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Iran's Islamic Revolutionary Guard Corps: Fueling Middle East Turmoil
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Chairman Royce, Ranking Member Engel, Distinguished Members of the Committee:

I want to begin by thanking you for the opportunity to speak today about Iran's Revolutionary Guard Corps and, more broadly, Iran's destabilizing behavior in the Middle East. Addressing the many forms of this behavior was a central part of my work during my work as Coordinator for Counterterrorism under Secretary Clinton and President Obama in the years 2009-2012 and, reaching even further back, to my service on President Clinton's National Security Council staff in 1998-1999.

In that earlier period, a focus of our work was assembling the case against Iran for the devastating bombing of Khobar Towers in 1996 and deterring further attacks. During my time at the State Department, I was proud of our work to strengthen the opposition to Hezbollah in Europe — an effort that involved close collaboration with Israel, and that led ultimately to the decision of the European Union to designate the group's military wing. During that period as well, I was also pleased to be part of the team of US diplomats, intelligence and law enforcement officials involved in thwarting the plot of Manssor Arbabsiar to assassinate the Saudi ambassador in Washington and turning the episode into an occasion of global condemnation of Iran for its use of terrorism as an instrument of policy. As was later demonstrated in court in the successful prosecution of Arbabsiar, that conspiracy was authorized by the IRGC. Had the plot not been detected and disrupted, the bombing would have undoubtedly cost numerous American lives. Instead, thanks to the superb teamwork within our government and the great help of the Mexican authorities, Arbabsiar was apprehended, and the United Nations General Assembly overwhelmingly passed a resolution condemning the plot by a vote of 106-9.

I mention these events because I believe it is important to recall that the United States has over the recent decades compiled a record of success in dealing with Iran. We have had our losses, such as the 19 victims of the Khobar Towers bombing, and, much earlier, the victims of the attacks against US forces in Beirut in 1983. But overall, our nation has, together with our partners in the region and around the world, prevented the Islamic Republic from causing far greater damage to regional stability and the security of some of our closest friends. Today, I am convinced that we are on a course to continue this success and, indeed, to strengthen security in the region through the Joint Comprehensive Plan of Action, which, if Iran fulfills its obligations, will end the country's pursuit of a nuclear weapon for at least 15 years. As President Obama has said on many occasions, this deal does not deal with all of Iran's behavior, but it does address all one of the foremost security problems of our time — Iran's nuclear aspirations. As we consider the other ways in which Iran challenges us, we should be mindful of the JCPOA achievement and leery of anything that would undermine it.

I also mention the foregoing events because they are good jumping off point to address the important issue of how Tehran's behavior has changed in recent years and how dramatically the regional context has been transformed. During the debate over JCPOA, the charge was often made that sanctions relief would give Iran a vast influx of cash with which to carry out terrorist attacks and subversion. Without a doubt, the United States and our allies and friends in the Middle East, from Israel to the Gulf monarchies, have well-founded fears of Iranian plotting. Under any foreseeable circumstances, we and our partners must continue to show vigilance against Iran, and as President Obama, Secretary Kerry and others have said, we no expectations that Iran will suddenly become a responsible global actor. But the argument about an impending wave of terror and subversion needs to be examined in two ways: First, how likely is it that Iran will devote massive resources to such a course? Second, to what extent does Islamic Republic's current behavior represent a continuation of earlier conduct? On the basis of the answer to these questions we can take the correct measure of the threat and respond appropriately.

Obviously, any answer to the first question will be somewhat speculative since we do not have access to the Iranian leadership's deliberations. Nonetheless, the hypothesis that Tehran will use large sums derived from sanctions relief to support terror and subversion appears flawed for two reasons. First, a primary goal of the leadership in negotiating the JCPOA was to improve economic conditions at home that were eroding support for the regime. So much seems clear from both the rhetoric and the behavior of Iran's leaders. It would follow, therefore, that the bulk of the money will be used to ameliorate domestic concerns. Press reports indicate that the US Intelligence Community has arrived at the same conclusion. I would add here that Iran usually makes rational calculations about advancing its interests, and having invested the time, energy and political capital in the JCPOA, it undoubtedly is aware that a new and enhanced campaign of terrorism would risk scuttling the agreement.

The second reason why Iran is unlikely to devote a major portion of the proceeds from sanctions relief is that the country has never restricted resources for its foreign policy — especially not for such activities as its direct support for the Assad regime and Iranian fighting forces in Syria. These costs have been significant and have stretched the Islamic Republic — though one could argue that meeting manpower needs has been a bigger challenge than the finances. Undoubtedly, Iran will be in a position to devote more funds to activities such as these, and, whether to placate disgruntled hardliners or simply to pursue policy goals, the leadership will almost certainly do so. The numbers, however, are likely to be small compared to the totals regained through sanctions relief. It is unlikely that there is an intention to spend vast new sums because these initiatives are already well funded. Terrorism, it is also worth pointing out, is inexpensive, as the United States has learned through hard experience.

Is a stepped-up campaign of terror a plausible course for Tehran given the current trends of its policy? Iran remains by a significant margin the foremost state sponsor of terror today; we have seen no indication that anything has changed the belief of Supreme Leader Khamenei or other Iranian leaders that terrorism is a legitimate instrument of policy. We should note at the outset that the United States itself is unlikely to be a target. (The Arbabsiar case remains an outstanding red herring in this history — and one of the most bizarre terrorist plots in history.) For most of the past 20 years, the Iranians have shown a healthy respect for the capabilities of US

intelligence and law enforcement to get to the bottom of any attack quickly. This has been a result of the Khobar bombing, when the FBI and the Intelligence Community demonstrated its prowess and made Iran unwilling to risk another attack and a potential reprisal. Since the 1996 attack, a small number of Americans have been caught up and killed in Iranian-backed terror attacks directed against Israelis, but specifically American targets have not been struck.

In the years that followed, Iranian terrorist activity focused primarily on support to groups targeting Israel — Hezbollah, Hamas and Palestinian Islamic Jihad — mostly in Israel itself, the West Bank and Gaza and across the border from Lebanon. The specifics of this history do not need to be repeated here. That support has been robust and continuing, though not all the groups remain recipients of Iranian funding.

Roughly five years ago, Iran and its proxy Hezbollah appeared to laying the groundwork for a renewed campaign of terrorism outside of the Middle East. There were notable arrests and disruptions in a variety of places including Thailand, Kenya, India, Azerbaijan and Cyprus. At Bulgaria's Burgas Airport in August 2012, a bomb exploded on a bus, killing seven people, including five Israeli tourists. Through some excellent forensic work, the operatives responsible were traced back to Lebanon and Hezbollah. That incident had pivotal significance in the effort to have Europe designate Hezbollah as a terrorist organization. I should add that Israel's and our success in tracking this case likely also added another measure of deterrence against Iranian terror, in this case to the benefit of Israel. This campaign came as something of surprise to the United States, but it seems likely that it was timed to send a message that increased tensions and a potential US and/or Israeli military strike against Iranian nuclear facilities would have significant costs. The multiple failures of the Iranians and the Hezbollah, however, represented a setback for them, and certainly no one in Washington or Jerusalem was in any way intimidated.

There can be little doubt that the goal of striking at Israel remains a central one for Tehran. One of the most worrisome developments of recent years has been the appearance of Hezbollah and IRGC forces in Syria opposite the Golan Heights. We should expect that Iran in particular will have an interest in showing that despite the strains of its engagement in Syria, it is still dedicated to the rejectionist cause and prepared to provoke Israel. (It is unlikely that this will happen across the Lebanese border, where the rules of the game are well known and any transgression would risk a larger fight against Hezbollah. The Syrian border, by contrast, was long the most stable and quiet one in the region, but the retrenchment of the Asad regime makes the future of that border an open question.) I am encouraged by the recent statement of Israeli Defense Minister Moshe Yaalon that Israeli deterrence vis-a-vis Iran in that area is working.

If we look at the rest of the region, however, it is clear that Iran's focus has changed significantly in recent years. Tehran has a long history of funding subversion around the Gulf, relying on disgruntled Shiite populations when it can. This was a particularly prominent part of Iranian policy in the period after the 1979 revolution, but it subsided to a much lower level in the 1990s and early 2000s.

Now — setting aside the Iran-Iraq War of 1980-1988, which ought to be considered as a different kind of phenomenon — Iran's engagement in one form or another in hot conflicts around the region is greater than at any previous time. This engagement is largely through the

agency of the IRGC. These conflicts have arisen out of the turmoil of the Arab Uprisings, the rise of ISIS and the turmoil in Iraq. Thus, as mentioned, Iranian forces are fighting on the ground in Syria in an effort to save the regime of Bashar al-Asad. This conflict has stretched Iranian capabilities, and, though good numbers are difficult to find, the casualties number certainly in the hundreds and possibly higher. Several high-ranking IRGC officers are among those killed. Iran has made clear in statements and actions that it considers the survival of the Assad regime a vital interest, and the need to preserve a connection to Hezbollah in Lebanon has been seen as essential for Tehran.

Elsewhere, Iran continues to arm and fund Shiite militias in Iraq, as it has done for many years. Several of these militias inflicted significant losses on US forces during the years of our deployment in Iraq. Today, they are involved principally in fighting ISIS and maintaining Iranian leverage over the government in Baghdad and strong pro-Shia influence on Iraqi politics more broadly.

In Yemen, Iran, typically through the IRGC, is arming and funding the Houthi forces that occupied Sana'a on September 2014. These forces, which had been fighting Yemen's central government for many years, are now engaged in a many-sided conflict involving the legitimate government of President Hadi, Saudi Arabia and the UAE, as well as al Qaeda in the Arabian Peninsula.

In Bahrain, Iran appears to be working to sow dissension against the Sunni monarchy by agitation among the dissatisfied Shia minority. A number of apparent plots have been thwarted there to date.

Surveying all these hotspots, it is, I believe, accurate to say that much of the Middle East is in the grip of a sectarian conflict of historic proportions. In some areas, the conflict may look more like one between Iran and Saudi Arabia, the two great regional great powers. For example, in Yemen, the central issue is not whether Twelver Shia will control the country. The Houthis, after all, are Zaydis — Shia, but in social and religious terms extremely close to their Sunni countrymen. Instead, it makes more sense to see this as an opportunity that Iran has seized to sap Saudi power by embroiling them in a civil war. A critical element of the conflict that is seldom considered is how the Houthi rebellion has been enabled by the reemergence of former Yemeni leader (and sometime US partner) Ali Abdullah Saleh, who threw military forces loyal to him behind the Houthis in order to unseat his successor President Hadi. In short, there much of what is going on in Yemen is about reversing the Arab Spring transition, and while Iran has found a way to sap rival Saudi Arabia, this does not seem like a case of massive Iranian aggrandizement. The consequences, however, have been staggering, and the humanitarian crisis in Yemen — which has gotten little attention because of Syria — is acute.

If we are to have the right policy response to the conflicts in the region, it is worth taking another moment to understand the drivers of this sectarianism. Many have characterized this as a 1400 year-old conflict, but in my view it is more useful to recognize that Sunni and Shia have coexisted relatively peacefully at many times in history, and the Saudis and Iranians had a relationship that was mostly untroubled until the Iran Revolution of 1979. Then, Ayatollah Ruhollah Khomeini and his followers toppled the shah and installed a theocratic government

unprecedented in the history of Shiism. Iran sought to expand its influence by creating terrorist organizations such as Hezbollah in Lebanon and stirring Shiite ambitions in Bahrain, Iraq and Saudi Arabia's Eastern Province.

The Saudi monarchy saw its religious leadership of the Muslim world challenged. The kingdom poured hundreds of millions of dollars into building mosques and schools, established huge organizations that propagated its puritanical brand of Sunni Islam and flooded the Muslim world with textbooks depicting Shiites as heretics and Christians and Jews as subhuman. The same poisonous springs that nourished the kingdom's sectarian counterrevolution would later help bring forth al Qaeda and its offshoots. After about 1990, sectarian tensions have subsided somewhat. After Ayatollah Khomeini's death, Iran's militancy cooled, while Saudi Arabia held an unprecedented national dialogue with the kingdom's restive Shiites in 2003.

We need to recognize that the trigger for the recrudescence of sectarian tensions was the US invasion of Iraq, which destroyed the region's fragile equilibrium and, in retrospect, upended regional politics as much as the Iranian Revolution. Most Sunnis detested Saddam Hussein, but they also hated the results of his overthrow: the empowerment of Iraq's Shiite majority and the rise of a government in Baghdad closely tied to Iran. The rise of Shia chauvinism, especially in the government of Nouri al-Maliki, deepened the antipathies.

Eventually, Sunni-Shia hostility exploded in the wake of the Arab Spring, with the most important new battlefield being Syria, which had been governed by a dictatorship dominated by the Alawites, a small sect descended from Shiite Islam. For the Saudis and many other Sunnis, the chance to rob Iran of its key Arab ally and get payback for losing Iraq to the Shiites was irresistible. That produced a brawl in which everyone has been effectively all in. Syrian President Bashar al-Assad is propped up by his Shiite allies, Hezbollah and Iran; the Gulf Sunnis and the Turks have funneled cash and weapons to his Sunni foes. Whenever one side seemed to be getting the upper hand, the other injected more money and arms into the conflict. The result has been a tragedy of profound proportions with upwards of 200,000 dead.

To appreciate just how deeply this sectarianism is shaping the Middle East, I would point to two facts: First, with the notable exception of Jordan, none of our traditional Sunni partners shows any real interest in combating ISIS and the scourge of extremism in the region. They are wholly invested in fighting what they perceive as Iranian encroachment. The Saudi/UAE campaign in Yemen — in contrast with the small number of sorties flown by those countries in Syria and Iraq — is more than ample proof. In words and deeds, the Sunnis have made it clear that the extremism that threatens us can be dealt with later.

Second, the sectarian rivalry has even impinged on Iran's network of terrorist allies. Hamas, which had been supported by Iran for decades, has been largely cut off because it refused to back Iranian policy in Syria. In this new context, it is worth noting the limited regard some of our Gulf friends show for American concerns about terrorism. It was telling, for example, that the newly ascended Saudi King Salman could not make it to Camp David for a planned summit for President Obama but recently had time to meet a delegation from Hamas. Evidently, the Saudis are determined that Hamas will now be sponsored only by Sunni powers.

My point here is that as we consider our policy toward the Middle East, we must understand the fundamental dynamics in the region. What is America's role in the sectarian conflict that has taken hold? I would submit that this issue needs serious and extended thought. The Gulf Arabs and the Iranians will continue to pour resources to their client groups, and in the case of Iran, there may be more to pour because of sanctions relief.

I believe, nonetheless, that we have our own interests as well, and keeping Iran from obtaining a nuclear weapon is a central one. So as we consider what steps we might take to curb Iranian influence, we should think hard about whether they will undermine the signal achievement of the JCPOA.

I am not suggesting in any way that Iran has become a good global citizen. To repeat what I noted earlier: fundamental assumptions regarding, for example, the use of terrorism as a policy instrument have not changed. So in closing, recognizing that much is unpredictable, I want to make a few comments on the issue of whether the United States is postured to deter and prevent increased subversive and terrorist actions by Iran.

- 1) A key requirement is that we continue to ensure that Israel has what it needs to protect itself. To that end, the Administration is also helping Israel address new and complex security threats to ensure Israel's Qualitative Military Edge (QME). Our defense establishments continue to work intimately — including to provide Israel new capabilities to detect and destroy terror tunnels before they are used to threaten Israeli civilians and to build highly effective rocket and missile defense systems to protect the Israeli people. The US is helping Israel improve its cyber-defenses. We continue to invest heavily in Iron Dome, which has been a major success story, among other counterterrorism technology. We continue to have a deep and productive intelligence relationship.
- 2) We still have important instruments for curbing Iran's support to militants. For example, we will still be able to rely on a series of other UNSCRs that levy arms embargoes against key areas of concern. Iranian arms transfers to the Houthis in Yemen, Shia militants in Iraq, and Hezbollah in Lebanon would therefore still violate UNSCRs and therefore be susceptible to interdiction.
- 3) Numerous relevant sanctions remain in place under the JCPOA. The Government of Iran (GOI) and Iranian financial institutions will remain blocked by the United States. US persons will continue to be broadly prohibited from engaging in transactions or dealings with the GOI and Iranian financial institutions. US persons, including US companies, will continue to be broadly prohibited from engaging in transactions with Iran, as well as with Iranian individuals and entities. Export controls on US-origin goods and technology will remain, as will statutory sanctions will still apply to transfers of WMD and conventional weapons. US law will continue to provide for sanctions on the transfer of lethal military equipment or advanced conventional weapons.
- 4) We are not signaling any relaxation whatsoever in our stand against terrorism. Iran will continue to be listed as a state sponsor of terrorism and be subject to all the sanctions and restrictions that designation entails — including on foreign assistance, arms sales, export of

certain sensitive technology and dual-use items, nuclear cooperation, and various financial restrictions. Many Iranians will remain on OFAC's SDN List because of their connection to terrorism, among them a significant number in the IRGC. The United States will also retain secondary sanctions authorities targeting third parties for dealings with Iranian persons on our SDN List, including those designated under our terrorism authorities. Secondary sanctions target conduct by non-U.S. persons related to sanctioned persons or activities. Other authorities will also remain in place to allow the USG to target Iran's support for terrorism. Under Executive Order 13224, approximately 50 Iranian-linked targets are retained under the JCPOA. Targets that will remain designated include Iran's Mahan Air, Bank Saderat, and the IRGC-Qods Force. This authority also remains in place against Iranian-sponsored terrorist groups such as Hizbollah.

In conclusion, let me say that I believe that the political realities of the moment are dramatically changed from those we knew before. These realities require that we think hard about our interests, and that we not be locked into reflexive positions that would undermine our interests going forward. I strongly believe the Obama Administration has struck the right balance in the negotiations on the JCPOA in terms of sanctions relief on the one hand and ensuring that we are prepared to deter and respond to possible Iranian terrorism and subversion.

I want to thank you for your time today, and I look forward to your questions.