



Statement of

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Program, Sanctions, and the Islamic
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I thank the chairpersons and ranking Members of the subcommittee for inviting CRS to provide testimony for today's hearing. I will summarize my statement and ask that my full statement be included in the record.

I have been asked to testify today on the objectives of Iran's missile programs and systems, and related Revolutionary Guard and sanctions issues. I will confine my testimony to those issues, and not address the highly technical issues of Iran's missile systems and related U.S. and other countermeasures that might determine whether Iran's missile programs are capable of achieving Iran's objectives.

U.S. Policy Context for Considering Iran's Missile Program

The first few months of the Trump Administration provide a lens through which to assess the objectives of Iran's missile program. The new Administration has reverted to the U.S. characterization of Iran that has prevailed for most of the time since the 1979 revolution – Iran as an adversary that is ineligible to become a partner in resolving regional conflicts. Trump Administration officials do not articulate a future relationship with Iran in which U.S.-Iran animosity and hostility is put aside in favor of a constructive relationship. On February 1, the Trump Administration announced that it was “officially putting Iran on notice” for recent actions that “threaten U.S. friends and allies in the region,” including the January 29 test of a ballistic missile and “weapons transfers [to groups such as the Houthi rebels in Yemen], support for terrorism, and other violations of international norms.”¹

Another significant consideration for evaluating Iran's missile program is the July 2015 multilateral nuclear agreement with Iran, the Joint Comprehensive Plan of Action (JCPOA), does not restrict Iran's ballistic missile programs. U.N. Security Council Resolution 2231,² which endorses the JCPOA and supersedes all previous Iran resolutions, prohibits Iran from exporting weaponry and “call[s] upon” - but does not require - Iran “not to undertake any activity related to ballistic missiles designed to be capable of delivering nuclear weapons, including launches....” Yet, Iran has conducted several ballistic missile tests since JCPOA “Implementation Day” on January 16, 2016—the day Resolution 2231 formally took effect.

Objectives of Iran's Missile Programs

U.S. officials assert that Iran has a growing and increasingly sophisticated arsenal of missiles of varied ranges and types. These missiles appear to pose a potential threat to U.S. allies in the region, including Israel, as well as to U.S. ships, armed forces, and allies in the Persian Gulf. To varying degrees, Iran is at odds with the six Gulf states that are run by Sunni Arab-led monarchies who are allied in the Gulf Cooperation Council (GCC)³

Iran's decision to develop missiles of ever larger number and sophistication is the product of many, and sometimes competing, factors: Iran's long-standing Iranian national interests; the ideology of Iran's Islamic revolution; as a response to Iranian leaders' perceived threats to the regime and to the country; and interaction among the Iranian regime's domestic political dynamics.

¹ The text of then-National Security Adviser Michael Flynn's statement on Iran can be found at: <https://www.whitehouse.gov/the-press-office/2017/02/01/statement-national-security-advisor>

² The text of the resolution can be found at: http://www.un.org/en/ga/search/view_doc.asp?symbol=S/RES/2231%282015%29

³ The GCC consist of: Saudi Arabia, Kuwait, United Arab Emirates, Qatar, Bahrain, and Oman.

Long-standing National Identity

Iranian leaders assert that Iran's long Persian Gulf coastline entitles the country to a major say in Gulf security arrangements. Iran's leaders argue that Iran has an ancient, historical civilization, often contrasting its past with that of the smaller Gulf states, most of which regained independence only in the 1960s or 1970s. Iran's assertions of a right to a significant "seat at the table" in the Gulf are similar, in many respects, to those made by the Shah of Iran, who was toppled by the 1979 revolution. The Shah was a close U.S. ally and his attempts to dominate the Persian Gulf region were largely supported by, or at the very least not vigorously opposed by, the United States. In large part because of the nearly 40 years of U.S.-Iran animosity, even policies of the current regime that are similar to those of the Shah are key factors in U.S. criticism of Iranian policy.

Iran's development of an advanced missile arsenal grew out of a plan to respond to Iraqi missile attacks on Iranian cities during the 1980-88 Iran-Iraq War, and now supports Iran's assertions of geographic and historical primacy in the region. Developing a sophisticated missile arsenal might enhance Iran's international prestige and contributes to the regime's efforts to restore a sense of "greatness" reminiscent of past Persian empires or ruling dynasties. Iran might also see its missile program as enhancing its reputation as a growing advanced industrial power. In particular, Iran's space launch and satellite programs might be intended to serve the above objectives.

Ideology

Iranian leaders routinely assert that the existing power structure in the Middle East has been established by - and favors - the United States, Israel, and Saudi Arabia. Iranian leaders assert that these powers and their allies, in an effort to remain dominant in the region, marginalize Shiite Muslims and Islamist movements that might seek to challenge incumbent regimes or U.S. influence in the region. Furthermore, Saudi Arabia, in particular, through such actions as intervening militarily in Yemen against the Houthis and supporting Sunni rebels in Yemen, is instigating sectarian tensions and trying to significantly curtail Iran's regional influence.

The reported transfer by Iran of shorter-range missiles and rockets to forces in the region such as Hezbollah, Hamas, and the Houthis in Yemen appears to be aimed at enhancing Iran's ability to protect allies that share and can help Iran implement its regional policies. In virtually all cases, factions to which Iran provides rockets and short-range missiles oppose Israel, Saudi Arabia and the other Gulf states, and the United States.

Iranian leaders also assert a sense of "victimhood," which serves as a further possible explanation for Iran's extensive missile development efforts. Some analysts consider Iran's missile program as "Iran's answer to the legacy of Saddam Hussein's missiles raining down on Iranian cities during a brutal eight year war with Iraq (Iran - Iraq War)."⁴ Iranian leaders also repeatedly cite that their country was a victim of the use of chemical weapons use by Iraq during that war.

Response to Perceived Threats

Iran's ballistic missile programs can be interpreted primarily as a strategic deterrent—an attempt to wield countervailing power should the United States or any other country invade Iran or try to intimidate it or to change its regime. Iranian missile attacks against U.S. bases, while not likely to be militarily decisive, could disrupt or complicate (but not halt) base operations. Iran's Supreme Leader, Grand Ayatollah Ali Khamene'i, expressed Iran's motivation for developing ballistic missiles as follows:

⁴ Bharath Gopalaswamy and Amir Handjani. "Get Real on Iran's Missile Program." War on the Rocks, March 15, 2017.

If the Islamic establishment seeks technology and negotiations but does not have defensive power, it will have to back down in the face of any petty country that appears as a threat.⁵

Further, following a ballistic missile test in 2016, the head of Iran's missile programs stated that the test was intended "to show Iran's deterrent power and also the Islamic Republic's ability to confront any threat against the [Islamic] Revolution, the state and the sovereignty of the country."⁶

Iranian leaders appear to see ballistic missiles as an "equalizer"—a means of addressing Iran's conventional military weaknesses against the United States. And because U.N. Security Council Resolution 2231 – which I will discuss further below - continued a virtual ban, for up to five years, on importation by Iran of conventional arms, Iran has few means to maintain its military capability against neighbors that spend far more on defense than does Iran and which are supplied with modern, advanced weapons systems by the United States and other major weapons suppliers.⁷

Iran's short-range missile systems and acquisitions also appear intended, at least in part, for battlefield and tactical military purposes, including supporting Iran's efforts to control—or deny adversaries access to—the waterways around Iran. Successive National Defense Authorization Acts (NDAAs) have required an annual report on Iran's military power. The unclassified summary of the latest available report, dated January 2016, states that "Iran continues to develop capabilities to defend its homeland and to control avenues of approach, to include the Strait of Hormuz, in the event of a military conflict."⁸

Iran also equips Hezbollah with short-range missiles to provide additional options to respond to any attack on Iran's nuclear facilities or other assets. As part of any Iranian response, Hezbollah, either directed by Tehran or independently, could inflict significant casualties on Israel. Iran's missile-wielding regional partners are also positioned to help Tehran internationalize any U.S. – Iran, Saudi – Iran, or other bilateral conflict with Iran.

Iran's apparent transfers of anti-ship missiles to the Houthis in Yemen - which the Houthis have used on several occasions against U.S. and Gulf state ships – could position Iran to try to project power into the key maritime chokepoint on the southern coast of the Arabian Peninsula. U.S. officials have stated that Iran supplies arms to the Houthis but there is debate about the degree of influence Tehran has on Houthi operations.⁹ The Houthi missile deployments in Yemen cannot, therefore, necessarily be interpreted as power projected by Tehran.

Domestic Political Dynamics

Iran's domestic politics might also be a factor in Iran's decisions about its missile program. Iran's President Hassan Rouhani, who faces a re-election vote in May, is extensively identified with the JCPOA, in which Iran pledged to never seek to develop a nuclear weapon in exchange for sanctions relief. Rouhani might perceive that he could be politically vulnerable to hardline elements who charge that after foregoing Iran's potential to develop a nuclear deterrent, the country should at least have an alternative deterrent strategy. The hardline camp includes not only the Supreme Leader but also the Islamic Revolutionary Guard Corps (IRGC, discussed further below). Rouhani might see the development of a sophisticated and large missile arsenal as satisfying that political requirement. Supporting continued

⁵ "Supreme Leader: Iran Should Strengthen Capabilities for Defense." Fars News Agency, March 30, 2016.

⁶ Reuters, March 9, 2016. <http://www.reuters.com/article/us-iran-missiles-idUSKCN0WA0UY>

⁷ "Get Real on Iran's Missile Program." op.cit.

⁸ Department of Defense. Unclassified Executive Summary. "Annual Report on Military Power of Iran." January 2016. The FY2016 NDAA (P.L. 114-92) extended the annual DOD reporting requirement until the end of 2025.

⁹ Marieke Transfeld. "Iran's Small Hand in Yemen." Carnegie Endowment, February 14, 2017. <http://carnegieendowment.org/sada/67988>

missile development might also help Rouhani parry recent criticism from hardliners that the JCPOA has produced economic benefits that are far more modest than what was anticipated.

The Revolutionary Guard and Iran's Missile Programs

An assessment of Iran's objectives in developing ballistic missile technology is linked to how the ballistic missile program is run and how that program relates to Iran's political hierarchy. Iran's ballistic missile program is run by a sub-unit of the politically powerful IRGC.¹⁰¹¹ The IRGC is the force that was formed from armed elements that overthrew the Shah's government in 1979. It plays a key role in virtually all of the regime's foreign policy and in maintaining internal security. The IRGC's role, direct and indirect, in Iran's economy has grown significantly over the past twenty years as former IRGC officers have used their connections to regime leaders to win contracts and expand corporate entities in many different industries. The IRGC not only runs Iran's missile development program, but also transfers short-range ballistic missiles to Iran's regional allies and proxies.

Organizationally, the IRGC is part of a broader Iranian armed forces structure that assigns functions to different forces as appropriate to their roles. The IRGC's formal mission, assigned to the force when it was established in 1979, is to defend the revolution—a role its commanders interpret as defending the regime from any threat, external or internal. As part of that overall charter, the IRGC also has a national defense role alongside the regular military (*Artesh*), the national army that existed under the former Shah. Both the IRGC and the regular military report to a joint headquarters headed since June 2016 by IRGC Major General Mohammad Hossein Bagheri. The fact that the joint headquarters is headed by an IRGC senior officer demonstrates the paramount role the regime assigns to the IRGC in comparison to the regular military. Since its establishment, the IRGC has established subunits, including ground forces, a navy, and an air force, that generally parallel similar services of the regular military. Public sources indicate that the IRGC has approximately 125,000 personnel, but that figure does not include the Basij militia that it controls.

IRGC Internal Security and Political Role

The IRGC has broader functions than national defense. The IRGC controls the *Basij* (Mobilization of the Oppressed and Disabled) volunteer militia that has been the main instrument for repressing domestic dissent. When fully mobilized—and it tends to fully mobilize on an as-needed basis—the Basij might field several hundred thousand personnel. The regular military, deployed mainly at bases outside major cities, does not have a mandate to undertake political action such as suppressing unrest and public demonstrations, and its leadership has repeatedly stated that it would not engage in internal security activities even if directed to do so by the regime.

IRGC senior leaders assert that the IRGC's mission of defending the revolution justifies expressing its views on national decisions and national politics. The IRGC, largely through the Basij militia, was widely reported to have orchestrated support for former President Mahmoud Ahmadinejad in the 2005 and 2009 elections, the latter of which sparked more than a year of major protests against regime fraud in that election. The IRGC, acting through its command of the Basij, played the leading role in suppressing the demonstrations and containing and ultimately crushing the uprising. Apparently concerned that the IRGC

¹⁰ For an extensive discussion of the IRGC and its missions, see Katzman, Kenneth, "The Warriors of Islam: Iran's Revolutionary Guard," *Westview Press*, 1993.

¹¹ The IRGC is known in Persian language as the *Sepah-e-Pasdaran Enghelab Islami*.

and Basij might again interfere on behalf of hardline opponents in the May 19, 2017 presidential election, President Rouhani stated:¹²

We all have to be careful that government resources are not used in favor of one individual or party. This is a sin. By government, I mean the executive, the judiciary, the armed forces. I mean all the organizations that use public funds. No one has a right to use a public platform, public media, newspaper or website that uses public funds in the election.

In mid-March 2017, the Commander-in Chief of the IRGC, IRGC Major General Mohammad Ali Jafari, appeared to join other hardline criticism of President Rouhani, saying that “many officials... governing the country now... have a Western, liberal, and un-revolutionary viewpoint.”¹³ This statement raises concerns that the IRGC might, as it did in the 2005 and 2009 elections, intervene on behalf of hardline challengers in the upcoming election, despite Rouhani’s warning.

The IRGC Foreign Policy Role: the Qods Force

The IRGC also has a foreign policy role that the regular military does not. The IRGC has a unit, the IRGC–Qods Force (IRGC-QF, *Qods* means Jerusalem), whose task is to provide material support to pro-Iranian movements and governments in the region. In performing that mission, the IRGC-QF is a key Iranian government instrument in its attempts to reshape regional politics to Iran’s advantage. The IRGC-QF, which has an estimated 20,000 personnel serving in various locations in the region as well as further afield, is headed by IRGC Major General Qasem Soleimani, who reports directly to Khamene’i.¹⁴ IRGC leaders have on numerous occasions publicly acknowledged these activities; on August 20, 2016, an IRGC-QF commander in Syria told an Iranian newspaper that Iran had formed a “Liberation Army” consisting of local, mostly Shiite, fighters that support Iran’s interests in various Arab countries.¹⁵ Much of the weaponry Iran supplies to its allies include specialized anti-tank systems, artillery rockets, mortars, and short-range missiles.¹⁶ Close ties between the IRGC-QF and some Shiite militia forces in Iraq complicates U.S. policy decisions in that country.

Until recently, we had not seen reports of the regular military operating outside Iran’s borders. However, apparently as part of Iran’s push to help Syrian President Bashar Al Asad recapture rebel-held parts of Aleppo, some regular ground forces (Islamic Republic of Iran Ground Forces, IRIGF) were deployed to Syria. The IRGC-QF most likely assessed that the IRIGF expertise in conventional warfare would be useful in helping Syrian army forces.

The IRGC Air Force’s Role in Iran’s Missile Program

As part of its efforts to develop services at least equal in capability to those of the regular military, the IRGC established its Air Force in the late 1980s. However, establishing a new air force is capital intensive, including acquisition of aircraft, training of pilots, and development of maintenance facilities. Several years after establishing the IRGC Air Force, the IRGC and Iran’s civilian leadership largely

¹² “Iran’s Rouhani Warns Military Not to Intervene in Elections.” Al Monitor. February 27, 2017. <http://www.al-monitor.com/pulse/originals/2017/02/iran-rouhani-criticism-electoral-interference-conservatives.html>

¹³ Comments by Jafari in Fars News, translated by American Enterprise Institute “Critical Threats Project” Published by AEI on March 17, 2017. <http://www.farsnews.com/13951225000340>

¹⁴ Dexter Filkins. “The Shadow Commander,” *The New Yorker*, September 30, 2013. http://www.newyorker.com/reporting/2013/09/30/130930fa_fact_filkins?printable=true¤tPage=all.

¹⁵ Al Jazeera. August 20, 2016.

¹⁶ Farzin Nadimi. “How Iran’s Revived Weapons Exports Could Boost its Proxies.” Washington Institute for Near East Policy, August 17, 2015.

discontinued the IRGC Air Force's efforts to build out a separate conventional air capability, and instead assigned the force to run Iran's missile programs.

The commander of the IRGC Air Force, an officer who often comments on Iran's missile tests and development programs, is IRGC Brigadier General Amir Ali Hajizadeh. He is widely considered a hardliner who opposes negotiations with the United States on regional issues and who argues against limiting Iran's missile development in response to U.S. threats or sanctions.¹⁷ According to the Department of the Treasury, the IRGC Air Force entity that has operational control over Iran's missile program is the Al Ghadir Missile Command.¹⁸ The missile command was first designated, and subjected to sanctions, as a "proliferation supporting entity" by the Treasury Department in 2010, under Executive Order 13382. (The IRGC itself was designated under that Order in 2007.) Also identified under that Order, is the Shahid Hemmat Industrial Group (SHIG), a key contractor to Iran's missile program. Numerous entities affiliated with or performing work for SHIG have been designated under the Order.

On November 12, 2011, the senior IRGC Air Force commander of a ballistic missile base outside Tehran was killed by a large explosion that destroyed the entire base. Iranian leaders blamed mishandling of missile fuel for the explosion, denying reports of internal subterfuge. The explosion temporarily set back Iran's missile development program.

The IRGC Navy's Role in the Missile Program

The IRGC Navy, headed since 2010 by IRGC Rear Admiral Ali Fadavi, has emerged as one of the IRGC's most potent units. It has been amply supplied with cruise and coastal defense missiles, some developed by Iran but most purchased from outside suppliers. According to the U.S. Office of Naval Intelligence, both the IRGC Navy and the Islamic Republic of Iran Navy (IRIN, regular navy) are fielding a growing arsenal of cruise and short range ballistic missiles in order to "control Iran's maritime environment."¹⁹

One missile in the arsenal is the China-supplied C-802 sea-skimming cruise missile, which has also reportedly been transferred to Iran's regional allies. Iran bought large numbers of these missiles in the early 1990s to outfit patrol boats it bought from China as well as other small boats operated by the IRGC Navy. The IRGC-QF reportedly re-transferred some of these missiles to Hezbollah, which used the weapon against an Israeli ship in the 2006 Israel-Hezbollah war, causing severe damage to the vessel.²⁰ The Houthi rebels in Yemen might also be a recipient of C-802 re-transfers; the Houthis reportedly used the weapon in attacks on a UAE and a U.S. ship in the Red Sea in late 2016. The attacks damaged the UAE ship but, apparently because of U.S. countermeasures, did not damage the U.S. ship.²¹

The IRGC Navy appears to be a pivotal component of Tehran's strategy to assert its power in the Persian Gulf and fully intends to defend what it considers its territorial waters. Over the past few years, and as recently as early March 2017, the IRGC Navy has conducted so-called "high speed intercepts" of U.S. naval vessels in the Gulf. In some cases, the United States has responded by firing "warning shots" that caused the Iranian vessels to break off the encounter. No actual hostilities have resulted from these

¹⁷ Translations of Hajizadeh comments quoted in American Enterprise Institute "Iran Tracker." March 10, 2017.

¹⁸ <https://www.treasury.gov/press-center/press-releases/Pages/jl0395.aspx>

¹⁹ Office of Naval Intelligence. "Iranian Naval Forces: A Tale of Two Navies." Released March 1, 2017. <http://www.oni.navy.mil/Portals/12/Intel%20agencies/iran/Iran%20022217S.pdf?ver=2017-02-28-082613-220>

²⁰ "Arming of Hezbollah Reveals U.S. and Israeli Blind Spots." New York Times, July 19, 2006. <http://www.nytimes.com/2006/07/19/world/middleeast/19missile.html>

²¹ Sam Legrone. "U.S.S. Mason Fired 3 Missiles to Defend From Yemen Cruise Missile Attack. USNI (U.S. Naval Institute) News, October 11, 2016. <https://news.usni.org/2016/10/11/uss-mason-fired-3-missiles-to-defend-from-yemen-cruise-missiles-attack>

incidents, although in January 2016, the IRGC Navy took into custody and held for one day ten U.S. Navy personnel that strayed off course into what Iran called its territorial waters. U.S. officials have called the high speed intercepts “unprofessional” and “unsafe.”²² U.S. officials have also said that Iran claims as its territorial waters areas that the United States regards as international waters under international maritime law.

U.S. Responses, Options, and Sanctions Issues

The options available to the Administration to counter Iran’s missile program and the regional activities carried out by the IRGC-QF are, to some extent, constrained by the JCPOA and the relaxation of U.N. restrictions on Iran’s missile program that accompanied the JCPOA. The JCPOA itself contains no specific requirements or restrictions on Iran with respect to ballistic or any other missile programs. U.N. Security Council Resolution 2231, which took effect on Implementation Day and supersedes all previous Iran-related resolutions, “calls upon” (but does not require) Iran to refrain from developing or testing ballistic missiles “designed to be capable of delivering nuclear weapons” until the earlier of: October 2023, or when the International Atomic Energy Agency (IAEA) reaches a “Broader Conclusion” that Iran’s nuclear activities can only be used for purely peaceful purposes.

The essentially voluntary nature of Resolution 2231 contrasts with language in Resolution 1929 of June 2010, which Resolution 2231 superseded. Resolution 1929 provided for a mandatory ban on Iran’s development of ballistic missiles, stating that the U.N. Security Council:

Decides that Iran shall not undertake any activity related to ballistic missiles capable of delivering nuclear weapons, including launches using ballistic missile technology (emphasis added)...

Neither Resolution 2231 nor the JCPOA contains any specific limitations or commitments with respect to the IRGC’s regional actions and operations; however, Resolution 2231 continued provisions, placed on Iran in previous Resolutions (1737 and 1747), barring Iran from exporting arms or importing conventional weapons systems.

Resolution 2231 requires that, for five years from Adoption Day (until October 2020), or until a Broader Conclusion is reached, any Iranian importation or exportation of arms requires Security Council approval. Nevertheless, because the United States has a veto on the U.N. Security Council, such arms transactions by Iran are essentially prohibited, because U.S. officials have stated consistent opposition to new purchases of arms by Iran. And yet, the expiration of the restriction means that, three and half years from now, Iran will be able to import or export arms without violating any Iran-related U.N. requirement.

Iran Placed “On Notice”

On February 1, 2017, subsequent to Iran’s January 29, 2017 test of a ballistic missile—the first ballistic missile test Iran conducted since the new Administration took office—the Trump Administration announced that it was “officially putting Iran on notice” for recent actions that “threaten U.S. friends and allies in the region,” including the missile test and “weapons transfers [to groups such as Houthi rebels in Yemen], support for terrorism, and other violations of international norms.”²³ Administration officials said the Administration was undertaking a “deliberative process” to formulate responses to such Iranian actions.²⁴ Trump Administration officials stated that the U.S. response to Iran’s missile test and its

²² ABC News, September 6, 2016. <http://abcnews.go.com/International/iranian-boats-harass-navy-ship-gulf/story?id=41896528>

²³ The text of then-National Security Adviser Michael Flynn’s statement on Iran can be found at: <https://www.whitehouse.gov/the-press-office/2017/02/01/statement-national-security-advisor>

²⁴ “White House in ‘Deliberative Process’ to Form Response to Iran Missile Test.” Washington Examiner, February 1, 2017. <http://www.washingtonexaminer.com/white-house-in-deliberative-process-to-form-response-to-iran-missile-test/article/2613654>

regional “malign activities” would be separate from and not in conflict with U.S. commitments in the JCPOA.

The Administration characterized the Iranian missile test in terms similar to those used by the Obama Administration in 2016 (after Resolution 2231 took effect) as being “in defiance of” Resolution 2231 and as “destabilizing and provocative,” but not a “violation” of Resolution 2231. The post-Implementation Day tests might not be considered a violation because of Resolution 2231’s characterization of the restriction on Iranian missile development as voluntary. For their part, Iranian leaders have argued that their recent missile tests are consistent with Resolution 2231 because Iran, in the JCPOA, commits to not developing a nuclear weapon. Therefore, according to the Iranian argument, Iran would not have intent to design a missile to carry a nuclear payload.²⁵

In terms of an international response, the Trump Administration followed a process at the United Nations similar to that used by the Obama Administration following Iran’s March 2016 missile tests. The Trump Administration called for a U.N. Security Council meeting to determine whether the tests violated Resolution 2231 and the Council, as it did in 2016, referred the issue to its sanctions committee.

Sanctions Implementation and Options

U.N. resolutions and U.S. and international sanctions have had little observable effect on Iran’s missile program or its regional interventions. U.S. secondary sanctions and multilateral sanctions imposed on Iran during 2010–2013 had a significant effect on Iran’s economy and, by most accounts, contributed significantly to Iran’s decision to negotiate the JCPOA. However, even during this period, Iran significantly expanded and enhanced its nuclear program’s capabilities. Similarly, Iran was able to develop its ballistic missile programs, although the sanctions—coupled with multilateral calculations about the risks of helping Iran’s strategic programs—may have caused some countries to refrain from selling Iran missile systems and conventional weapons. Iranian leaders assert that Iran’s missile and space launches will continue no matter how the United States, United Nations, or any other nations respond.

The JCPOA did not commit the United States to lift or suspend sanctions against Iranian proliferation activities, and several U.S. laws and Executive Orders authorize U.S. sanctions against foreign entities that support Iran’s missile program, and other strategic weapons programs. However, the JCPOA states:

Iran has stated that it will treat such a re-introduction or re-imposition of the sanctions specified in Annex II (those sanctions the U.S. has lifted or waived), or such an imposition of new nuclear-related sanctions, as grounds to cease performing its commitments under this JCPOA in whole or in part.

The interpretation of the JCPOA statement among experts and U.S. and other officials is that Iran’s core economic sectors—including energy, banking, shipping, shipping insurance, manufacturing, auto production, and others—are essentially “walled off” from new or re-imposed U.S. secondary sanctions. It can be argued that this restriction limits the U.S. ability to impose any new sanctions on Iran that would have significant effect in compelling Iran to agree to limits to its missile program, regional activities, or other behaviors. Sanctions that have been effective on Iran, to date, have generally targeted those key sectors by forcing third country firms to choose between doing business in Iran and doing business in the U.S. market.

²⁵ Al Jazeera News Network. January 31, 2017. <http://www.aljazeera.com/news/2017/01/iran-missile-tests-violation-nuclear-deal-170131103418904.html>

Executive Orders 13382 and 13224

One tool that recent Administrations, including the Trump Administration, have utilized to counter Iran's missile program has been to impose sanctions in accordance with Executive Order 13382. Under that order, entities or individuals designated by the Administration as "*proliferation-supporting*" are subject to sanctions, including impoundment of any U.S.-based assets. U.S. persons are prohibited from conducting any transactions with designated entities. Furthermore, under the Comprehensive Iran Sanctions, Accountability, and Divestment Act of 2010 (CISADA, P.L. 111-195), any foreign bank that conducts transactions with designated entities is subject to being barred from operating in the United States. The Order is not specific to Iran, and hundreds of entities having nothing to do with Iran-related proliferation are designated under the Order. Nevertheless, the effect of these Orders has been unclear, largely because in virtually all cases the entities sanctioned have not had any U.S.-based assets or depended on or entered into transactions with U.S. firms.

The Trump Administration used the Order within days of Iran's January 29 missile test. On February 3, 2017, the Treasury Department designated 17 individuals and entities based in Iran, China, and the Persian Gulf for sanctions under Executive Order 13382. On March 21, 2017, eleven entities were sanctioned under the Iran, North Korea, and Syria Nonproliferation Act, which I discuss further below. A few of them were those sanctioned on February 3 under Executive Order 13382.

Executive Order 13324, issued a day after the September 11, 2001 terrorist attacks on the United States, imposes the same sanctions as does 13382, but on entities or individuals determined to be *supporting acts of international terrorism*. Executive Order 13224 is also not specific to Iran, and a great many entities designated under that Order are related to Al Qaeda, the Islamic State, and other organizations that Iran does not support. On February 3, under Executive Order 13224, the Treasury Department designated as terrorism-supporting entities eight individuals and companies linked to the IRGC-QF. The Treasury Department action cited the entities as providers of funds and other support to Lebanese Hezbollah and as procurers of aviation spare parts for the IRGC-QF.

Sanctions on the IRGC

A broad range of sanctions are in place in an effort to limit the IRGC's military capabilities as well as the IRGC-QF's regional "malign activities." The JCPOA does not require the United States to cease applying any sanctions on the IRGC, its affiliates, or on entities determined to be conducting transactions with the IRGC or its affiliates.

The IRGC is designated as a proliferation-supporting entity under Executive Order 13382, as an entity that has abused the human rights of Iranian citizens under Executive Order 13553 (same penalties as for 13382). The IRGC's cyber unit has been designated as contributing to the repression of the Iranian people through cyber activities under Executive Order 13606 (same penalties as under the other two Orders). The IRGC-QF is designated as a terrorism-supporting entity under Executive Order 13224; as an entity that has supported Iranian proliferation under the Iran, North Korea, and Syria Nonproliferation Act (see below); and as an entity that has contributed to the repression of the Syrian people under Executive Order 13572 (same penalties as the Orders above). Numerous corporate affiliates and entities assisting the IRGC and IRGC-QF are also designated under these Orders, including technology and weapons suppliers, financial institutions that generate funds or help the IRGC and IRGC-QF move money, air transportation services, trading houses, and many other types of entities. Nevertheless, as was mentioned above, virtually none of these entities has been found to have U.S.-based assets or appreciable U.S.-based business transactions.

U.S. secondary sanctions still apply as well. Under CISADA, which was not required to be waived by the JCPOA, foreign banks that deal with such sanctioned Iranian entities are subject to being barred from the U.S. financial industry. However, in all likelihood, foreign banks that deal with the IRGC or its affiliates

neither have nor seek any presence in the United States, meaning that the applicable provision of the CISADA law would likely have little effect. Similarly, the Iran Threat Reduction and Syria Human Rights Act of 2012 (ITRSHA, P.L. 112-158) authorizes the application of sanctions enumerated in the Iran Sanctions Act (P.L. 104-172, as amended) to entities or persons that transact business with the IRGC or its affiliates. ITRSHA also authorizes certain sanctions (a ban on U.S. assistance or credits, on U.S. defense-related exports, or exports of controlled technology) to foreign countries determined to have provided financial or technical support, or goods and services, to members and affiliates of the IRGC.

*Foreign Terrorist Organization Designations and the IRGC.*²⁶ The “Anti-Terrorism and Effective Death Penalty Act of 1996 (P.L. 104-132) authorizes sanctions on organizations that the State Department determines:

- engages in, or has engaged in, terrorist activity as designated by the Secretary of State, after consultation with the Secretary of the Treasury, and
- the organization’s terrorism activities threaten the security of United States citizens, national security, foreign policy, or the economy of the United States.

Organizations determined to meet those criteria are to be designated as Foreign Terrorist Organizations (FTOs). The sanctions/penalties imposed on an FTO include denial of admission to the United States for its members, a ban on transactions with that organization or its members, and potential prosecution of a U.S.-based person that provides “material support” to the FTO.

Press reports indicate that the Trump Administration is considering designating the IRGC as an FTO.²⁷ Currently, 61 groups are designated by the State Department as FTOs. None of the designated organizations designated is a duly-constituted armed force of any government, whereas the IRGC is such an official armed force. The government of Iran has been designated as a state sponsor of international terrorism since January 1984, and sanctions imposed on Iran because of that designation apply to components of the Iranian government, including the IRGC.

Designating the IRGC as an FTO could arguably provoke an Iranian diplomatic backlash, with the potential for a violent response against the United States or its personnel in the region or elsewhere, by the IRGC or any group or government to which the IRGC-QF is providing material support. Alternately, Iran’s protests of the designation could be limited to diplomatic and rhetorical means. Designating the IRGC as an FTO would not necessarily add much, if any, material pressure on the IRGC that is not already imposed by existing sanctions.

The Iran, North Korea, and Syria Nonproliferation Act (INKSNA) and the Iran-Iraq Arms Non-Proliferation Act

One Iran-related anti-proliferation law that remains in force—and that has been used to try to hinder Iran’s development of ballistic missiles—is the Iran, North Korea, and Syria Nonproliferation Act (INKSNA), as amended (P.L. 106-178; 50 U.S.C. 1701 note). This law authorizes, but does not require, the President to impose sanctions on foreign entities or persons that the executive branch has determined, in a mandated report to Congress, has transferred to any of the three countries equipment or material that is restricted for sale by various nonproliferation conventions (Nuclear Suppliers Group, Missile Technology Control Regime, and others). The sanctions remain in effect “for such time as [the president]

²⁶ See also: CRS In Focus IF10613, *Foreign Terrorist Organization (FTO)*, by John W. Rollins.

²⁷ “Defense, Intelligence Officials Caution White House on Terrorist Designation for Iran’s Revolutionary Guard.” *Washington Post*, February 8, 2017. https://www.washingtonpost.com/world/national-security/defense-intelligence-officials-caution-white-house-on-terrorist-designation-for-irans-revolutionary-guards/2017/02/08/228a6e4a-ee28-11e6-b4ff-ac2cf509efe5_story.html?utm_term=.cb1c2a7617ac

may determine”—a period that has been determined by successive administrations to be two years, in general conformity with other statutes related to non-proliferation.

The JCPOA does not require any specific sections of the Act to be waived, but the agreement (Section 4.9.1) appears to commit the United States not to impose sanctions on foreign entities that supply goods to the aspects of Iran’s nuclear program that are permissible under the JCPOA. The section commits the United States to ease “nuclear proliferation-related” sanctions “under the Iran, North Korea, and Syria Nonproliferation Act on the acquisition of nuclear-related commodities and services for nuclear activities contemplated in the JCPOA, to be consistent with the U.S. approach to other non-nuclear-weapons states under the [Nuclear Nonproliferation Treaty].”

Successive administrations have imposed sanctions on numerous entities under INKSNA. In most cases, the application period has expired. However, several significant entities and individuals remain sanctioned under INKSNA, including several sanctioned on August 28, 2015 and June 28, 2016: the IRGC-QF, IRGC-QF Commander IRGC Maj. Gen. Qasem Soleimani, Lebanese Hezbollah, two Iran-backed Shia militias in Iraq (Asaib Ahl al Haq and Kata’ib Hezbollah), and several Iran-based industrial entities.

Another anti-proliferation law that is country-specific is the Iran-Iraq Arms Non-Proliferation Act of 1992, as amended (Title XVI of P.L. 102-484). That law authorizes sanctions, for a period of two years, on foreign firms or governments that contribute to efforts by Iran (or Iraq) to acquire chemical, biological, or nuclear weapons or “destabilizing numbers and types” of advanced conventional weapons. The law’s definition of advanced conventional weapons specifically includes cruise missiles. The JCPOA does not require this law to be waived, and it remains in force. Nevertheless, entities have been sanctioned under this law on only a few occasions, and not since 2003, suggesting that successive administrations might have found other laws or Orders more effective against Iranian proliferation.

Missile Defense

Considering that the Trump Administration has characterized Iran as a significant national security threat, it is possible that the Administration might seek to enhance the missile defense capabilities of U.S. allies in the region. Virtually all U.S. allies in the region possess at least some ballistic missile defense capability, developed or acquired at least in part to defend against Iran’s ballistic missile capabilities and ambitions. The United States has long assisted Israel’s efforts to establish a multilayered defense with some capability not only of countering Iran’s ballistic missile arsenal, but also the rockets and short-range ballistic missiles that Iran supplies to Hezbollah and Hamas. The GCC states have purchased and deployed versions of the U.S.-made Patriot anti-missile system, and some GCC states are upgrading or considering upgrading to the Theater High Altitude Air Defense (THAAD) system. For over a decade, U.S. officials have sought, with mixed results, to persuade the GCC states to develop a coordinated and integrated ballistic missile defense capability. Apparently, each GCC state has been reluctant to forfeit the degree of control of its own systems or procurement plans that might be required to forge a coordinated regional system.

Further, the U.S. Navy maintains regular deployments of ballistic missile defense (BMD)-capable ships in European waters to defend Europe from potential ballistic missile attacks from countries such as Iran. BMD-capable Aegis ships also operate in the Persian Gulf to provide regional defense against potential ballistic missile attacks from Iran.²⁸

²⁸ See also: CRS Report RL33745, *Navy Aegis Ballistic Missile Defense (BMD) Program: Background and Issues for Congress*, by Ronald O’Rourke.

Military Options

The actions taken by the Trump Administration in response to Iran's activities to date might not represent the extent of actions the Administration is considering against Iran. President Trump has stated that "all options are open" to respond to Iran's ballistic missile program or malign regional activities.²⁹ That policy statement is usually interpreted to include the potential for military action. It is a formulation similar to that used by the Obama Administration and by other previous administrations in discussions of Iran policy and potential U.S. options. The Administration has not, to date, publicly specified criteria or circumstances that could potentially trigger military action against Iran. The universe of potential military action against Iran is broad, particularly insofar as any such action could potentially be directed at Iran's regional allies and proxies, and not necessarily at Iran or its forces themselves.

In conclusion, Madame Chairwoman, as I hope my testimony made apparent, the actions of Iran's regime are often difficult to interpret, and not at all easy to counter without potential consequences for the United States and the region.

I appreciate your invitation to testify and I look forward to your questions.

²⁹ President Trump comments on options on Iran. <https://www.youtube.com/watch?v=SH7rudxDv6s>