Chairman Poe, Ranking Member Keating, members of this distinguished subcommittee, and subcommittee staff, thank you for the opportunity to testify today.

Terrorism and support for violent substate movements have long been integral to Iran’s foreign policy, making it one of the most dangerous state sponsors of terrorism in the world. Tehran backs terrorism for a wide array of reasons: Iran gains the means to strike around the world, to influence the politics of its neighbors, and to deter the United States and Israel, among other benefits. In a recent shift, Iran is also using its ties to the Lebanese Hizballah and substate groups in Iraq as part of a counterinsurgency effort, working with these groups to bolster the Assad regime in Syria and the Abadi government in Iraq.

Iran could exploit the perceived protection it would gain if it developed a nuclear weapon to step up support for militant groups in the region. If thwarted through military force or other means, Iran might use terrorists to vent its anger and take revenge. Israel is a particularly likely target of Iranian-linked terrorism. However, under current circumstances Tehran still remains unlikely to carry out the most extreme forms of terrorism, such as a mass-casualty attack similar to 9/11 or a strike involving a chemical, biological, or nuclear weapon.

The United States should work with its allies and expand its efforts to counter Iran. However, Iran’s behavior is not likely to change significantly: U.S. efforts might reduce Iranian support for terrorism, but they will not eliminate it. The United States should identify and red lines and prepare for action if they are crossed, paying attention to plots – not just successful attacks – and ending the deniability fiction Hizballah sometimes enjoys.

My statement first explains Iran’s myriad motivations for supporting terrorist groups. I then describe the level of Iran’s current efforts, noting in particular Iran’s ties to substate groups in Iraq and Syria as well as recent Iranian-linked plots and attacks. I then assess the dilemma regarding terrorism and Iran’s nuclear program. I conclude by presenting implications and recommendations for U.S. policy.

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Iran’s Motivations for Supporting Terrorism

Iranian leaders have used terror and terrorism since they took power in 1979. Over 35 years later, Iran continues to use terrorism and work with an array of violent substate groups that use terrorism among other tactics. In his 2014 testimony, Director of National Intelligence (DNI) James Clapper warned that Iran and its ally Lebanese Hizballah continue to threaten U.S. allies and that Hizballah’s activity is at a particularly high mark.2

Iran’s initial motivation for backing terrorist groups was ideological, but this has changed over time. When the Islamic Republic was born in 1979, Ayatollah Khomeini declared that Iran “should try hard to export our revolution to the world.”3 Khomeini’s goal is embedded in Iran’s constitution and the charter documents of key organizations such as the Islamic Revolutionary Guard Corps (IRGC), a military and paramilitary organization that is in charge of many of Iran’s relationships with substate groups.

Iran’s closest relationship is with the Lebanese Hizballah, perhaps the most capable terrorist group in the world. Iran helped create Hizballah in the early 1980s, and in subsequent decades has armed and trained it. This assistance is massive: Iran regularly gave Hizballah over $100 million a year, and the figure is often significantly higher. Iran’s military aid includes relatively advanced weaponry, such as anti-tank and anti-ship cruise missiles, as well as thousands of rockets and artillery systems, making Hizballah one of the most formidable substate groups in the world.4

Hizballah operatives are highly skilled. Iranian intelligence and paramilitary forces work closely with them, often as peers. Politically, Hizballah is loyal to Iran’s Supreme Leader, but its own support base in Lebanon and its extensive capabilities give it independence should it choose to use it. However, Hizballah’s ideological loyalty and Iran’s financial support have kept the two close.

Iran worked with Hizballah to spread revolution in Lebanon, but it also worked with Shi’ite militant groups in Iraq, Bahrain, Pakistan, Afghanistan, and elsewhere, organizing them against rival groups and often against their host governments. After the 1979 revolution, Iran found receptive adherents among embattled and oppressed Shi’ite groups throughout the Muslim world: many Shi’a found Khomeini’s charisma and the stunning success of the Iranian revolution inspiring.

Iran’s revolutionary fervor has waned as the decades have worn on and as a new set of less-inspiring leaders have come to the fore. Nor do Arab Shi’a look to Iran as a model of revolutionary success given that country’s many problems. Tehran increasingly employed terrorists for an array of strategic purposes, and many of these groups are not Shi’a. In Iraq it has worked with an array of Shi’ite factions to try to expand its influence and undercut its rivals. However, Tehran also has ties to Sunni groups including Iraqi Kurdish organizations and Palestine Islamic Jihad. Iran still also has ties to the Palestinian group Hamas, though these are less extensive than in the past. Perhaps most striking, Iran has even allied at times with Al Qaeda and the Taliban even though many members of these groups are violently anti-Shi’a and see Iran’s leaders as apostates.

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4 For a review of Hizballah’s international agenda, see Matthew Levitt, Hezbollah: The Global Footprint of Lebanon’s Party of God (Georgetown, 2013).
Iran’s strategic goals for supporting terrorists and other violent substate groups include:

- **Undermining and bleeding rivals.** Iran uses insurgent and terrorist groups to weaken governments it opposes. In the 1980s, this included bitter enemies like Saddam Hussein’s Iraq and also lesser foes like the rulers of Kuwait and Saudi Arabia.

- **Power projection.** Tehran’s military and economy are weak – and with oil prices plunging and sanctions in place, this weakness is becoming more pronounced. Nor is its ideological appeal strong. Nevertheless, Iran’s regime sees itself as a regional and even a world power, and working with terrorists is a way for Iran to influence events far from its borders. Iran’s support for the Lebanese Hizballah, Palestine Islamic Jihad, and Hamas make Iran a player in the Israeli-Palestinian and Israeli-Arab disputes, and Iran’s backing of Houthis in Yemen give it influence on Saudi Arabia’s southern border.

- **Playing spoiler.** Iran has supported groups whose attacks disrupted Israeli-Palestinian and Israeli-Syrian peace negotiations – a victory for Iran, which sees the negotiations as a betrayal of the Muslim cause and as a means of isolating the clerical regime in Iran.

- **Intimidation.** Working with violent substate groups gives Iran a subversive threat, enabling Iran to press its neighbors to distance themselves from the United States or to refrain from joining economic or military efforts to press Iran. Such efforts, however, often backfire: because these states see Iran as meddling in their domestic affairs and supporting violence there, they often become more, not less, willing to support economic or even military pressure directed at Tehran.

- **Deterrence.** Iran’s ties to terrorist groups, particularly the Lebanese Hizballah with its global infrastructure, enable it to threaten its enemies with terrorist retaliation. This gives Iran a way to respond to military or other pressure should it choose to do so.

- **Revenge.** Iran also uses terrorism to take revenge. It has attacked dissidents, including representatives of non-violent as well as violent groups, even when they posed little threat to the regime. Iran attacked France during the 1980s because of its support for Iraq, and it has tried to target Israel because of its belief that Israel is behind the deaths of Iran’s nuclear scientists and in retaliation for the 2008 killing of Hizballah’s operational chief, Imad Mughniyah, which is widely attributed to Israel.  

  
- **Preserving options.** As a weak state in a hostile region, Tehran seeks flexibility and prepares for contingencies. Iran’s neighbors have often proved hostile, and rapprochements short-lived. Iran seeks ties to a range of violent groups that give it leverage that could be employed should suspicion turn to open hostility.

  Because Iran’s approach is now more strategic than ideological, it is willing to work with groups like Al Qaeda, even though mutual mistrust limits cooperation. Many Al Qaeda (and even more Islamic

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State) supporters loathe Iran, and Sunni jihadists kill Shi’a in Iraq, Pakistan, Afghanistan, and elsewhere with abandon. This hatred has grown as the Syrian civil war has become a sectarian Armageddon. Nevertheless, Iran has worked with Al Qaeda, at times allowing its operatives to transit Iran with little interference. Tehran has also given some Al Qaeda operatives a limited safe haven, though at the same time it often curtails their movements and has even turned some over to the custody of their home governments. Iran’s haven is particularly important as the U.S. drone campaign has made Al Qaeda’s haven in Pakistan far more dangerous. Iran has also worked with the Taliban, despite almost going to war with it in 1998, in an attempt to keep its options open and at times fight mutual enemies.

Iran gains deniability by working with terrorist groups, though this deniability is often one of willing disbelief on the part of some of its adversaries rather than true uncertainty or confusion. When an Iranian-linked terrorist group carries out an attack, there is always the question of whether Iran ordered it, or even desired it. Even when Iran is determined to be guilty, as was the case with the 1996 Khobar Towers bombing, the time it takes to prove Iran’s involvement makes it difficult to gain support for a strong response. However, in many instances this deniability should be highly suspect given the depth of Tehran’s ties, its long history with groups like Hizballah, and the fact that many investigations of attacks show involvement at or near the top of Iran’s hierarchy.

Iran’s Recent Uses of Terrorism and Substate Violence

Iran, often working with Hizballah, has repeatedly tried to use terrorism against an array of Israeli and Western targets and interests, and this pattern has continued in recent years. Recent plots reportedly range from plots against an Israeli shipping company and USAID offices in Nigeria in 2013 to reconnoitering the Israeli embassy in Baku, Azerbaijan, for a possible attack. Hizballah operatives planned an attack in 2014 against Israeli tourists in Bangkok and in October 2014 Hizballah operatives were arrested in Peru for planning attacks against Israeli and Jewish targets there.

The last successful Iranian terrorist attack against the United States outside a theater of war was the 1996 strike on Khobar Towers, which killed 19 Americans. In 2011, the United States disrupted an Iranian plot early in the planning stages to bomb a restaurant in Washington frequented by the Saudi ambassador. Although the target was the Saudi ambassador, the Iranian effort would also probably have killed many U.S. citizens eating at the restaurant.

Attacks on Israel in particular are driven by a mix of aggression and revenge. Iran blames Israel for killing its nuclear scientists, and Hizballah and Israel are engaged in a quiet but deadly struggle in which Israel regularly kills senior Hizballah operatives in Lebanon and Syria, and at times outside this area. For example, in January 2015, Israel reportedly struck Syria and killed Jihad Mughniyeh, the son of Hizballah’s operational head and a terrorist in his own right, along with other Hizballah operatives and Iranian paramilitary forces working with them.

Iran has played a major role in backing Bashar al-Assad’s regime in Syria and is perhaps the most influential external player in that conflict. Syria is Iran’s only Arab ally, and indeed its closest ally in the world, and losing Damascus would be a tremendous blow to Iran’s power. Iran’s aid spans the spectrum, ranging from troops and training to money and weapons. Hizballah too has deployed thousands of fighters to help the Syrian regime. It is quite possible that Assad’s regime would have collapsed without Iranian and Hizballah help, and Iranian officials probably view their efforts in Syria as a tremendous success. However, one price of this success has been a sharp decline in Iran’s influence among both Sunni radical groups and Sunni publics, making it harder for Iran to work with Sunni militant organizations and to extend its influence in general.
Similarly, Iran is playing an important role in Iraq, working not only with the Abadi government but also with an array of Shi’ite militias (as well as forces in Iraqi Kurdistan) to fight the Islamic State and other forces.

Iran still retains influence in the Palestinian arena, though less than in the past. After Hamas’s founding in 1987, the relationship between Iran and Hamas was polite but limited. Hamas received money, arms, and training from Iran and Hizballah, but Hamas kept Tehran at arm’s length, as Hamas leaders were determined to avoid dependence on foreign sponsors, which had often doomed other Palestinian organizations. This relationship became closer after Hamas seized power in Gaza in 2007. Israel, the United States, and the international community tried to isolate Hamas, and it sought both weapons and money: Iran provided both.

The Syrian conflict has frayed Iran’s relations with Hamas, though desperation has led both sides to limit the rupture. Hamas sought to position itself on the side of Sunni Arab regimes and Sunnis in general – and thus rejected its longstanding relationship with Assad and, by implication, Assad’s backers in Tehran. However, the overthrow of the Muslim Brotherhood regime in Egypt in 2013 and Hamas’s repeated conflicts with Israel have left Hamas isolated and in need of international friends. Iran seeks to avoid losing all ties to Sunni groups, making Hamas particularly valuable. Iran also has close ties to the smaller Palestine Islamic Jihad, a rival to Hamas though a less powerful organization.

Hizballah is probably less eager to renew the struggle with Israel at this point despite its continued hostility. Hizballah makes limited responses against Israeli attacks on its operatives in Syria, and it still seeks revenge for the killing of Imad Mughniyeh. However, its forces are deeply engaged in Syria: a demanding war, and one that has greatly decreased Hizballah’s popularity among non-Shi’a in Lebanon and made it enemy number one for Sunni jihadists. Although attacking Israel is part of Hizballah’s raison d’être and Hizballah might gain some support for doing so, the group is overstretched, and it would be difficult for the group to sustain several large wars at once. Hizballah in general has been quiet against Israel since the 2006 conflict, and it has a healthy respect for Israel’s military and the damage Israel would do to Lebanon and Hizballah should there be another war.

The United States, Iran, and Hizballah are all engaged in counterinsurgency (and in some ways in counterterrorism) in the fight against the Islamic State and like-minded groups in Iraq and Syria (and, in Hizballah’s case, supporters of these groups operating in Lebanon). Although U.S. officials are adamant that there is no formal cooperation between U.S. forces and the IRGC or Hizballah, the United States does coordinate with the Lebanese government and especially the Iraqi government – and both of these coordinate with Iran and have militaries and security forces that Iranian intelligence has probably penetrated extensively. So de facto coordination, or at least deconfliction of operations, is likely occurring.

The Nuclear Dilemma

Iran’s nuclear program complicates the counterterrorism dilemma. Israel’s efforts to disrupt Iran’s program and fight terrorism have led to a shadow war between the two countries, creating a retaliatory dynamic. Iranian leaders both desire revenge and seek to prove to their domestic audiences (particularly the IRGC) that Iran will not be humiliated, so they use terrorism to go after Israeli targets around the world as well as to carry out cross-border attacks.

It is too recent to draw firm conclusions, but Iran’s use of extra-regional terrorism directly against the United States appears to have declined since negotiations over Iran’s nuclear program began in earnest. Iran has not repeated any plot similar to the 2011 attack on the Saudi ambassador to the United States; the 2013 Nigeria arrest is worrisome, but that occurred before negotiations became
serious, and publicly available information is incomplete in any event. DNI Clapper’s public testimony in 2014 stressed the danger Iran’s terrorism posed to U.S. allies, not the U.S. homeland.

A military strike by Israel or the United States on Iran would probably prompt a more massive terrorism response. Tehran backs terrorist groups in part to keep its options open: now it would call in its chits. Iran would probably attempt attacks around the world, using its own operatives, the Lebanese Hizballah, and other groups. Tehran would also step up activity against U.S. forces in Afghanistan and Iraq, using its proxies and perhaps its own paramilitary forces to conduct attacks. The scope and scale of the Iranian response would depend on the level of casualties from the initial attack against it as well as the political circumstances of the regime in Tehran (and those of strong groups like Hizballah) at the time the attack occurred. However, Iran would be likely to attempt multiple attacks and would consider strikes on the American homeland as well as on American diplomatic, military, and civilian institutions worldwide.

An Iran with a nuclear weapon would be a more dangerous force in the region, and preventing this should be a priority for any U.S. administration. A nuclear weapon probably would embolden Iran. Currently, the threat of a U.S. conventional military response limits Iran’s aggressiveness, but a nuclear weapon would enable Iran to deter a U.S. conventional strike. Iran could then become more aggressive supporting Hizballah, various opposition forces to Arab regimes, Palestinian terrorist groups, and more extreme forces in Iraq. Iran could become more like Pakistan: after Islamabad acquired nuclear weapons, it gained a shield from India’s conventional superiority and became more aggressive in backing anti-India substate groups.

Iran, however, would probably not transfer a nuclear weapon to a terrorist group unless the circumstances were extreme. Too much could go wrong if Iran passed such a sensitive capability to a group, and Tehran’s policies in the post-revolutionary period have not been that risky. Iran knows that the United States and Israel would see such a move as exceptionally provocative and would dramatically escalate efforts against Iran – and that they would likely gain the support of all major powers, as even Beijing and Moscow fear such transfers given their own considerable terrorism problems. Deniability would go out the window, as even the possibility of such a move would be alarming. A sign of Iran’s caution is that it has not transferred chemical weapons to Hizballah despite having had these in its arsenal for decades. Indeed, Hizballah does not seek unconventional weapons (it could have easily produced chemical weapons on its own) and is not seeking to escalate unconventionally against Israel or the United States.

Should Iran fear invasion and regime change, however, this calculus might change. Iran might transfer weapons as a deterrent, as a way of saving some capacity from a preemptive strike, or simply out of revenge.

Policy Implications and Recommendations

U.S. policy can and does reduce Iran’s use of terrorism, but there are limits. The United States should continue to work with its allies to fight Iranian-backed terrorism. This is particularly problematic when it comes to Hizballah, as U.S. allies often look the other way at Hizballah activities in their countries because the group also engages in “legitimate” political and social welfare activity. A strongly enforced ban on any support for Hizballah in any form would create an incentive for the Lebanese

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6 It is difficult to predict how Iran would behave with a nuclear weapon, and some scholars are relatively optimistic. See most prominently Kenneth N. Waltz, “Why Iran Should Get the Bomb,” *Foreign Affairs* (July/August 2012), http://www.foreignaffairs.com/articles/137731/kenneth-n-waltz/why-iran-should-get-the-bomb
organization to reduce its use of violence. Allies should also be encouraged to reduce the size of Iranian diplomatic missions and otherwise make it harder for Iranian intelligence operatives to act freely.

Pressing Iran to reduce or stop its support for terrorism is difficult, however, in part because of the efforts over the nuclear program. The U.S. sanctions campaign – to include sanctions currently in place and those measures that have been suspended while negotiations go on – is already focused on Iran’s nuclear program. There is a limited amount that could be added, and any new sanctions would inevitably be seen (in both Iran and the United States) as linked to Iran’s nuclear program, even if done in the name of counterterrorism. U.S. allies in Europe would perceive such a move as undermining negotiation efforts on Iran’s nuclear program.

An agreement that prevents Iran from getting a nuclear weapon would benefit counterterrorism. Iran would not be able to use a nuclear weapon as a shield from U.S. conventional pressure, and its terrorist proxies would be less likely to be emboldened.

The United States should also set clear “red lines” regarding Iranian behavior. This includes the transfer of unconventional weapons to a terrorist group or any strike on the U.S. homeland or U.S. facilities. For example, was it clear what the U.S. response would have been had the plot against the Saudi ambassador succeeded? Administration officials, in consultation with Congressional leaders, should decide in advance where the red lines are and what would happen if a red line were crossed, and have the will and ability to follow through on the response should this happen. During both the George W. Bush and Obama administrations, Tehran repeatedly crossed U.S. red lines in Iraq and Afghanistan with relatively few consequences, reducing the credibility of future U.S. threats. If the United States is not serious about a response, it is better not to threaten at all.

In addition, the United States should focus on plots rather than attacks when gauging the intensity of Iranian-backed terrorism. The success or failure of a terrorist attack often involves tactical skill by intelligence services and a degree of luck: we cannot assume that success today means success tomorrow, and counterterrorism officials regularly warn of just such a possibility. For terrorism, it is the intent that should matter and policy should be focused accordingly. Thus the plot against the Saudi ambassador should have been treated as if it had succeeded, and future anti-U.S. plots should be treated with all seriousness even if they are foiled.

The United States should also take advantage of the growth in sectarianism and the brutality of the Islamic State to try to sever Iranian ties to Sunni jihadists in general. Tehran has largely gotten a free pass on the Al Qaeda presence within its borders: if it were widely publicized, this presence would be embarrassing to both Tehran and the Sunni jihadists, and an information campaign could harm this cooperation.

The United States needs clarity in its Syria policy in particular. In Iraq, the United States can work with Sunni tribes, the Iraqi government forces (such as they are), and the Kurdish peshmerga in the fight against the Islamic State, and U.S. efforts so far have attained some success. Iranian paramilitary forces and Iran-linked groups are also fighting the Islamic State, but the United States can fight the Islamic State without them. Syria is a tougher nut. The moderate Syrian opposition is weak and getting weaker. The Assad regime – and its allies, Iran and Hizballah – is of course an effective enemy of the Islamic State, but the United States seeks the Assad regime’s downfall, and allying with it is morally noxious and would alienate many U.S. regional allies. So the United States is in an uneasy position of opposing Iran and Hizballah’s role in Syria even though they are among the most effective means of fighting the Islamic State there. Not surprisingly, many observers believe that the United States is tacitly aligned with Iran and Hizballah because we are all fighting the same enemy in Syria and Iraq.
The fall of the Assad regime in Syria is desirable and would reduce Iran’s influence, but it would not dramatically change Tehran’s support for terrorism and may even increase Iran’s reliance on substate groups. Although Hizballah would lose an important patron should the regime in Damascus change, and it would be harder for Iran to ship weapons to Lebanon via Syria, the importance of Hizballah would grow for Iran. It remains relatively easy to send weapons to Lebanon without transiting Syria, and Hizballah’s role in the Lebanese government (and control of Beirut’s airport) makes it almost impossible to stop the flow of weapons there. So Iran may end up doubling down on substate groups if it loses its main regional ally. The explosive growth of the Islamic State and jihadists in general in the region further complicates U.S. policy in Lebanon, as a decline in Hizballah influence there might increase the strength of jihadists rather than more moderate pro-Western Lebanese voices.

In the end, Iran’s lack of strategic options and desire to respond to what it sees as a hostile world will lead Tehran to continue to work with a range of terrorist groups and selectively use violence. Successful U.S. policy can reduce the scope and scale of Iranian violence, but it is not likely to end it altogether.