Thank you, Chairman Casey, Ranking Member

Risch, Senator Corker. It is a pleasure to be here.

The advantage to going last is that so much has been said

already that I agree with that I should be able to keep under the

5 minutes. Let us see if I can hold to that.

Iranian state sponsorship of terrorism can be broken down into

two basic baskets. First, its support to other groups, especially in

the Middle East, such as Hamas, the Palestinian Islamic Jihad, the

Gulf militants, but potentially groups beyond the Middle East such

as Somali Shabaab, as the U.N. has noted. The second consists of

its direct attacks, carried out either by its own agents in the IRGC

and the Quds Force or by its primary proxy, Hezbollah. In fact, as

my collegues have stated, Hezbollah is central to both of these

activities.

My colleagues have also correctly stated the fact that this is not

a new phenomenon. Iran’s use of terrorism is embedded in its foreign

policy; it is an extension of its foreign policy, going back to the

very beginning of the revolution. The CIA noted in the 1980s that

while Iran’s support for terrorism was meant to further its national

interests, it also stemmed from the clerical regime’s perception that

it has a religious duty to export the Islamic revolution and to wage,

by whatever means, a constant struggle against the perceived

oppressor states.

Just a few years later in 1989, the CIA noted several factors that

made Iran more likely to take increased risks in support of terrorism,

factors that might have faded somewhat in the mid-1990s

but are now coming back with a vengeance pertaining to internal

politics. The first was the dominance of radical elements within the

clerical leadership, which translated into significant Iranian hostility

toward the West. Back then, as is true today, there was little

chance more pragmatic leaders would come to the fore.

Furthermore, igniting tensions abroad shifted popular attention

away from domestic problems, while asymmetrical warfare provided

Tehran with a potent weapon at a time when its military and

economy were weak. Even its support for Hezbollah, which reportedly

runs up to approximately $200 million a year at times, has

faded by as much as 40 percent in periods over the past few years

in large part because of our sanctions programs.

Hezbollah is not only a key conduit of arms, training, and knowhow

to Iran’s other proxies, especially the Palestinian groups. It is

also the sharp end of the spear complementing the Quds Force,

sometimes working closely together with the Quds Force, sometimes

in somewhat of a competition with them to see who can

strike first in terms of carrying out the types of attacks we have

seen, amounting to at least nine in the past year or so.

Consider Iran’s Unit 1800, which is its dedicated unit to support

the Palestinian groups; its Unit 3800, the dedicated unit with Ali

Mussa Daqduq and others in Iraq to support the Iraqi Shia militants

there. Consider Hezbollah and Iranian activities in Africa,

Southeast Asia, North and South America, et cetera.

I would like to give you just one example before I give you some

ideas of some of the things we need to focus on, and that is the

example of Fauzi Ayub. It is a great example of how someone can

serve in both these two baskets.

Fauzi Ayub was involved in an attempted hijacking in Romania

years ago. Later Hezbollah sent him to Canada where he obtained

Canadian citizenship. He got married and lived in Dearborn, MI,

for a time. There is an American indictment out for him. Hezbollah

then took advantage of his Canadian documentation to infiltrate

him into Israel on the West Bank for the purpose of supporting

Palestinian groups there and attempting to carry out a bombing

attack there as well. In his trial in an Israeli court, the judge asked

if he had ever informed the Canadians about his past history as

a Hezbollah hijacker in Romania, to which he responded that he

hadn’t, and that the Canadians had neglected to ask. The fact is

that these baskets are not distinct, and Hezbollah does not make

them so. This is not the manner in which Iran uses its proxy.

I do believe that in the event of a nuclear strike on Iran, we

should expect to see a significant increase in the types of asymmetric

international terrorist attacks that we have seen. I think

what we are seeing now is child’s play compared to what we would

see then, both by Iranian agents and by Hezbollah. I do not believe

for a moment that if there were an attack on Iran, that Hezbollah

would not respond.

I believe that the Arab Spring, as my colleagues said, has been

a tremendous setback for Iran. It is very difficult for Iran to claim

that the Arab Spring is a wonderful thing and support protestors

when talking about Bahrain, only to then oppose similar protests

in Syria, where Iran has helped the Assad regime crack down on

its own people. The only entities that continue to support Syria

today are Hezbollah and Iran.

I think the connection between Iran’s nuclear program and terrorism

goes byond their use of terrorism were there to be a strike

on the nuclear program. I equate a nuclear Iran to an Iran on

steroids. Iran is already extremely aggressive. We in the West, in

contrast, tend to be very risk-averse, especially when it comes to

Iran. If this is how Iran behaves now, imagine how it would behave

if it had a nuclear weapon. Thank you.

I would just add that both Iran and Hezbollah are

desperate to engage in these types of activities in ways that enable

them to have reasonable deniability. What we have to do is to

expose these activities at every turn. I disagree with those who

think it is a problem that the administration has not come out and

said that the Bulgaria attack was Hezbollah. However, once the

evidence comes out, the administration acknowledges—directly, not

anonymously, as they continue in the media—Iran and Hezbollah’s

ability to engage in these types of attacks. This includes not only

a failed attack here in Washington, DC, but, as Danny said,

Khobar Towers and other instances in which they succeeded and

that there is no cost makes them believe, ever since the days of the

Beirut bombings, that they can engage in these types of activities.

They are inexpensive and are free or larger political cost. And if

you can engage in reasonable deniability, it makes it harder for

your adversary to respond even if you wanted to. We need to remove

that veneer and replace it with an indisputable cost.

If there is one thing I would recommend, I suggest targeting Iranians’

diplomatic missions, and because we are here, I would focus

on the Western Hemisphere because we know that Iran supports

terrorism out of its diplomatic institutions. We know that the number

and the size of Iran’s diplomatic institutions in South America

are completely out of whack with its presence, and this is something

in which we could have some tangible impact.

In brief, I just want to say it is going to be weak.

It is going to be weak, but it is not going to be as friendly or capable

an ally to Iran. Most Syrians, I think, are probably pretty angry

with Iran right now for continuing to support this regime. For a

long time, people had hoped that a major Sunni general would get

up and make a deal with the Alawites, the massacres would stop

and things would move forward. And that did not happen.

I think it is true that the opposition is fractured and perhaps

there is good reason for that, but I think there is a lot more that

we can and need to do to work with that opposition or even oppositions

to move this along, because in the interim Syrians are dying

and it is a very messy situation. I think the longer things go this

way, the messier it is afterward.

The final comment comes from a terrorism perspective. There is

concern that there are some al-Qaeda elements that have infiltrated

in, and there is concern that Muslim Brotherhood elements

have played too large a role in the opposition. But I think it was

today’s New York Times that cited an al-Qaeda Web posting from

Syria. They ran it in today’s Times, but the Web posting is from

February.

Well, I am the former Treasury guy, so I will jump

in.

I think, first of all, it is important to note that almost all of our

sanctions are proliferation-focused. They are not terrorism-focused.

I can think of only one, the Bank Saderat action, which was explicitly

done for a counterterrorism purpose. That said, it is not like

Iran keeps its proliferation money and its terrorism money in separate

banks.

I do think it has had an impact, though it is limited. I had a

piece in Foreign Affairs a little while back called ‘‘Party of Fraud’’

about Hezbollah’s movement into criminality to complement its

funding. One of the reasons for this, and its increased prominence

over the past few years, including its move into the drug trade, is

because a few years back, Iran cut Hezbollah’s funding we believe

by somewhere between 30 and maybe even 40 percent for a period

of time. So even if they are limited to 60 percent of their funds,

they can still buy the bullets and the missiles they want, but they

cannot fund their other programs, and they cannot pay their salaries,

which is a significant setback for Hezbollah. It does not minimize

their ability to target Israel, the United States, or to do things

in Bulgaria or Cyprus or potential targets. That is relatively inexpensive,

but it has had an impact. The question is how do you sustain

this impact. We do not think that has lasted very long.

So I do think other actions are necessary, including, as I said

earlier, exposing and highlighting every time we see them doing

something. I am reminded of a story of the current White House

counterterrorism advisor, John Brennan, while he was in Saudi

Arabia—I think Tenet writes about it in his book—at one point

Brennan approached an Iranian officer parked in his car and

knocked on his window and say, hey, how are you doing? Good

morning. How is it going? That exposed the Iranian officer and

likely caused him no small amount of discomfort when asked why

it was that an American appeared to know him. Denying Iran the

ability to operate with reasonable deniability is critical, so that it

is no longer the case that there is no literal or diplomatic cost to

their activities. And I think if you start using all elements of national

power, we can get a lot farther. We have been doing that

now on the nuclear side. We need to do the same on the terrorism

side too, and that means convincing some of our allies that Iran is

not only a nuclear threat but also a terrorism threat.

One of the chapters in my book, Danny, is on

Khobar. So you will know exactly what is classified and what has

been declassified.

There are lots of reasons to suspect early on that Hezbollah may

have been involved. Hezbollah was thwarted in a similar attempt

to carry out an attack on Israeli tourists on buses this past winter

in Bulgaria. A Hezbollah individual was caught and apparently

confessed just a few weeks ago in Cyprus to a plot that was almost

identical, targeting buses at airports, et cetera.

But I do not really blame the administration for publicly stating

that they will hold off until all the evidence has been examined,

because there are good evidentiary leads, such as DNA and sketch

artists’ renditions. They have apparently tracked down some of the

rental agencies and things of that nature. Brennan is right there.

I am sure that we are helping. My guess is, again not having

access to the Israeli information, that other sources and methods

of the type that you were alluding, suggest Hezbollah is a suspected

perpretrator.

It would not surprise me at all if Iran provided some support.

The attack was carried out on the anniversary of the AMIA bombing

in Buenos Aires in 1994, and in that case, again, public indictments

are available on the Internet. We have the Iranians dead to

rights on their support for the Hezbollah cell; several people came

in weeks in advance to carry out the attack. The fact that there are

parallels is not in itself an indictment, but there are plenty of parallels.

I think we need to let the investigation run its course, but

I will be shocked if we do not find out that, in fact, it was Hezbollah

perhaps with Iranian support.

Of all these attacks we have seen over the past year and a half,

some have been Hezbollah on its own, some have been Iran on its

own, some of have been the two of them together. Any combination

of that is possible.

Not really, because in my experience terrorists love

to use an anniversary when it is convenient, and if it is not convenient,

they will bomb you when they can. I am reminded of the February-

March 1996 string of bus bombings in Jerusalem by Hamas,

and one of them by Islamic Jihad, that impacted the Israeli elections

there. They claimed that the attack was in response to the

assassination of the Hamas bombmaker, Yahya Ayyash, who had

been killed by the Israelis. But once you got into the investigation,

it turned out that they were deep into the planning stages of this

operation months before Yahya Ayyash was killed. So then the

anniversary just became the opportunity of coincidence.

I would just add that the Director of National Intelligence

who testified before Congress that the Arbabsiar plot—the

plot targeting the Saudi Ambassador here in Washington, DC—

suggested that at least some within the Iranian decisionmaking

elite no longer saw a redline for carrying out attacks directly targeting

Americans. I think that is tremendously significant. It goes

beyond the support for militants in Afghanistan, even beyond the

much more proactive and hands-on support for plots directly targeting

Americans in Iraq, and reportedly some of the recent plots

going on internationally may have been targeting American interests

too, including the last plot in Azerbaijan targeting reportedly

United States diplomats there.

So I do think that Iran traditionally is aggressive and we are traditionally

risk-averse. I think Iran has become much more aggressive

in part because it perceives a need to be more aggressive in

response to the shadow war. I think we need to do more to pull this

out of the shadows because, as you said, Iran is increasingly dangerous

on the CT front, the nuclear front, to the human rights

front, et cetera.

The only contribution I can make to these words of

wisdom is just that in the immediate, I think Iran would be perfectly

happy, especially since it does not have the American targets

in Iraq anymore, to provide military assistance to those who are

targeting American and NATO troops there. That limited objective

it is able to do easily at very little cost without having to worry

about the larger objectives of maintaining instability or a relatively

weak central government. And so I am concerned that we will see

an increase in this type of lethal assistance to our adversaries in

Afghanistan.

I completely concur. The Iranian negotiation strategy

is to negotiate over the next negotiation.

We need to publicize what they are doing. We have a tremendous

opportunity in Syria. I think we need to get greater international

effort, consensus on targeting not just Iran’s nuclear issues but its

support for terrorism. A European Union designation of Hezbollah

would be huge here, and if they were unwilling to designate the

entirety of the group, though I would prefer that, a secondary

would be to go the British route which would be to designate just

the terrorist or military wings of the group. Even that would have

some impact.

Iranian travel is also a cause for concern. It is very easy for

Iranians to travel to a lot of places, such as Malaysia where visas

are not required. This enables them to do all kinds of things as

well.

I think it was after the Mykonos bombing in Germany that

almost all European countries for a short period of time withdrew

their ambassadors. If it turns out that this attack in Bulgaria was

a Hezbollah or Iranian attack, I think we should press our European

allies to do that, not necessarily closing their embassies, but

showing a united front. That gave a huge message at the time.

And the message should not always come from us. I argued in

testimony before the House after the Arbabsiar plot targeting

Ambassador Al-Jabeir that this was as much of an attack on the

Saudis as it was on us, and the Saudis and other Gulf States

should be pressing their allies to take similar action, including

targeting Iranian diplomatic presences and their size and range

of activities throughout the world, starting with the Western

Hemisphere.