

“Iran’s Destabilizing Role in the Middle East”

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Chairman Royce, Members of the Committee, good morning and thank you for this opportunity to testify on Iran’s Destabilizing Role in the Middle East. I will briefly describe the “Iran Action Network,” Iran’s long-term foreign policy goals and how they destabilize the region, and current trends, and offer recommendations on how to counter one of our most pressing national security challenges.

Introduction

U.S. policy toward Iran has focused mainly on addressing the nuclear challenge, but it has overlooked the threat posed by Iran’s global revolutionary network. The U.S. nuclear strategy, which is based on the dual pillars of sanctions and diplomacy, is realistically grounded, well-resourced, and run about as effectively as can be expected. However, Iran’s nuclear program is just the tip of a revolutionary spear that extends across the world and threatens key U.S. interests. Iran’s foreign policy is subversive, sectarian, and set on goals that would come at the expense of U.S. interest in the region.

For more than three decades, Iran has sought to preserve the Islamic revolution at home and promote it abroad, through a network of government and nongovernment organizations that I have referred to as the Iran Action Network (IAN). The members of that network are involved in crafting and implementing the covert elements of Iran’s foreign policy agenda, from terrorism, political, economic and social subversion; to illicit finance, weapons and narcotics trafficking; and nuclear procurement and proliferation.

The Iran Action Network

Iran relies primarily on three organizations to coordinate and oversee IAN activities:

- The Qods Force, an elite branch of the Islamic Revolutionary Guard Corps, responsible for irregular warfare and asymmetric operations, including a wide range of subversive activities from non-violent cultural and business fronts to direct support to political resistance organizations and violent opposition groups.
- The Ministry of Intelligence and Security (MOIS) is Iran’s primary civilian intelligence agency. It has the lead role in foreign intelligence collection and several covert action programs, both at home and abroad. It works closely with all of Iran’s closest proxies in the region and second only to the Qods Force in Iran’s global efforts to export the Islamic Revolution.
- Lebanese Hezbollah has been Iran’s strongest non-state ally since its inception in 1982. While Hezbollah’s role in projecting Iranian power has traditionally been tied to the goals of

fighting Israel and protecting Lebanon, it remains a key element in fighting on the front lines in Syria, alongside Qods Force advisors and trainers and Syrian army units.

In short, the IAN is Iran's "whole-of-government" approach to preserving the regime at home and coordinating and promoting the revolution internationally. Its actions encompass a remarkable array of covert action, including covert influence operations, sanctions evasion, terrorism, training and equipping Islamic militants, and other so-called "resistance activities."

A Destabilizing Foreign Policy

U.S. policy toward Iran has focused mainly on addressing the nuclear challenge, but it has overlooked the threat posed by Iran's global revolutionary network. Based on the dual pillars of sanctions and diplomacy, the U.S. nuclear strategy is realistically grounded, well-resourced and run about as effectively as can be expected. However, Iran's nuclear program is just the tip of a revolutionary spear that extends across the world and that threatens key U.S. interests.

Today, Iran is hoping to cut a nuclear deal that will bring its economy back online. A revived economy is precisely what Iran needs to jump start operations in the Levant, Yemen, Afghanistan, and across the region, that have slowed down significantly due to shrinking operational budgets. Even in an environment of fiscal austerity, Iran continues to pursue a foreign policy agenda that has destabilizing effects on the region, to include the following:

- West Bank and Gaza: Iran continues to provide arms, funds, intelligence, and training to Palestinian terrorist groups, most notably, Hamas and Palestinian Islamic Jihad. Both groups oppose the existence of Israel and commit acts of terrorism to that end.
- Lebanon: Iran's closest non-state ally is Lebanese Hezbollah, long considered one of the world's most dangerous terrorist organizations. Iranian force projection around the world depends on Hezbollah operatives and networks, from the front lines in Syria to criminal safe havens in West Africa.
- Syria: Iran's military intervention in Syria turned the tide of the war and prevented the collapse of the Assad regime. By siding with Assad, Iran has inflamed sectarian divisions across the region, leading to an unprecedented flow of Sunni foreign fighters into Syria and surrounding countries.
- Iraq: Iran has sought to ensure that either Maliki or other pro-Iran Shiite politicians remain in control of Iraq. To counter the spread of the Islamic State, Iran is expanding Shia militia groups such as Kata'ib Hezbollah and Asaib Ahl al-Haq that operate under Iran's direction beyond the control of the Iraqi government.
- Bahrain: Iran continues to support Bahraini Shiite dissident groups that seek to overthrow the Bahraini monarchy and replace it with an Islamic republic similar to Iran. Bahraini security officials continue to see signs of Iranian support to local IED attacks.
- Saudi Arabia: Hezbollah of the Hejaz carried out attacks in Saudi Arabia, including the 1996 Khobar Towers bombing in Dhahran. Iran continues to stir up Shia dissident groups in eastern Saudi Arabia, and Saudi leaders generally recognize Iran as a subversive force in Syria, Lebanon, and on Saudi borders in Yemen.
- Yemen: Iran has supplied arms, funds, and probably intelligence to Houthi rebels. Along with Sudan, Yemen has become the center of Iran's regional platform for covert arms production and distribution. African ports, increasingly seen as effective transshipment point by transnational crime organizations, serve Iran's objectives elsewhere in the region.

- Afghanistan: Iran has consistently balanced its support for the government in Kabul with material support to the Taliban and the Haqqani Network. IAN-controlled networks on both sides of the Iran-Afghan border facilitate the illegal flow of men, money, and materiel.

Current Trends

First, a nuclear agreement with Iran will give a much-needed boost to the Iranian economy. By most accounts, Iran stands to gain access to nearly \$100 billion dollars frozen in foreign banks, as well as billions more as oil export restrictions are lifted. At the same time, several EU countries appear poised to return to Iranian markets, adding billions of dollars more in potential foreign direct investment and trade. All of this will provide the leaders of the IAN with the resources they need to gradually return to previous levels of operational activity. It means funding proxies that were either cut off or cut back due to sanctions; reassessing the ongoing closure or downsizing of Iranian embassies in non-traditional areas such as Latin America; expanding joint military training and security programs in Africa; and increasing funding for Hamas, PIJ, and the new Palestinian coalition government.

Second, several countries in the Gulf should expect to see a resumption of covert activity, including training, weapons, and non-lethal support to local proxies, especially in Bahrain, Kuwait, and Saudi Arabia, where Iran has a history of supporting Shia opposition movements. The GCC countries will also have to confront the growing threats posed by Iran in the area of Computer Network Exploitation operations. Iranian hackers employed primarily by the MOIS target the computer systems of U.S. and Gulf personnel, companies, and government facilities. Iran has treated past Stuxnet attacks on centrifuges at Natanz as a declaration of cyber war, and is now responding in kind.

Third, IRGC Qods Force commander Qasem Soleimani will find ways of increasing military support to the Assad regime. Keeping Assad in power will remain a strategic priority, mainly because it strengthens Iran's relationship with its most important partner in the region, Lebanese Hezbollah, but also because in Iran's eyes there is no alternative. Soleimani will also be focused on countering the growth of Sunni extremism in Iraq, which has reached levels of violence unseen since 2007. He will probably offer to increase current initiatives that arm, train, and fund new and existing pro-Iranian Shia militants in Iraq. Soleimani has more say over what Iran does in Syria and Iraq than President Rouhani, enjoying the full support of the Supreme Leader. His number one priority will remain building an arc of influence and power across the Levant, often referred to as Iran's "Shia crescent."

Fourth, there are few signs that a nuclear Iran will increase the chances of a near-term nuclear arms race in the Middle East. U.S.-GCC bilateral security relationships have evolved for more than 25 years. Any strategic shift away from the United States would take years given the depth of the commitments involved. GCC countries are rightfully more concerned about Iran's attempts to exploit the very real issues of religious extremism, demographic pressures, and other internal sources of instability that each Gulf state is trying to address on its own.

Fifth, Iran has gone to considerable lengths to create a global shadow apparatus designed to evade sanctions. It enables the Iranian government to support Islamic movements and pro-Iran militants around the world and spread the value of the "resistance" via cultural, social, economic, political, and business entities and organizations. That apparatus goes hand in hand with the asymmetrical nature of almost everything Iran does. The international community needs to develop a better

understanding of this apparatus for several reasons, but largely because it is directly linked to some of Iran's most destabilizing activities.

Sixth, as long as a nuclear deal does not address Iran's ballistic missile program, which appears to be the case given outright rejection of the idea by the Supreme Leader, Iran will continue to develop long-range ballistic missiles can strike any target in the GCC and add further to its arsenal of short-range artillery rockets that can strike coastal areas across the Gulf. Iran will attempt to improve the accuracy of its missiles and rockets, and pursue the indigenous production of UCAVs, cruise missiles, and possibly even nuclear warheads.

The Way Forward

Even if sanctions and diplomacy lead to a nuclear agreement with Iran, the activities of the IAN will continue to pose significant obstacles to Iran's diplomatic outreach to the Gulf and the West. In some cases, lethal support to Shia opposition groups across the region also threatens both U.S. and international security. To address these threats, policymakers should consider the following recommendations:

- **Coordinate U.S. Efforts Against Networks.** U.S. policymakers should call for an interagency and international task force for developing and deploying a comprehensive and global campaign against the operational and strategic depth of the IAN. Such a task force would target the illicit networks and operatives associated with the Iran Threat Network, including its financial, business, and logistical support networks. The goal should be a counter network disruption campaign, modeled where appropriate, on previous successful U.S. whole-of-government initiatives against defiant state actors that combine overt and covert action, law enforcement, sanctions, and containment.
- **Refine and Expand Soft War Initiatives.** The Supreme Leader repeatedly refers to the U.S.-led "soft war" as the single biggest threat to the existence of the Islamic Republic. An effective soft war should expose and neutralize the state and non-state actors involved in subversive activities that are instrumental in marketing the Islamic Revolution overseas. At the very least, this should include Qods Force, MOIS, and Hezbollah operations and criminal activities. Of equal importance are Iran's non-official cover organizations – religious, cultural, and charitable – as well as businesses that effectively blur the lines between overt and covert activity.
- **Focus Efforts on Transnational Organized Crime.** In addition to being one of the world's most formidable terrorist and paramilitary organizations, Hezbollah has become involved in a global criminal enterprise involving money laundering, racketeering, and drug trafficking. Indicting Hezbollah as a transnational criminal organization would dispel its image as an elite and "pure" resistance organization. We should approach and counter Hezbollah from the vantage point of strategic law enforcement, financial sanctions, and even the International Court of Criminal Justice (for its long record of global terrorism, for its involvement in the assassination of a democratically elected head of state, and possibly even for war crimes being perpetrated in Syria).
- **Developing Non-Military Policy Options.** At any given time, dozens of U.S. government agencies are pursuing the same elements of the IAN. To improve the way multiple agencies work against the IAN, the government has to be better organized. In relatively new and developing areas such as Counter Threat Finance, it would go a long way to work from an agreed-upon "financial order of battle" that maps key networks on a transnational scale (e.g.,

banks, exchange houses, front companies, trade-based money laundering, shipping companies, etc.). In doing so, U.S. government agencies should draw assiduously on partner country liaison services as part of a global effort to build a coalition of like-minded states. An order of battle would generate a series of non-military or military-enabled policy options that could serve as the basis of a strategic intelligence and law enforcement campaign – not just a series of strikes.

- **Focus on Counter Threat Facilitation.** As long as Iran has an agenda of creating new centers of power in the world and doing so at the expense of the United States, it behooves us to consider a law enforcement-led “Counter Threat Facilitation” initiative. Such an initiative should emphasize strategically planned law enforcement operations to expose illicit networks, arrest their perpetrators, freeze assets and attack the IAN’s crime-terror pipelines through the international trade and banking system. It could go a long way in weakening the illicit financial networks around the world that buttress Iran’s strategic foundations, revolutionary resolve, domestic staying power, and power projection capabilities.
- **Create Offices of Irregular Warfare.** As sanctions are eased, the U.S. government will need to find other ways of identifying and disrupting Iran’s involvement in nuclear proliferation, terrorism, and other threats to international security. If sanctions and military options make way for other policy options, the U.S. will have a much more difficult time identifying and countering many of the IAN’s illicit activities, which tend to be irregular or asymmetric in nature. Creating offices of irregular warfare in various government agencies would go a long way toward exposing and damaging the criminal foundations of the IAN. While irregular warfare is usually the domain of the military, several operationally robust and aggressive non-kinetic initiatives should be considered. In the area of Information Operations, for example, covert influence authorities “with teeth” are necessary to more effectively bolster Iranian moderates in Iran and to undermine Iran’s message to audiences in Africa, Central Asia, and across the Middle East. In the still developing area of Counter Threat Finance, the Treasury Department should be put on a financial and economic warfare footing, or better integrated with interagency partners who possess the needed level of financial operational authorities and capabilities. Treasury needs to be more involved in financial operations, particularly overseas, where there are significant gaps of understanding in the areas of international banking and finance. Finally, the U.S. cannot do it alone. The IAN has grown increasingly transnational, making it critical to have the support of foreign liaison partners who have the ability to hit Iran’s threat facilitation networks (transport, shipping agents, freight forwarders, warehouses, pilots, airlines, etc.). Properly incentivizing our partners to conduct higher impact operations against the IAN depends on creativity, money, and persistence. The Rewards for Justice Program, or a version thereof, should offer payouts to exceptional foreign government officials or units who successfully assist U.S. government initiatives.

Conclusion

With or without a nuclear deal, the strategic calculus of the Supreme Leader and much of the ruling conservative establishment is the same today as it was when the Islamic Revolution began: preserve the regime at home and deter threats from abroad, while externalizing the revolution and resistance. The IAN is the engine of the regime and will resume Iran’s pursuit of broader goals in the region. Look for a return to past levels of activity by elements of the IAN, including units of the Qods Force, whose budgets have been cut back as a result of Iran’s economic downturn. This means more operations in Syria, where Iran will continue to work closely with the Assad regime and Iran-trained,

equipped, and guided militant networks; further attempts to support Shia activism in Bahrain, where Iran has attempted several times to create the conditions for regime change; continued use of Iraq as a transit point for illicit commerce coming from the Gulf, and the movement of men, money, and illicit materiel across the Levant; deeper support to Hezbollah and the newly-formed Palestinian coalition government; and likely increases in training, weapons, and funding to the Houthi rebels in Yemen and pariah states such as the Sudan.

GCC countries will continue to harbor deep suspicion, distrust, and enmity toward Iran, well aware of Iran's unrelenting efforts to create internal dissent and destabilization through support to local Shia opposition movements. Still, they will refrain from pursuing their own nuclear programs (other than the UAE) and continue to rely instead on strong bilateral security partnerships with the United States. For its part, Iran will push Hezbollah to do some of its more complicated bidding in Arab countries, which Hezbollah sometimes agrees to, other times not. Finally, the peaceful intentions of a nuclear Iran will take decades to validate. Until that happens, expect more denial, deception, and dissimulation from the IAN.