



**Statement Before the
House Foreign Affairs Committee
Subcommittee on Terrorism, Nonproliferation, and Trade**

***“Iranian Backed Militias: Destabilizing the
Middle East”***

A Testimony by:

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Chairman Poe, Ranking Member Keating, and distinguished Members of the Subcommittee: it is an honor to testify before you today with my excellent colleagues Michael Knights, Aram Nerguizian, and Ken Pollack on the destabilizing activities of Iranian-backed militias.

This testimony is informed in part by a CSIS study, “Deterring Iran After the Nuclear Deal.”¹

Iran’s Strategic Orientation and Use of Proxies

The primary factors driving Iran’s approach to the region are domestic survival and primacy of the Islamic Republic, an increase in Iran’s power and influence in the Middle East, achieving a place of political and economic importance within the international community, and maintaining the ability to deter adversaries from posing an existential threat.

Iran is aware of its conventional military inferiority versus its adversaries, particularly the United States and Israel, and to a lesser extent the Gulf Cooperation Council (GCC) states. Thus, Iran employs a hybrid strategic approach towards achieving its interests, leveraging a range of unconventional and conventional capabilities and concepts of operation, including proxy forces. It ensures that any escalations against the United States and its regional partners fall short of large-scale warfare. This approach encompasses a range of coercive activities, from developing missiles and engaging in provocative maritime activities, to supporting proxies and terrorist groups, and exploiting cyber vulnerabilities while exercising psychological and information operations.

Operating in the “gray zone” between war and peace, Iran exercises threshold avoidance by incrementally antagonizing the United States and its regional partners in the maritime sphere and through the gradual progression of its missile development program. The use of non-military coercive tools — cyber, psychological, and information operations — also allows Iran operating space to target its adversaries without provoking significant retaliation. Additionally, Iran’s exploitation of ambiguity, particularly through its use of proxy groups in the Middle East, enables the country to indirectly attack its adversaries and counter Sunni influence in the region. Through its information operations playing on Sunni government’s fears and grievances, Iran creates a specter of its regional influence extending to political groups and militias throughout the region, reaching beyond what it actually controls. These activities, employed in the pursuit of Iran’s interests, accrue gains as well as costs to Tehran, all the while exacerbating tensions with its adversaries.

The Islamic Revolutionary Guard Corps (IRGC) oversees and directs Iran’s proxy activities as an extension of Iran’s power and influence. It has been particularly successful in Lebanon, Syria, and Iraq, in growing groups such as Lebanese Hezbollah, the Badr Corps, Kata’ib Hezbollah, and Asa’ib ahl al-Haq. The GCC countries have largely resisted Iranian penetration of their Shi’a populations through intelligence and security measures, but they remain highly concerned about the potential for Iran to deepen its influence in their territory. Not all of Iran’s proxies are created equal. Some groups possess more sophisticated paramilitary and intelligence capabilities and

¹ Kathleen H. Hicks and Melissa G. Dalton, *Deterring Iran After the Nuclear Deal*, Center for Strategic and International Studies, March 2017, <https://www.csis.org/analysis/deterring-iran-after-nuclear-deal>

receive more training, funding, and equipment from Iran than others; these groups also tend to be more ideologically and politically connected to Iran and its agenda, such as Lebanese Hezbollah. Others, such as the followers of Iraqi Shi`a cleric Moqtada al-Sadr, have links to but receive less support from Iran.

Where Iran Has the Advantage

By operating below the threshold of large-scale warfare, Iran can act boldly and make significant gains towards its goals without provoking a conventional war against the United States or its regional partners. Supporting sub-state proxy groups such as Hezbollah in the Levant and the Houthis in Yemen in a variety of ways allows Iran to pursue its goals of increased influence in the Middle East, while avoiding kinetic consequences. Iran enjoys a significant measure of plausible deniability with this pillar of its strategic approach. As it is not directly implicated in any acts carried out by these proxy groups, Tehran benefits from its ability to subvert its regional rivals, and deter them from taking anti-Iranian actions that could trigger a potential backlash from the proxy groups.² While the United States and its allies and partners must operate within international norms, Iran is able to leverage its capabilities and asymmetric activities without playing by international rules.

Additionally, Iran's approach of leveraging proxies constrains its adversaries' options, as the United States, Israel, and the GCC countries must calculate their responses to Iranian actions based on the potential for conflict escalation and the risks of causing civilian casualties, disrupting economic activity, and disabling critical infrastructure. For example, Lebanese Hezbollah's penetration of southern Lebanon serves as a deterrent against Israel, as the group has embedded effectively in Lebanese localities and civilian structures. It has also used the cover of reconstruction in post-war Lebanon to entrench in local communities. A similar pattern of behavior may follow in Syria reconstruction efforts, as a way for an Iranian-backed Assad regime to recover lost territory and influence.

Besides deterring adversaries' actions, Iran also leverages its proxy relationships to incrementally infiltrate and influence state institutions in countries with weak governance, such as Lebanon and Iraq, while promoting Iranian ideology among local recruits. Through its proxies, Iran provides services that would normally be provided by the state, taking advantage of local grievances, particularly among Shi`a populations. Over time, these groups gain popular support and legitimacy, providing a hedge against the state's government or may even form part of a governing coalition, as seen in Lebanon and Iraq.

Moreover, the wars in Syria and Iraq have provided fertile ground for the growth of Iranian proxies and supported groups. Iran likely has made these investments in part out of true concern for the instability and fragmentation of both countries, which do not serve its interests. Iran wants a pliable government but a functioning state in both Syria and Iraq. Yet, in this chaos, the IRGC may see opportunities for tactical advantages versus the United States and the GCC countries by shaping and supporting local actors and proxies. Iran has mobilized up to 115,000 fighters in Syria to bolster President Bashar al-Assad's regime, comprised of Lebanese

² J. Matthew McInnis, *Iran's Strategic Thinking: Origins and Evolutions*, American Enterprise Institute, May 2015, P. 20.

Hezbollah, Syrian, Iraqi, Afghan, and Pakistani recruits, and overseen by IRGC-Qods Force personnel. It is unclear whether some contingent of this expeditionary force will remain in Syria over the long-term to preserve Assad's hold on the strategic territory necessary for Iran to sustain its supply and command and control lines to Lebanese Hezbollah. Coupled with Russia's armed support, Iran has largely achieved its objectives in ensuring Assad's survival and territorial control over most of the strategically important population and economic centers in Syria.

Indeed, Russia's intervention in 2015 has enabled the Syrian government to reinforce its positions, retake territory from Syrian rebels, and regain Aleppo, using brutal tactics against Syrian civilians and civilian targets including hospitals and schools. Based upon data released by Russia's Central Election Commission there are approximately 4,000 to 5,000 Russian troops in Syria. However, this does not include Russian special forces and other similar personnel, which would increase this estimate.³ The geopolitical consequences of the conflict in Syria have grown, with Russia reinserting its presence in the region and prompting a reappraisal of the U.S. approach in Syria, including operational risk and escalation concerns but also implications for stabilization and the political end game. The reverberations of Russia's intervention in Syria may also have effects on broader U.S. Middle East regional strategy and force posture in ways that the United States has not been accustomed to over the last three decades.

With Russian and Iranian support, Assad's coalition is currently making a dash for the oil and gas-rich eastern Syrian province of Deir Ez-Zour. Interestingly, Iran has pulled units and officers out of its conventional forces to buttress IRGC operations in Syria.⁴ This development may be in part due to the priority Iran assigns to Syria, an overstretch of its IRGC capacity, and perhaps even an evolution in Iran's use of its paramilitary and military units. The prospect of a "land bridge" connecting Iranian-backed groups stretching from Lebanon through Syria into Iraq is tenuous, given that Israel would likely disrupt any overt plans to solidify such logistical and command and control connections overland. Indeed, Israel has been quite open about its intent to counter Iran's dominance in Syria, including its proxy networks and reported efforts to produce advanced, precision weapons in Syria and Lebanon.⁵ Nevertheless, Iran may ably exploit the inevitable shortfalls in stabilization and governance once the Islamic State is cleared from eastern Syria, taking advantage of local grievances and opportunities for smuggling and resupply across the Syria-Iraq border to the benefit of its militias and proxies.

While Syria remains an existential priority for Iran and its regional strategy, Yemen is an opportunity for Iran to provoke and undermine Saudi Arabia. In Yemen, Iran deepened its influence in the Houthi rebel movement beginning in 2015, following the failure of Yemen's government and opposition to reconcile around a constitution from the National Dialogue process. Iran, along with China and Russia, established stronger ties with Houthi leaders,

³ "Commission Inadvertently Reveals Russian Troop Numbers in Syria." *The Moscow Times*. September 22, 2016.

⁴ Jeff Seldin, "Indications Iran Doubling Down on Use of Proxy Forces," *Voice of America*, May 31, 2017, <https://www.voanews.com/a/indications-iran-doubling-down-on-use-of-proxy-forces/3878748.html>

⁵ Jonathan Spyer, "Israel Is Going to War in Syria to Fight Iran," *Foreign Policy*, September 28, 2017, <http://foreignpolicy.com/2017/09/28/israel-is-going-to-war-in-syria-to-fight-iran/>; Isabel Kershner, "Iran Building Weapons Factories in Lebanon and Syria, Israel Says," *The New York Times*, August 29, 2017, <https://www.nytimes.com/2017/08/29/world/middleeast/iran-missiles-lebanon-israel.html>

providing economic and military support to Houthi rebels.⁶ The Saudi-led intervention into Yemen to counter the Houthi rebellion has been costly and has eroded Saudi Arabia's international credibility regarding its use of force in civilian areas and in the face of the escalating humanitarian and health crisis.

Through its support for the Houthi rebels, Iran has also increasingly sought to signal its ability to challenge access to the Bab al-Mandeb, the narrow waterway between the Arabian Peninsula and Horn of Africa connecting the Red Sea and the Gulf of Aden. In effect, it is becoming another strategic chokepoint for international shipping, reflecting Iran's similar tactics in the Strait of Hormuz. Iran has provided cruise missiles to Yemen's Houthis, which the Houthis have in turn launched at U.S. and partner vessels transiting the Red Sea. In addition, Houthi rebels have used Iranian-supplied drones in a kamikaze-style tactic to damage U.S.-made Patriot surface-to-air batteries manned by Saudi Arabia.⁷ Just this week, Houthi rebels shot down a U.S. MQ-9 Reaper drone in Yemen.⁸ Nevertheless, although Iran's support for the Houthi rebels has evolved, the scale of Iran's commitment and political and ideological alignment in Yemen will not approach that of its involvement in Syria — or Lebanon or Iraq. Yemen is a relatively low-cost way for Iran to weaken its regional rival Saudi Arabia.

Vulnerabilities in Iran's Approach

Iranian activities in the pursuit of its strategic goals have, in some instances, backfired and imposed unintended costs on the regime. By testing the limits of the Joint Comprehensive Plan of Action (JCPOA) through its missile tests, continuing its naval provocations in the Gulf and the Bab al-Mandeb, and its support for terrorist groups in the region, Iran's image as an international pariah remains in many ways the same. Unilateral U.S. sanctions on Iran for its ballistic missile program remain intact, as do sanctions for Iranian human rights violations and its support for proxy terrorist groups.⁹

Iran is also disadvantaged by a principal-agent problem versus its proxies, which do not always act in accordance with Iranian interests. This dynamic is currently most visible in Iraq among some armed Shi'a groups that receive Iranian support and can secure territory but can also survive without an Iraqi government. This poses a challenge for Iran, as it does not desire the complete fragmentation of Iraqi state governance; it wants an Iraqi government in control that can be pliable to Iranian interests, while continuing to support Iraqi Shia militias that can keep the Iraqi government in check.

⁶ Katherine Zimmerman, "Pushing Back on Iran: Policy Options in Yemen," American Enterprise Institute, February 7, 2017, <https://www.criticalthreats.org/analysis/pushing-back-on-iran-policy-options-in-yemen>

⁷ Thomas Gibbons-Neff, "Houthi Forces Appear to Be Using Iranian-Made Drones to Ram Saudi Air Defenses in Yemen, Report Says," The Washington Post, March 22, 2017, https://www.washingtonpost.com/news/checkpoint/wp/2017/03/22/houthi-forces-appear-to-be-using-iranian-made-drones-to-ram-saudi-air-defenses-in-yemen-report-says/?utm_term=.0524a56f923f

⁸ Shawn Snow, "US MQ-9 Drone Shot Down in Yemen," *Military Times*, October 2, 2017, <https://www.militarytimes.com/flashpoints/2017/10/02/us-mq-9-drone-shot-down-in-yemen/>

⁹ Carol Morello and Karen DeYoung, "International sanctions against Iran lifted," *The Washington Post*, January 16, 2016, https://www.washingtonpost.com/world/national-security/world-leaders-gathered-in-anticipation-of-iran-sanctions-being-lifted/2016/01/16/72b8295e-babf-11e5-99f3-184bc379b12d_story.html

Additionally, the economic repercussions — due to isolation and sanctions — of Iran’s strategic approach, further eroded by the persistence of low oil prices, have limited its ability to invest in and modernize its military. From 2007 to 2016, Iranian military expenditure decreased from approximately \$13 billion per year to \$12 billion per year, with a low of about \$10 billion in 2013–2014. Despite an uptick following sanctions relief, the current level of spending is unlikely to change significantly in the near term given continued U.S. sanctions and international hesitation to invest in Iran.¹⁰ Limited cash flow also inhibits Iran’s ability to fund proxies in the Middle East. Then-acting U.S. Treasury Undersecretary for Terrorism and Financial Intelligence Adam Szubin asserted in a May 2016 congressional testimony that because of U.S. sanctions on Iran for its support of Hezbollah, “the group is in its worst financial shape in decades.”¹¹ The Gulf countries’ backlash against coercive Iranian activities also hampers Iran’s security interests. Reacting to Iranian empowerment of Shiite proxy groups in the region, some Gulf countries have empowered anti-Iranian Sunni proxies of their own, particularly in Syria. Saudi funding for Salafist groups in Syria directly counters Iran’s efforts to increase its influence in the region, and poses a security threat to Iranian interests. The Gulf countries are also bolstering their conventional capabilities, with Saudi Arabia looking to become the world’s fifth-largest arms buyer in the next five years, with a budget upward of \$60 billion per year.¹² Despite its best efforts, Iran will be unable to keep up with that level of military spending.

Implications

Absent ideological changes in the Iranian government, the United States will not be able to change Iran’s reasoning for supporting proxy groups in general or its use of proxy groups to deter U.S. and regional actions specifically. A solely hardline and uncalibrated U.S. response may prompt Iran to reassess its commitment to the JCPOA, due to backlash among some Iranian factions toward policies of Iranian President Hassan Rouhani and Foreign Minister Mohammad Javad Zarif, especially if the United States imposes new terrorism related sanctions that mimic prior nuclear ones. U.S. or allied action against Iranian proxies could be perceived a serious act of aggression, if not calibrated to mitigate blowback while maximizing effect. Iran is likely to respond with kinetic attacks, information operations, and cyberattacks on U.S., allied, and partner personnel and economic interests in the region via its proxies. The United States should employ asymmetric responses and application of pressure in response.

U.S. actions need to be calibrated to prompt behavior-changing results and send a message that certain groups, interests, and assets are off limits. The United States will have to determine internally what its redlines are with respect to Iranian proxy activity, perhaps by tiering threats to U.S., allied, and partner interests, and broadly destabilizing activities. The U.S. must then take concrete action when the threshold is tested; it must determine when to make its counterterrorism actions known and when the action and message should be telegraphed privately (or to let it speak for itself).

¹⁰ “Data for All Countries from 1988–2015 in Constant USD.” SIPRI Military Expenditure Database. <https://www.sipri.org/sites/default/files/Milex-constant-USD.pdf>.

¹¹ Ron Kampeas, “Hezbollah in ‘Worst Financial Shape in Decades,’ Says Top Sanctions Official,” Jerusalem Post, May 27, 2016, <http://www.jpost.com/Arab-Israeli-Conflict/Hezbollah-is-broke-thanks-to-US-sanctions-says-White-House-official-455199>

¹² Alia Chughtai, “GCC Military Spending Spree,” *Al Jazeera*, June 4, 2016, <http://www.aljazeera.com/indepth/interactive/2015/08/gcc-military-spending-spree-150808120255563.html>.

Yet, policymakers face a dilemma in crafting a strategy for addressing Iran's destabilizing behavior. If Iran's hostile actions elicit *conciliatory* responses, Iran can deem its actions as successful — its coercive and shaping strategy is working. If Iran's hostile actions elicit *punitive* responses, Iran can feel even greater incentive to act asymmetrically — where its strengths are. The challenge for policymakers is to determine how best to break this cycle. A sequenced combination of both sticks and carrots is the best way to disrupt this pattern of behavior.

Recommendations

Iran will continue to rely on its network of proxies to shape the region, increase its influence, and constrain actions by the United States and its regional partners. However, there are steps that the United States, working in coordination with allies and partners, can take to limit the reach of Iranian proxy activities and stem further growth of proxies in the region. These measures include:

- Ratchet up direct and indirect, targeted and calibrated operations to disrupt IRGC activity and interdict support for proxies, based on an intelligence and operational assessment of U.S. and Iranian red lines for action;
- Conduct cyber disruption of proxy activities;
- Avoid inflating Iranian capabilities and intentions, but at the same time, be prepared to respond strongly to Iranian provocations across the spectrum of its coercive activities;
- Expose Iranian-backed groups, front companies, and financial activities outside its borders to delegitimize and discourage Iranian coercive interference;
- Exploit national sentiment in the region that bristles at Iranian interference through amplified information operations;
 - Leverage information operations to highlight inconsistencies and ulterior motives of the Iranian approach to reduce local support;
 - Debunk exaggerated Iranian claims to assure partners and deter further Iranian action by insinuating U.S. and regional partner activities;
- Sustain U.S. and international financial pressure on IRGC and proxy activities, learning and “following the money” from previous sanctions efforts to adjust and tighten sanctions pressure to maximize effect;
- Negotiate an end to the Syrian and Yemeni civil wars that minimizes the presence of foreign forces;
- Minimize the space that the IRGC can exploit in the region by:

- Building the capabilities of and regularly exercising with regional partner security forces, including through the employment of scenario-based exercises focused on Iran and its proxy groups to plan for risk mitigation strategies and determine how far to escalate with Iran; and
- Providing training, advising, and funding for governance initiatives in countries vulnerable to Iranian penetration.

Possible Incentives Linked to Changes Iran Makes First

Even a U.S. strategic approach that seeks to significantly amplify pressure on Iran cannot be purely punitive, or it will prove escalatory and feed the Iranian narrative that the United States' sole objective is to undermine Iran's stability. Iran has an ideological aversion to engagement with the United States. Thus, the United States should consider a range and combination of incentives to test for areas of constructive Iranian behavior that are linked to changes that Iran makes first, such that they are synchronized as one move.

Iran is not a unitary actor; certain incentives may appeal to one faction but not to others. Through Track 2 dialogues and negotiations, U.S. interlocutors can better understand what motivates and incentivizes a range of Iranian leaders and determine what positive steps could be taken in return for changes in regional tactics that Iran makes first.

Possible incentives could include:

- Pursue economic incentives through third party countries, particularly in Asia, while retaining pressure through U.S. and European sanctions;
- Attempt more commercial sales from the United States and Europe, if Iranian behavior improves and sanctions relief is possible (e.g., the Boeing/Airbus licenses);
- Continue to include Iran in political negotiations on Syria, Iraq, and Yemen, in the context of a broader strategy created by the United States and its Arab regional partners;
- Allow conventional arms sales to Iran to resume tacitly when the JCPOA-ban on conventional weapons trading with Iran expires in 2020;
 - Iran has yet to define its offensive military investment plans into the 2020s. There is an opportunity to shape this development through a combination of pressure and incentives, over which the United States and its allies and partners wield considerable influence.
 - Conventional capability development could diversify Iran's military investments, perhaps with less emphasis on its unconventional capabilities that have proven among the most destabilizing to U.S. and regional interests in the past 35 years.
 - Such conventional capability development must remain in the bounds of the regional military balance of power so as not undermine U.S. allies and partner's security.

- The United States should assure Israel and Gulf partners that this development is linked to additional capability development, arms sales, and financial incentives for Israel and the Gulf countries to preserve their primacy.
- Buttress people-to-people dialogue and educational exchanges.