselves. As I included in my statement, I noted that the assistant secretary of the Treasury, Stuart Levey, mentioned the fact that these organizations are recreating themselves. Once one goes down, another one pops up right behind it, and they are already doing that. Thank you very much.

[The prepared statement of Mr. Hamilton follows:]

PREPARED STATEMENT OF MR. CHRISTOPHER HAMILTON, SENIOR FELLOW, COUNTERTERRORISM STUDIES, THE WASHINGTON INSTITUTE FOR NEAR EAST POLICY

Mr. Chairman and Members of the Committee:

I have been asked to speak to you today about Hezbollah and the threat it poses to the U.S. In this regard, your committee has posed a number of questions which I will try to address briefly at the end of my comments here and in more detail in the question and answer period which follows.

In responding to your questions, I will attempt to focus my analysis on the situation which now exists following the recent conflict between Israel and Hezbollah.

This conflict was, I believe, an important event that should be studied carefully in terms of its impact on the future policies of both sides. To this end, I would like to first make some very general conclusions regarding Hezbollah and then discuss these conclusions in more detail in the time I have remaining.

First, while this conflict did have an important impact on the military capabilities of both Israel and Hezbollah, its impact on Hezbollah's global terrorist capability was negligible. More specifically, this conflict had very little, if any, impact on Hezbollah's capability to conduct terror operations or to train and support other terrorist organizations—most notably, those opposed to the Middle East Peace Process. These capabilities remain intact and robust.

Second, while it may be early to draw this conclusion, Hezbollah, by virtue of its actions in this conflict, now seems to be less of a proxy for Iran and more of a junior partner in an alliance. For this reason, Hezbollah will be an influential actor in Middle East politics for the foreseeable future.

Third, notwithstanding its heightened stature in the so-called "Arab Street," I would assess the overall terror threat from Hezbollah *in the U.S.* in the aftermath of this conflict to be unchanged at level between moderate and low. Breaking this assessment down further, I believe Hezbollah's intentions to conduct a terror attack against the U.S. under the present circumstances to be low while its capabilities are from moderate to high. I say "other organizations" because Iran funds and supports at least two other terror organizations which have significant representation in the U.S.—HAMAS, and Palestinian Islamic Jihad (PIJ). We should not, therefore, discount the threat from all three of these organizations which could work in close coordination with one another should our confrontation with Iran escalate. But I want to emphasize here that at the present time and under the present circumstances, I see very little immediate threat from any of these organizations. I will expand on this shortly.

Fourth, one often overlooked factor regarding Hezbollah's threat to the U.S. concerns its intelligence collection capability. One of the findings of the recent conflict in Lebanon has been the emergence of a very capable intelligence apparatus on the part of Hezbollah which was used against the Israelis. This intelligence apparatus showed great skill in collecting clandestine intelligence inside Israel and in rapidly exploiting this intelligence on the battlefield. We must assume that Hezbollah is building a similar apparatus here in the U.S. not only for its own purposes but to assist Iran and Iran's allies in the Western Hemisphere (such as Cuba and Venezuela) also.

Fifth, we continue to find little credible evidence of an alliance between Hezbollah and the Sunni Transnational terror networks such as al-Qaeda and its affiliate groups. This may be the result of the emerging Sunni-Shia split, alluded to above.

Lastly, relative to Hezbollah's capabilities in the U.S., we must not, as other countries have done, make the mistake of distinguishing between their fund raising and charity dispensing functions, on the one hand, and their terror apparatus on the other. These two wings—the so-called political and military wings—are one and the same and cannot be separated. As such, we must not lose sight of the fact that, notwithstanding all the good works these organizations do for the impoverished populations globally, their *raison d'etre* is violent terrorism and they remain a serious threat to the U.S. and its allies. Inasmuch as this last conclusion relates specifically to your questions regarding Hezbollah's activities in the U.S., I would like to expand on this issue by examining it first in the context of Hezbollah's broader strategic intentions.

HEZBOLLAH'S INTENTIONS

As you are now well aware, Hezbollah's grand strategy cannot be understood by focusing solely on Hezbollah as a solitary actor. To be sure, Hezbollah's stated objective of bringing about the Islamization of Lebanon remains a high priority. But in the near term, Hezbollah's actions should be understood in the context of other seismic forces developing in the Middle East. These other forces include an emerging Iran, the growing strength of the Global Sunni Jihad Movement, what may to be an emerging Sunni-Shia conflict, the Israeli-Palestinian conflict, and the deteriorating situation in Iraq. The U.S. has major equities in each of these issues. Moreover, because both Hezbollah and Iran perceive the U.S. and Israel to be a declining powers and, conversely, themselves to be powers on the ascent, particularly in the Middle East, the U.S. cannot avoid being a potential interlocutor of both Iran and Hezbollah in the future..

While my co-panelists will be discussing each of these issues separately, I would like to briefly discuss here the role of Iran in Hezbollah's global grand strategy. As I have noted above, because of Hezbollah's heightened stature in the Muslim world,

its relationship to Iran has evolved from that of a patron-client to that more akin to an alliance. In this regard, their common interests include the spread of Islam, in particular Shia Islam, globally; political dominance of the Middle East region; the demise of Israel; the eradication of U.S. influence in the Middle East; and the diminution of U.S. influence globally. One of their primary weapons in this endeavor is terrorism. Why? Because terrorism has in the past proven to be an effective weapon for Hezbollah to achieve these ends. Indeed, perhaps more than any other terrorist organization, Hezbollah is highly skilled at getting results using terrorism. We need only recall Hezbollah's attack on the Marine Barracks in 1983 and their attacks on the Israeli Defense Force in Southern Lebanon prior to 2000 to understand how terrorism, under the right circumstances, can achieve results. For this reason, terrorism, perhaps more so than guerrilla warfare, is Hezbollah's primary weapon of choice. This conclusion has important implications for both the U.S. and Israel inasmuch as neither country, I believe, has yet mastered the art of Low Intensity Conflict.

While we can logically assume that the above issues will lead to growing tension between the U.S. and Hezbollah and between the U.S. and Iran, I do not believe that, under the present circumstances, a near term terrorist attack by Hezbollah targeting U.S. interests is probable. The basis for this conclusion lies in the fact that in the past Hezbollah has initiated attacks against U.S. and Israeli almost exclusively in retaliation for direct attacks against Hezbollah. This was the case both in the Marine Barracks bombing and in the attacks against Israeli interests in Argentina in 1992 and 1994.

It should be emphasized, however, that this assessment does not apply to Hezbollah activities inside Israel, the West Bank, and Gaza, where Hezbollah's intentions and capabilities to conduct terror attacks remain very high. Indeed, Israeli security authorities recently advised that during the recent conflict Hezbollah was a party to as many as nine failed terrorist attacks in which Hamas, PIJ, and Fatah's al-Aqsa Brigades were its partners. Because one of the unstated objectives of both Iran and Hezbollah is the delegitimization of Israel, and because Hezbollah's terror attacks are intended in part to provoke an overreaction by Israel, it must be assumed that low level attacks against Israel will continue. In this regard, Hezbollah and Iran will remain major partners with these terrorist organizations in carrying out this strategy.

HEZBOLLAH'S CAPABILITIES IN THE UNITED STATES

While we can assess Hezbollah's intentions at the present time to be low, it is important not to ignore the fact that, as mentioned above, Hezbollah continues to maintain a robust capability to conduct terror attacks globally. In this regard, it should be understood that Hezbollah is well represented in the U.S., Latin America, Africa, Southeast Asia, and the Caribbean by a number of front organizations which perform a variety of functions for Hezbollah, to include fund raising, recruitment, public relations, and logistical supply. Recognizing this, the Department of theTreasury has recently blocked the assets of two Hezbollah affiliated commercial enterprises (Bayt al-Mal and the Yousser Company), both headquartered in Lebanon, one individual (Husayn al-Shami, the Head of Byt al-Mal), and one overseas fund raising organization (the Islamic Resistance Support Organization).

With regard to the operation of foreign terrorist organizations in the U.S., there are two points I would like to make. First, these organizations are well aware of our interest in them and what our intentions are. To this end, they have become experts in the art of concealing their activities. This applies not only to Hezbollah, but to Hamas, PIJ, and other Islamic terror organizations as well. In fact, there is a term in the Islamic lexicon for this which originates from the era of the Prophet Mohammad—*al-Takiyya*. Muslim extremists, both Sunni and Shia, take pride in their ability to employ *al-Takiyya* to divert suspicion from U.S. authorities. As a result, it is possible that we will find it increasingly difficult in the future to use the two principle statutes we have to disrupt terror support in the U.S.—the International Emergency Economic Powers Act (IEEPA) and the Anti-Terrorism and Effective Death Penalty Act of 1996 as terror organizations become more adept at evading the requirements of these statutes.

Secondly, even if we are successful in disrupting the activities of these terrorist front organizations via these statues, these groups are becoming very skilled at rapidly creating new institutions in new locations to replace them. For example, earlier this year, federal investigators froze the accounts of a Hamas affiliated charity known as KindHearts, which was located in Toledo, Ohio. In a statement following this action, Stuart Levey, Undersecretary for Terrorism and Financial Intelligence, Department of the Treasury, stated: "KindHearts is the progeny of Holy Land Foun-

dation and Global Relief Foundation, which attempted to mask their support for terrorism behind the facade of charitable giving." The Treasury Department statement further noted that one of the founders of KindHearts, Khaled Smaili, had *"founded KindHearts with the intent to succeed fund-raising efforts of both HLF and GRF, aiming for the new NGO to fill a void caused by the closures. KindHearts leaders and fund raisers once held leadership or other positions with HLF and GRF."*

A second example involves the case of Emaddedin Z. Muntasser in Boston who was indicted in 2005 on charges of Income Tax Fraud. According to his Indictment, in the 1990's Muntasser was involved in operating the Boston branch office of the Al-Kifah Refugee Center ("Al-Qaeda Kifah"). As you are aware, a number of the plotters in the 1993 World Trade Center bombing and later plots had been affiliated with Al-Kifah. Following the closure of al-Kifah, Muntasser founded Massachusetts Care International, Inc. ("Care"), a purported charitable organization whose purpose was the same as that of al-Kifah. The indictment against Muntasser alleges that despite Muntasser's representations on Care's Articles of Incorporation that this non-profit charity was exclusively involved in "charitable, religious, educational, and scientific purposes," Care was *engaged in the solicitation and expenditure of funds to support the mujahideen and promote jihad. The indictment also notes that Care was located at Al-Kifah Boston's office and assumed publication of Al-Kifah's pro-jihad newsletter, Al-Hussam.*

With regard to those charity organizations in the U.S. that are providing material support to Islamic terror organizations, we must further assume that they are also capable of being used as a potential base for violent terror activities within the U.S. should their leadership decide that a terror response is in their interest. It is therefore imperative that the FBI continue to aggressively identify and investigate charities, criminal organizations, and commercial enterprises in the U.S. that are affiliated with terror organizations.

SUMMARY

In conclusion, I would like to emphasize that Hezbollah is an organization that is disciplined, competently managed, and global in its aspirations. For the most part, these aspirations, particularly in the Middle East, run contrary to those of the U.S. We must also be aware that, like other front for terrorist organizations, Hezbollah is skilled in public relations and in conveying a public image which is moderate and tolerant. In resolving our differences with Hezbollah, however, we must not forget the lessons of the past, the most important being that low intensity conflicts cannot be solved through the use of military force alone. Indeed, as a low intensity conflict, it will only be through the most skillful use of our political, diplomatic, intelligence, and law enforcement resources that a resolution will be achieved.

Set forth below are my responses to the questions posed prior to this hearing:

1. What types of activity has Hezbollah engaged in within the United States?

As noted above, Hezbollah operatives are involved in criminal activities, ostensibly legitimate fund raising, commercial activities, and possible intelligence gathering for future terrorist activities against the U.S. As such, U.S. counter terrorism establishment must assume that trained Hezbollah operatives (and Hamas and PIJ operatives as well), may also be in the U.S. to conduct traditional intelligence operations, such as to penetrate the U.S. government, collect classified information, and to collect target information for further attacks.

2. How have Hezbollah operatives entered and operated in the U.S.?

While this question is best answered by the FBI, it can be noted here that there have been a number of criminal investigations in the past five years demonstrating Hezbollah's activities in the U.S., the most well known being the case of the cigarette smuggling cell in Charlotte, North Carolina. We must assume that this is not the only Hezbollah affiliated entity in the U.S.

3. To what extent have the overseas activities of Hezbollah guided its activities within the United States?

Hezbollah's overseas activities, particularly with respect to its relationship with Iran and Syria, have played a significant role in its U.S. strategy. As I have described above, it is important to measure Hezbollah's activities in terms of its strategic objectives in the Middle East, and these include the spread of Islam, political dominance of the Middle East region, the demise of Israel, the eradication of U.S. influence in the Middle East; and the diminution of U.S. influence globally.

4. Given Hezbollah's historical activities in the United States, how likely is it that it could execute a terrorist attack in the United States?

For reasons given above, I believe their intentions are presently low to moderate while their capabilities are moderate to high. I assess the overall threat from Hezbollah to be moderate.

5. How confident are you that the FBI is aware of the full scope of Hezbollah's past and current activities in the United States?

I am very confident that the FBI is aware of the full scope of Hezbollah's past and current activities in the United States. I base this assessment on my experience in the FBI rather than since my retirement on December 31, 2005.

6. As a terrorist organization, what makes Hezbollah unique?

First, Hizballah is a well funded, well trained, disciplined, and experienced terror organization. It acquired this capability through a close relationship with Iran. Most other terror organizations prefer to remain independent in order to be able to formulate their own strategies without guidance from high authority, such as a terrorist state sponsor. In so doing, other terror organizations, such as Hamas and PIJ, trade some independence for the support they receive from a patron state. Second, Hezbollah has a very effective military wing whose abilities were demonstrated in the recent conflict with Israel. Third, Hezbollah has a global capability which they have demonstrated in the past, most notably in Latin America, Europe, and the Gulf Region. No other terror organization has these capabilities to the extent Hezbollah has them.

7. How does the Hezbollah terrorist organization of today compare with the organization of the 1980s?

Hezbollah today has is a better trained and more experienced organization than it was in the 1980s. In particular, its long history with the Israeli occupation of Southern Lebanon, during which it gained valuable battlefield and terror experience, has enabled Hezbollah to become a uniquely effective non-state political actor in the Middle East.

8. What is the extent of its global reach?

As we now know, Hezbollah has chapters in virtually every continent which perform the functions of fund raising, recruitment, public diplomacy, and clandestine activities such as intelligence gathering and terror planning.

Mr. ROYCE. Thank you, Mr. Hamilton.

Mr. Berman?

STATEMENT OF MR. ILAN BERMAN, VICE PRESIDENT FOR POLICY, AMERICAN FOREIGN POLICY COUNCIL

Mr. BERMAN. Thank you very much, Chairman Royce, and I want to take the opportunity to thank you and thank Chairwoman Ros-Lehtinen and Ranking Member Sherman and Ranking Member Ackerman for holding this hearing and for inviting me.

You have in front of you my personal statement, my prepared statement, so let me just elaborate on a few points here.

I have been asked specifically to talk about Hezbollah's relationship with Iran, and I think that is a very good place to start because it is really impossible to understand Hezbollah without understanding the intentions and the capabilities of the country that midwifed it.

Iran has played a central role not only in establishing Hezbollah but in sustaining it ever since. Hezbollah is, and continues to be, made in Iran, essentially, and its future remains intimately tied to that of the Iranian regime, and this becomes, I think, very important as we move forward, looking at issues like the Iranian nuclear crisis.

First of all, it is important to note that Hezbollah is the first, the primary, and the most successful example of Iran's effort to export the revolution, the central foreign policy principle that animated

the Ayotollah Khomeini, and Hezbollah very much follows this line to this day. Hezbollah's spiritual guide, Hassan Nasrallah has publicly pledged allegiance to Khomeini's successor to the supreme leader, Ali Khamenei, and he serves as his personal emissary to Lebanon and beyond.

The second is financing. According to United States officials, the Iranian regime is the central banker of terrorism, and it spends hundreds of millions of dollars annually on sponsoring instability abroad, and a large portion of those funds go to Hezbollah, as much as $200 million, according to some estimates. Other estimates put it a little lower, at $100 million, but, still, substantial amounts.

The third point is logistics and training. Since 1982, the Iranian Clerical Army, the Pasdaran, has had a significant, on-the-ground presence in Lebanon, interfacing with Hezbollah operatives and Hezbollah cadres. This foothold has significantly augmented Hezbollah's indigenous know-how, know-how in terms of making bombs, know-how in terms of guerilla maneuvers, but also potentially its war-fighting capabilities as well. As we know, there were reports of Pasdaran officials, Pasdaran operatives, who were involved in the recent fighting in Lebanon.

The fifth is the synergy between the Iranian regime and Hezbollah itself. We have a situation where cooperation with Hezbollah precipitates planning and interaction on an institutional level that reaches up to the highest level of the Iranian Government.

We also have an arms connection. Iran is Hezbollah's principal military supplier. It is responsible for establishing and preserving the organization's military capabilities. It has provided Iran with thousands of short-range missiles, short-range Katyushas, and even indigenously made, longer-range missiles, such as the Fajr-5. And there are also reports that Iran has even been helping Hezbollah to weaponize chemical agents that it has developed into warheads.

So this is the state of affairs that has been obtained for some time, as one of your colleagues mentioned earlier, but it is also poised to get substantially worse. First of all, we have a situation where ongoing difficulties for us and for our allies in Iraq and the advances that Iran has made in its nuclear program have catalyzed a growing wave of Shia empowerment in the region, and a rising tide lifts all boats, and I think we are beginning to feel this with regard to how Hezbollah operates and the freedom of movement that it feels that it has in the levant.

The other issue is that Hezbollah is positioned to be a principal actor in what I clearly see as an emerging conflict with Iran over its nuclear program. It is useful to remember here that the principal conduit for the Iranian regime to interact with Hezbollah is the Pasdaran. It is also the repository of the Iranian regime's WMD know-how and the keeper of its nuclear and ballistic missile arsenals.

So all of this is to say that Hezbollah may be, and this is, again, a very remote possibility but still not one that can be ruled out completely, may be at the receiving end of an established proliferation network, should the Iranian regime choose to proliferate these technologies. After all, Iran's radical new President, Mahmoud

Ahmadinejad, has actually said that once we get these technologies, once we get this know-how, we will share it with any and all Muslim comers. So this is something, I think, to keep in mind.

The second thing, and, I think, equally important, is that Hezbollah, if there is some sort of military confrontation with Iran, the general consensus is that Iran has a very robust, asymmetric response capability to activate terrorist cadres in Iraq, in the Western Hemisphere, and the only group that it has that has truly global reach in order to do that, to retaliate, is Hezbollah, which means that Hezbollah will be at the tip of the spear of an Iranian response, if there is one, and this is something I think that we should really keep in mind.

My final point here, I think, and I will close with this, is that when we look at Hezbollah, there is obviously the issue of Israel and Hezbollah's grievance against Israel looms very large, but the dictum that you mentioned at the start of your statement, "Death to America is not just a slogan; it is a vision, a strategy, and a policy," that very much obtains today, and I think that is going to be something that occupies more of Hezbollah and Iran's horizon in the near future.

[The prepared statement of Mr. Berman follows:]

PREPARED STATEMENT OF MR. ILAN BERMAN, VICE PRESIDENT FOR POLICY, AMERICAN FOREIGN POLICY COUNCIL

HEZBOLLAH: MADE IN TEHRAN

Chairman Royce, Chairwoman Ros-Lehtinen, distinguished members of the Subcommittees:

Thank you for your invitation to appear before you today. It is a privilege to discuss the capabilities of the Hezbollah terrorist organization, and the worldwide threat now posed by this group.

It is not possible to understand Hezbollah without exploring the group's relationship with its midwife and chief sponsor, the Islamic Republic of Iran. Today, Hezbollah may have carved out a unique role in regional politics, simultaneously styling itself as the region's preeminent "resistance" organization and a legitimate Lebanese political party. Yet ideologically, economically and politically, its fortunes remain intimately tied to those of the Iranian regime.

IDEOLOGY

Hezbollah represents the first and most successful example of Iran's central foreign policy principle: the exportation of the Islamic Revolution. As the organization's ideological platform, articulated publicly for the first time in 1985, made clear: "We view the Iranian regime as the vanguard and new nucleus of the leading Islamic State in the world. We abide by the orders of one single wise and just leadership, represented by "*Wali Faqih*" [rule of the jurisprudent] and personified by Khomeini."[1] More than two decades later, the ideological bonds between Hezbollah and Tehran remain deep and durable, with Hezbollah's spiritual guide, Hassan Nasrallah, publicly pledging allegiance to—and serving as a personal emissary of—Iranian Supreme Leader Ali Khamenei.[2]

FINANCING

According to U.S. officials, the Iranian regime is the "central banker of terrorism," spending hundreds of millions of dollars annually on support for radical groups and movements throughout the world.[3] A large portion of those funds go toward sustaining and supporting its principal terrorist proxy. For years, the U.S. intelligence community has estimated that Iran provides some $100 million—and perhaps closer to $200 million—annually to Hezbollah.[4] These funds go to support a broad range of initiatives, ranging from the organization's dedicated television channel, *Al-Manar*, to Hezbollah's foreign presence.

TRAINING

Iran's powerful clerical army, the *Pasdaran*, was responsible for the creation of Hezbollah in 1982, as part of Iranian assistance to Syria in the arming and training of the Lebanese resistance as a hedge against Israel.[5] Ever since, the Iranian regime has had a significant presence "on the ground" in Lebanon, providing oversight of and assistance to Hezbollah's day-to-day operations.[6] This foothold has significantly augmented Hezbollah's indigenous know-how, and perhaps even its warfighting capabilities; hundreds of *Pasdaran* members are believed to have been involved in the recent fighting against Israel.[7]

Hezbollah, in turn, has passed along this know-how to other terrorist actors. As long ago as the early 1990s, the organization is known to have provided explosives training to al-Qaeda, as well as to Egypt's *al-Jihad* organization, as long ago as the early 1990s.[8] Hezbollah has also become a significant ally of the Palestinian Hamas movement; in March 2004, with Iran's support, the two organizations signed an unprecedented strategic accord expanding tactical cooperation and coordination.[9]

LOGISTICS

As part of its cooperation with Hezbollah, the Islamic Republic of Iran remains intimately involved in the planning and execution of the organization's terror activities. The principal conduit for these contacts is believed to be Imad Mughniyeh, the shadowy head of Hezbollah's "special operations." Mughniyeh is said to be an agent of Iran's Ministry of Intelligence and Security (MOIS), carrying out his operations with MOIS backing and support.[10]

This interaction is ongoing. As recently as January 2006, Mughniyeh is believed to have traveled with Iranian President Mahmoud Ahmadinejad to Damascus, Syria—and to have facilitated a one-day meeting there between Ahmadinejad and top leaders of Hezbollah, the Palestinian Islamic Jihad and the Popular Front for the Liberation of Palestine-General Command.[11] It is also institutional in nature, and sustained at the highest levels of the regime. At one time, current Iranian Defense Minister Mostafa Najar directed the *Pasdaran*'s elite Qods Force and oversaw the Islamic Republic's contacts with Hezbollah.[12]

WEAPONRY

Iran is Hezbollah's principal military supplier, responsible for establishing and preserving the organization's substantial strategic capabilities. Iran, in cooperation with Syria, has delivered thousands of Katyusha artillery rockets, as well as hundreds of Iranian-made *Fajr-5* short-range missiles, to the terrorist group over the past several years[13]—weapons that were instrumental in Hezbollah's robust military showing against Israel during hostilities in the summer of 2006. Tehran has also aided and abetted Hezbollah's efforts to acquire weapons of mass destruction, providing oversight and assistance to Hezbollah's efforts to arm its arsenal of short-range missiles with chemical warheads.[14]

SECURITY GUARANTEES

Iran has even gone so far as to place Hezbollah under its direct protection. In early 2004, Iran's then-Defense Minister, Ali Shamkhani, signed a "memorandum of understanding" with Syria codifying Iran's commitment to defend the Ba'athist state in the event of an Israeli or American offensive. Shamkhani subsequently made clear to Hezbollah's top leadership that these guarantees also extend to the terrorist group's stronghold, Lebanon.[15] (Notably, however, Iran has not acted upon this pledge, despite serious questions about Hezbollah's survivability during the opening phases of the most recent Lebanon war).

HEZBOLLAH ASCENDANT

Four years ago, no less senior an official than then-Deputy Secretary of State Richard Armitage dubbed Hezbollah the premier terrorist threat to international peace and security. "Hezbollah may be the 'A team' of terrorists," Armitage told a Washington conference at the time. "Maybe al-Qaeda is actually the 'B team.'"[16] Armitage's assessment reflects a long-standing consensus in the U.S. intelligence community: Hezbollah is a terrorist group with truly global reach, and extensive asymmetric capabilities, thanks in large part to its strategic partnership with Tehran.

That estimate is even more accurate today. The War on Terror so far has done nothing to diminish Hezbollah's international stature. To the contrary, over the past five years Iran has deepened its assistance to the Shi'ite militia, enabling the group to commence a landmark strategic expansion. This has included:

GREATER GLOBAL PRESENCE

Hezbollah has significantly widened its international presence in recent years.

In the West Bank and Gaza Strip, Hezbollah has begun a systematic takeover of Palestinian terrorist groups, co-opting secular nationalist terrorist groups and creating an elaborate smuggling network designed to arm its growing cadres.[17] According to the estimates of Israel's Shin Bet internal security service, the Lebanese Shi'ite militia directed over 50 separate Palestinian terror cells in 2004—a seven-fold increase since 2002.[18] And, just weeks after the end of its month—long war with Israel, Hezbollah appears to have launched a new, more subtle terrorist campaign. According to Yuval Diskin, the head of Israel's Shin Bet internal security service, the radical Shi'ite militia has stepped up its efforts to train and arm militants in the Palestinian Authority-controlled Gaza Strip. Diskin told a closed door session of the Knesset's foreign affairs and defense committee in late August that Hezbollah's efforts are assisting a massive arms build-up by militants in the Palestinian Territories.[19]

With Iran's blessing, Hezbollah has also established an extensive presence in Iraq, with offices in such urban centers as Nasariah, Basra, and Safwan, and has begun substantial recruitment efforts.[20] This infiltration has been so successful that the Lebanese Shi'ite militia is said to have assumed police duties in some Iraqi cities.[21]

Likewise, while Hezbollah has been active in Europe since the mid-1980s, the size and pace of the organization's activity on the continent appear to be increasing. According to counterterrorism expert Matthew Levitt, Europe serves as a "launching pad" for Hezbollah; a base from which to initiate operations against Israel and to conduct surveillance of Western targets.[22] Germany has emerged as a country of particular focus in this regard. In the summer of 2002, Germany's Federal Office for the Protection of the Constitution went public with news that the organization was actively seeking real estate in Berlin to establish a headquarters and a "training centre" for its supporters in the country, then estimated at about 800.[23] Today, that number has expanded considerably; according to German sources, Hezbollah now controls as many as five Islamic centers, financed by Iranian funds funneled through the Islamic Republic's embassy in Germany, in the North Rhine-Westphalia region alone, as well as a nationwide network of as many as 1,000 operatives.[24]

STRONGER TERRORIST TIES

Simultaneously, Hezbollah has deepened its alliances with other terrorist organizations considerably. This collaboration has included assisting elements of al-Qaeda to put down roots in Lebanon, helping Hamas in the development of an indigenous missile capability, and coordinating anti-Israeli and anti-American activities with an assortment of extremist groups.[25]

GREATER PUBLIC OUTREACH

Although today's international terrorist organizations have become increasingly media- and Internet-savvy, it was Hezbollah that originally pioneered the field of terrorist public outreach. Since its founding in 1991 with seed money from Iran, Hezbollah's dedicated television station, *Al-Manar*, has become a media powerhouse, broadcasting around the clock via satellite to an estimated 10 to 15 million viewers daily throughout the world.[26] And, while European nations have undertaken a major effort to silence *Al-Manar* in recent months, the station has proven resilient. *Al-Manar* still claims to have the ability to reach a potential 200 million viewers worldwide,[27] providing Hezbollah with a global platform from which to spread its radical message.

FUTURE ROLE

Back in the year 2000, Israel's withdrawal from its long-established security zone in southern Lebanon created a political vacuum in a 350-square mile area on its northern border. Hezbollah was positioned to quickly fill this void, in the process becoming the area's dominant political and strategic force and leading many to conclude that the organization would soon give up its arms and turn its attention to development and civil society.

As the recent month-long Lebanon war has shown, however, Hezbollah's new political role has done little to soften the organization's radicalism. Today, the organization boasts virtual autonomy in what some have termed "Hizballahland"[28] and occupies no fewer than fourteen of the Lebanese parliament's 128 seats. Yet, while its day-to-day activities may focus on the banalities of civic rule and confronting its immediate enemy, Israel, Hezbollah—like its progenitor, Iran—remains ideologically

committed to Khomeini's extremist vision of a Shi'ite-dominated caliphate in the region, and of confrontation with the West.

Indeed, Hezbollah is poised to take on even greater regional significance in the near future. Ongoing U.S. difficulties in Iraq, coupled with the nuclear advances made by the Iranian regime over the past several years, have catalyzed a growing wave of Shi'a empowerment in the region. Hezbollah has been a principal beneficiary of this trend, a fact manifested most dramatically by its kidnapping of two Israeli soldiers on July 12th—an incursion that touched off a month-long war between the organization and Israel. Little in Hezbollah's calculus has changed, thanks in large part to the group's military successes against Israeli forces during recent hostilities. As one regional expert has put it, "Hizbullah is in a unique position to confront the U.S. agenda which if successful will be, by extension, a victory for Syria, Iran and Hamas."[29]

U.S. policymakers should keep this perception in mind as they formulate regional policy. They would also do well to remember the dictum of Hezbollah's spiritual leader, Hassan Nasrallah: "Death to America is not a slogan. Death to America is a policy, a strategy and a vision."[30]

NOTES:

[1] As cited in Center for Special Studies, Intelligence and Terrorism Information Center, "Support For Hezbollah Provided by Iran and Syria, Two Countries Sponsoring Terrorism," June 2003, http://www.intelligence.org.il/eng/bu/hizbullah/chap__c.doc.

[2] Center for Special Studies, Intelligence and Terrorism Information Center, "Hezbollah: Profile of the Lebanese Shiite Terrorist Organization of Global Reach Sponsored By Iran And Supported By Syria," July 2003, http://www.terrorism-info.org.il/malam__multimedia/English/eng__n/html/hezbollah.htm#B; Mehdi Khalaji, "Iran's Shadow Government in Lebanon," Washington Institute for Near East Policy *Policywatch* no. 1124, July 19, 2006, http://www.washingtoninstitute.org/templateC05.php?CID=2489.

[3] "Iran Called 'Central Banker of Terror,'" Associated Press, August 28, 2006.

[4] Matthew Levitt, statement before the House International Relations Committee Subcommittee on the Middle East and Central Asia and the Subcommittee on International Terrorism and Nonproliferation, February 16, 2005, http://www.washingtoninstitute.org/html/pdf/Iran-Testimony–2–16–05.pdf.

[5] Magnus Ranstorp, *Hizb'Allah in Lebanon: The Politics of the Western Hostage Crisis* (New York: St. Martin's Press, 1997), 34; Gary C. Gambill and Ziad K. Abednour, "Hezbollah: Between Tehran and Damascus," *Middle East Intelligence Bulletin* 4, no. 2 (2002), http://www.meib.org/articles/0202__l1.htm.

[6] During the 1980s, this presence was estimated to be as large as 2,500. Beginning in the early 1990s, however, this presence was scaled down substantially, to 200–300 active *Pasdaran* operatives. Gambrill and Abdelnour, "Hezbollah: Between Tehran and Damascus."

[7] Ira Stoll, "Hundreds of Iranian Troops Fighting in Lebanon," *New York Sun*, July 19, 2006, http://www.nysun.com/article/36326.

[8] *United States v. Ali Mohamed*, no. S(7) 98 Cr. 1023 (SDNY), October 20, 2000, 28.

[9] "Hamas, Hizbullah Sign Cooperation Accord," *Middle East Newsline*, March 31, 2004, http://www.menewsline.com/stories/2004/march/03__31__1.html.

[10] See, for example, Isabel Kirshner, "The Changing Colors of Imad Mughniyah," *Jerusalem Report*, March 25, 2002, 25.

[11] "Iran's Global Network In Focus," *Jane's Intelligence Review*, March 17, 2006.

[12] "Iran's DM Oversaw Ties With Hezbollah," *Middle East Newsline*, August 15, 2005 (author's collection).

[13] "Iran Continues to Train Hezbollah," *Middle East Newsline*, April 7, 2002, http://www.menewsline.com/stories/2002/april/04__07__2.html; "Iran Establishes Rocket Training Centers in Lebanon," *Middle East Newsline*, August 8, 2002, http://www.menewsline.com/stories/2002/august/08__08__2.html.

[14] "Hizbullah Suspected of Storing CW," *Middle East Newsline*, May 27, 2002 (author's collection).

[15] Amir Taheri, "An Axis Resurgent," *New York Post*, February 28, 2004, http://www.benadorassociates.com/article/2297.

[16] Richard Armitage, "America's Challenges in a Changed World," remarks to the United States Institute of Peace, Washington, DC, September 5, 2002, http://www.state.gov/s/d/rm/2002/13308.htm.

[17] Amit Cohen, "The Hezbollah Within Us," *Ma'ariv* (Tel Aviv), March 5, 2004, http://www.maarivintl.com/dev/index.cfm?fuseaction=printArticle&articleID=4106.

[18] Amos Harel, "Hezbollah's Terror Factory in the PA," *Ha'aretz* (Tel Aviv), January 11, 2005, http://www.haaretz.com/hasen/spages/525429.html.

[19] Michael Hirst and Clancy Chassey, "'Hezbollah Is Arming Gaza For A New War On Israel,' Says Israel's Spy Chief," *Daily Telegraph* (London), September 3, 2006, http://www.telegraph.co.uk/news/main.jhtml?xml=/news/2006/09/03/wmid03.xml.

[20] See, for example, Lou Marano, "Iraqi: Hamas, Hezbollah operating in Iraq," United Press International, January 15, 2004; See also Sharon Behn, "Hezbollah, Hamas Office Reported in Iraq," *Washington Times*, March 31, 2004, A19.

[21] See, for example, Raymond Tanter, "Iran's Threat to Coalition Forces in Iraq," Washington Institute for Near East Policy *Policywatch* no. 827, January 15, 2004, http://www.washingtoninstitute.org/templateC05.php?CID=1705.

[22] Matthew Levitt, testimony before the House International Relations Committee Subcommittee on Europe and Emerging Threats, April 27, 2005, http://wwwa.house.gov/international_relations/109/lev042705.pdf.

[23] "Hezbollah Planning Berlin Headquarters," *Der Spiegel* (Hamburg), June 24, 2002; "Hezbollah Plans to Settle in Berlin," *Die Welt* (Berlin), June 26, 2002.

[24] Bruno Schirra, "Extremism-Tehran's Secret Fighters_The Shiite Terror Organization Hizballah Also Has Adherents in Germany," *Welt Am Sonntag* (Berlin), July 23, 2006.

[25] See, for example, Isabel Kirshner, "The Changing Colors of Imad Mughniyah," *Jerusalem Report*, March 25, 2002, 25; Dana Priest and Douglas Farah, "Terror Alliance Has U.S. Worried," *Washington Post*, June 30, 2002, A01; Matthew Levitt, *Targeting Terror: U.S. Policy toward Middle Eastern State Sponsors and Terrorist Organizations, Post-September 11* (Washington: Washington Institute for Near East Policy, 2002), 114.

[26] Avi Jorisch, "Terrorist Television," *National Review Online*, December 22, 2004, http://www.nationalreview.com/comment/jorisch200412220812.asp; See also Avi Jorisch, "Al-Manar: Hezbollah TV, 24/7," *Middle East Quarterly* XI, no. 1 (2004), http://www.meforum.org/article/583.

[27] "Israel unable to silence Al Manar TV," *The Peninsula* (Doha), August 7, 2006, http://www.thepeninsulaqatar.com/Display_news.asp?section=World_News&subsection=Gulf%2C+Middle+East+%26+Africa&month=August2006&file=World_News2006080725129.xml.

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[29] As cited in Nicholas Blanford, "Israeli Strikes May Boost Hizbullah Base," *Christian Science Monitor*, July 28, 2006, http://www.csmonitor.com/2006/0728/p06s01-wome.html.

[30] As cited in Center for Special Studies, Intelligence and Terrorism Information Center, "Hezbollah," July 2003, http://www.intelligence.org.il/eng/bu/hizbullah/pb/app13.htm.

Mr. ROYCE. Thank you, Mr. Berman.

Mr. Sherman, did you have a question?

Mr. SHERMAN. One for the record for Mr. Hamilton. Respond in writing whether you think that there are any changes we could make in Federal law to make it easier to prosecute and easier to detect those who are raising money or sending money to Hezbollah.

[The information referred to follows:]

WRITTEN RESPONSE RECEIVED FROM MR. CHRISTOPHER HAMILTON, SENIOR FELLOW, COUNTERTERRORISM STUDIES, THE WASHINGTON INSTITUTE FOR NEAR EAST POLICY TO QUESTION ASKED DURING THE HEARING BY THE HONORABLE BRAD SHERMAN

This is a difficult question because it relates to how we go about balancing national security and civil rights. Generally, I do not think there is any immediate solution in re-writing our laws, despite their apparent weakness in prosecuting those providing material support to terror organizations. Stated differently, further strengthening of material support laws would encroach on our civil rights while also exacerbating the problem of integrating the Muslim community into the mainstream of American life. While it has proven very difficult to get convictions in this area, we have had some notable successes. The problem lies in the fact that these violations are very difficult and complex to prove to a jury. Ultimately, in my opinion, what we gain in stopping material support would outweighed by losses in freedom, particularly within the Muslim community.

Instead, I recommend that we 1) improve our ability to investigate and prosecute the laws already on the books by developing new prosecutive strategies and 2) attempt to prosecute using other laws, most notably income tax laws for non-profit organizations. Both of these tactics are currently being developed and used with significant successes.

Mr. SHERMAN. I would like to ask Mr. Berman, how a nuclear Iran would empower Hezbollah. You have indicated one way, and that is, of course, they could go all out and actually smuggle a nuclear weapon into Israel or use their cells here in the United States to smuggle one into the United States. Short of the doomsday of actually exploding a nuclear weapon, how else would Iran's having a nuclear weapon allow them to be bolder in sponsoring terrorism and allow Hezbollah to be bolder in carrying it out?

Mr. BERMAN. Well, thank you very much. I think that is an excellent question. My answer, if I may, is a little bit opaque, but I would focus on a couple of points.

The first is that the Iranian regime has clearly staked a claim to nuclear possession as an element of regime stability, and this is both internal and external.

Mr. SHERMAN. When you say "internal," you mean they could use it against their own people——

Mr. BERMAN. No, no, no. Certainly, not, but possessing a nuclear capability allows the Iranian regime to repress its people more widely without fear of retaliation from the international community.

On the external front is where Hezbollah comes in. Hezbollah is obviously Iran's principal terrorist proxy. There is no doubt as to that, and we have heard that multiple times in this hearing, but Hezbollah's level of activity obviously is determined, at least in part, by what Iran tells it it can do.

A great example that I experienced during the recent conflict in southern Lebanon was a conversation that I had with a colleague who used to serve at a very senior level of the Israeli Government, and he said that the type of intelligence that he was seeing subjected that Hezbollah was not mustering all of its capabilities, that the rockets it was firing were serious, and they were deadly, but they were not armed with chemical agents.

I would say this: They have not demonstrated the full breadth of their arsenal, and the closer Iran comes to crossing the nuclear threshold, I think, at least politically, the more there will be the impetus for Hezbollah to act freer.

Mr. ROYCE. Thank you, Mr. Berman.

Mr. Hamilton, I was going to ask you a question. You commented, in reference to Hezbollah and the United States, you said, "You often see in these groups the people who deal in finances also have military backgrounds." Now, that was the case with Kourani as well. "The fact is," you say, "they have the ability to attack in the United States."

I wondered if you could expand on that observation, especially in light of the fact that the ACLU now has, in terms of surveillance, taken a case to a judge, an activist judge, and has, temporarily, at least, called into question the ability of our Federal Bureau of Investigation and our Central Intelligence Agency to monitor phone calls from outside the United States from Beirut into Hezbollah cells or, for that matter, get into al-Qaeda cells and what that portends in terms of——

Mr. HAMILTON. However we resolve that issue, we need that information. There is absolutely no doubt about that.

The other issue regarding the military capability of these organizations; there is a long history of other organizations wherein, if they are involved with any kind of fundraising, running any kind of charity, that they are perfectly capable of doing an attack, maybe not with the same skill as others, but if they were going to do it, they would set up the situation, and other people would come into the country to actually execute the attack.

Mr. ROYCE. When I was in Israel, Prime Minister Olmert told me that, in his view, their ability to have surveillance without their capability being understood, or the West, in general, Europe and the United States, that, unfortunately, due to the *New York Times* releasing this information, there is now more understanding by the

terrorists of our capability, of how we listened into those phone conversations, and that has really hurt Western intelligence.

Mr. Hamilton, based on your background at the FBI, do you concur with that, or how do you see that?

Mr. HAMILTON. We have a long history of that, beginning with the trial of the World Trade Center bombers, giving up our technology and our capabilities. That said, the bad guys always know that, and they always continue to make the same mistakes.

Mr. ROYCE. Okay. We will go now to Mr. Tancredo for his question.

Mr. TANCREDO. Just a very quick one to Mr. Berman, please. I do not understand Russia's long-term interests here. I do not understand how they can continue to play footsie with Iran and with Hezbollah and not recognize the threat that both of those—that entity, I guess, poses to them in the long run. I just do not get it.

Mr. BERMAN. I think that is an excellent question. Let me content myself with spending a few seconds to talk about what the Russian-Iranian relationship is.

When it was founded in the early 1990s, the Russian-Iranian relationship was animated essentially by three things. The first was money. The Russian defense industry had suffered substantially from the collapse of the Soviet Union. They needed client states to sustain it, and what you had was Iran coming off of a ruinous war, 8-year war, with Iraq that needed to build up its military capability.

So there was a very natural symbiosis there, and that continues in very many ways to day. It has also expanded to include today the atomic industry. Iran, if it successfully nuclearizes, becomes a showpiece for the Russians to tell other countries that it is trading with, look, come see Iran. Come see what we have done for Iran. We can do the same for you. So this is something that I think we need to keep in mind.

The second issue is Muslim empowerment, and the Russians have been, and continue to be, very concerned about Iran sponsoring the type of radicalism that it sponsored in Lebanon with Hezbollah in the post-Soviet space.

And the third is, in many corners of the Russian policy-making elite, there is still the idea that sticking a finger in the eye of the United States is a very good time. You put those together, and you stir, and it makes for a very heady cocktail, and I think it goes a long way toward explaining why the Russians have been intransigent up until now.

Mr. ROYCE. Thank you, Mr. Tancredo. You would think that the attack on the Beslan school would give Russia pause.

Thank you. I thank our panelists for traveling here, especially you, Mr. Azani, for traveling all the way to the United States. We are going to talk a little later. We are going to have some additional questions that we are going to submit to you in writing, if you do not mind, for your response. But we very much appreciate your testimony before the Committee, and we stand adjourned.

[Whereupon, at 12:37 p.m., the Subcommittees were adjourned.]

APPENDIX

MATERIAL SUBMITTED FOR THE HEARING RECORD

PREPARED STATEMENT OF THE HONORABLE DENNIS A. CARDOZA, A REPRESENTATIVE IN CONGRESS FROM THE STATE OF CALIFORNIA

I want to thank the distinguished Chairs and Ranking Members for holding this important joint subcommittee hearing on Hezbollah's global reach.

I believe Hezbollah, an organization on the State Department's list of terrorist organizations, is fully committed to one objective—the destruction of the state of Israel and the United States.

On July 12, Hezbollah committed an unprovoked act of aggression against Israel by killing eight soldiers and kidnapping two others. In response to this heinous act, I joined with my colleagues to support a resolution reaffirming Israel's rights to defend itself. I believe it was absolutely the right action, because Hezbollah and its large cache of arms is a direct threat to Israel and to the United States.

Hezbollah is a threat not only to Israel and the U.S, but also to all who strive for an enduring peace in the Middle East.

At the same time, we must realize that the hatred fanned by Hezbollah and other militant groups is driving deeper and deeper into the fabric of the Middle East, which makes any lasting and sustained peace effort very difficult to achieve.

While I strongly support Israel's right to defend itself, I do not believe that military action alone can destroy Hezbollah. In fact, efforts to defeat Hezbollah and other terrorist groups have deepened hatred of Israel and the United States throughout the Middle East. So let me say plainly—I do not believe the war against Hezbollah can be solely won on the battlefield.

To achieve our goal of a broad strategic shift of conditions in the Middle East, I believe the U.S. must use our leverage to support a strong and democratic Lebanon, one backed by the international community. Only a strong Lebanon, backed by a strong Lebanese Army can destroy Hezbollah and help weaken popular support for such militias and terrorist organizations.

I believe the Bush Administration must become more engaged in the Middle East. Only U.S. leadership can build consensus among our regional and international partners. As one step toward that goal, I believe the Bush Administration must push our European allies to add Hezbollah to their list of terrorist organizations.

And so, as we begin this hearing today, I look forward to hearing from our panelists—not only on Hezbollah's reach—but also what our government is doing to counter its growing influence in the Middle East.

Thank you, Mr. Chairman—I yield back the balance of my time.

PREPARED STATEMENT OF THE HONORABLE GARY L. ACKERMAN, A REPRESENTATIVE IN CONGRESS FROM THE STATE OF NEW YORK

I want to thank the chairs for organizing this joint hearing. Hezbollah(s emergence, not only as a Shia militia and political party, not only as an international terrorist organization, but as a strategic proxy for the Iranian theocracy. Hezbollah is surely worth the attention of Congress.

The Hezbollah threat, however, is not new. Hezbollah has been designated as a terrorist organization by the State Department since 1995 and has been on the list of Specially Designated Global Terrorist Organizations since 2001. More Americans have died at the hands of Hezbollah than any terrorist group other than al-Qaeda. The August war, which resulted in hundreds of innocent lives lost, and billions of dollars of destruction, was the just the latest atrocity for which Hezbollah bears responsibility.

Reciting Hezbollah(s barbaric and bloody history, denouncing its philosophy of hatred and violence, and detailing its subservience to Iran and subversion of Lebanon(s sovereignty, though appreciable for the satisfaction of condemning the truly vile, is not what we are here for today.

Our problem is not insufficiency of rhetoric or even, atypically, of understanding. Neither Hezbollah(s capabilities, nor its wickedness, are in dispute or doubt.

Our problem is, again and again and again, one of strategy; of developing a plan for applying available means to achieve desired ends. So, we may ask, what resources should the United States have at its disposal to address the challenge posed by Hezbollah?

Ideally, the United States should have strong alliance relationships built on a shared vision for achieving international security. We should have a singular international prestige built upon our position as not only the richest and strongest nation, but also as the leading advocate for international institutions and norms of behavior. We should have the public support of the most important Arab states built upon a shared appreciation of the Hezbollah threat to regional peace and stability. Five years after 9/11, we should have broad international consensus on how to define and deal with terrorism in general. We should be militarily unencumbered, or at least, be still able to generate robust and capable forces for any prospective conflict. And, of course, we should have confidence in the accuracy and completeness of our intelligence.

As anyone who has read a newspaper in the past year knows well, we have none of these things. Not one of them.

Our reputation is in tatters. Right now, Arab leaders would rather have a photo-op with a child-molester than with the American president. Instead of building a common front against madmen who demand the entire Middle East be stuffed back into a straightjacket of religious dogmatism, we have, by virtue of our own faith-based foreign policy, set the entire region against us.

In the American version we declare our most fervent hopes and prayers to be facts and then we wait for them to come true. Thus, we have the self-executing Roadmap and the endorsement of Palestinian elections which included Hamas. Thus we have our failure to plan for Iraqi reconstruction, or to consider the implications of dissolving the Iraqi army, or of firing all the members of the Baath party, or of trying to occupy a country the size of California with too few troops. Thus, we have the necessity of subcontracting to the EU–3 the question of Iran(s nuclear weapons program, and to China, North Korea(s nuclear program.

Thus too with Hezbollah, we find our high hopes for Security Council Resolution 1701 already foundering, with UNIFIL commanders proudly declaring their intention to do nothing that would frustrate Iran, annoy Syria, or discomfort Hezbollah. Should they encounter weapons in proscribed areas, or arms being smuggled, what will they do? They will consult with the government of Lebanon. Who sits in the government of Lebanon? Hezbollah. We(d better start praying a little harder.

No President gets to operate in a perfect world, and as our Secretary of Defensiveness has declared, you go to war with the army you have, not the army you want. But clearly, by virtue of the choices we have made and the priorities we have chosen, we are much worse off now than we were five years ago. We have less acceptability, less flexibility, less capacity, less capability, and most of all, less credibility. In light of these unfortunate conditions, none of which were inevitable, I(m looking forward to hearing from our witnesses what options remain available to us for dealing with the threat from Hezbollah.

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