

Adding Hezbollah to the EU Terrorist List

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Introduction: Why Designate Hezbollah Now?

Pressing our European allies to add Hezbollah to the European Union (EU)'s terrorism list is more important today than ever before. Nearly a year after it dragged both Lebanon and Israel into a devastating war last July, Hezbollah has reportedly restocked its weapons caches and missile arsenals, rebuilt much of its destroyed infrastructure, and capitalized on its ability to hold the Israel Defense Forces at bay (and the political reckoning that followed in Israel) to position itself as an even more dominant player in domestic Lebanese politics as well as the face of "resistance" and pride in the Arab and Muslim worlds. Hezbollah's proactive support for radical Palestinian elements engaged in acts of terrorism and political violence is central to these groups' success and continues unabated. Renewed rocket attacks into northern Israel this week and the recent Hamas coup in Gaza (which tactically replicated Hezbollah tactics in Southern Lebanon) are just the most recent disturbing signs of how successful this strategy has been. Hezbollah is Syria's primary proxy in Lebanon seeing to Syrian interests in the wake of the withdrawal of Syrian troops in April 2005, playing a particularly disruptive role opposing the establishment of an international tribunal to investigate and try suspects tied to the Hariri and other bombings targeting political and intellectual leaders of the anti-Syrian coalition. Hezbollah operatives are further suspected of training Iraqi insurgents and of sending its own combatants to Iraq.¹

Hezbollah is particularly active in Europe, primarily engaged in financial and logistical support operations as well as political activity to legitimize its activities in the eyes of the West. An EU designation would undercut these activities and provide member states' intelligence and law enforcement agencies greater authority to investigate the activities of Hezbollah operatives and supporters active within their borders. To the surprise of some, Hezbollah leaders themselves have expressed concern that an EU designation would severely undermine the organization's activities.

The United States and Israel have long pressed their European allies to take action against Hezbollah, but France in particular has refused to follow America, Israel, Canada and Australia in banning Hezbollah, ostensibly for fear of upsetting the domestic political balance in Lebanon where members of the group hold seats in Parliament. A designation of Hezbollah by regional bodies like the EU is particularly important in light of the fact that UNSCR 1267 designations only apply to al-Qaeda and the Taliban – Hezbollah cannot be designated at the United Nations. Now, the election of Nicolas Sarkozy as France's new president may represent the best chance yet for Europe to reconsider its position.

Europe as a Launching Pad for Operations Abroad

While Hezbollah has not conducted terrorist attacks in Europe for many years, it is still active in the region, using Europe primarily as a fundraising and recruiting ground.

¹ Michael R. Gordon and Dexter Filkins, "Hezbollah helps Iraqi Shiite Army, U.S. official says," *New York Times*, November 28, 2006; Nathan Gutman, "U.S. Sources Claim Hezbollah Sending Combatants to Iraq," *Haaretz*, June 20, 2004

A recently released German intelligence assessment estimates that 900 Lebanese Hezbollah members (an increase of 100 from previous reports) live in that country alone. Hezbollah has also used Europe as a launching pad from which to infiltrate operatives into Israel to conduct surveillance and carry out attacks.²

On top of its efforts to cripple the peace process, Hezbollah warrants European attention for its operations there. In the 1980s Hezbollah operatives carried out bombings in France and assassinations in Germany, and killed French peacekeeping forces in Beirut. But the group continues to operate out of Europe today. Consider some of Hezbollah's operations in Europe:

In 1989, Bassam Gharib Makki, a Hezbollah operative and student in Germany, collected intelligence on Israeli, Jewish and American targets in Germany. In 1989 and 1990, authorities apprehended a Hezbollah cell operating in Valencia, Spain. The cell was caught smuggling weapons in a ship from Cyprus so that they could be pre-positioned and cached in Europe. After tracking that shipment, authorities found additional explosives that had already been stashed in Europe. It was determined that the cell had been targeting US and Israeli targets in Europe. In 1997, Hezbollah was found to be collecting intelligence on the US Embassy in Nicosia, Cyprus. During the same period, members of a Hezbollah cell in Charlotte, North Carolina, paid indigent Americans to travel to Cyprus at Hezbollah's expense and engage in sham marriages so additional operatives could get visas to come to America.³ Throughout the mid- to late-1990s, Hezbollah recruited Palestinian students studying in Russia, and collected intelligence on Israeli, Jewish and American targets there.

Today, German intelligence estimates that 800 Lebanese Hezbollah members live in Germany. The organization publishes a weekly newsletter in Germany, *al-Ahd*, though it scaled back its overt presence there after September 11, fearing a clampdown. An investigation in the summer of 2002 led German authorities to monitor the activities of an organization in Berlin suspected of being tied to Hezbollah and of establishing a "training center."⁴

Over the past few years, Hezbollah has used Europe as a launching pad from which to infiltrate operatives into Israel to conduct surveillance and carry out attacks. In 1996 Hussien Makdad left Lebanon for Europe where members of a Hezbollah logistical support network provided him with a stolen British passport which he used to enter Israel on a flight from Switzerland. A few days later Makdad was badly injured in an explosion in his East Jerusalem hotel room where he was assembling a bomb made of RDX explosives. In 1997, Hezbollah operative Stephan Smyrek, a German convert to Islam

² Bundesministerium des Innern, "Verfassungsschutz - bericht 2006" (Federal Ministry of the Interior - Protection of the Constitution - report 2006), http://www.bmi.bund.de/Internet/Content/Common/Anlagen/Broschuere/2007/Verfassungsschutzbericht_2006_de.templateId=raw_property=publicationFile.pdf/Verfassungsschutzbericht_2006_de.pdf

³ United States v. Mohamad Youssef Hammoud, et al. United States Court of Appeals for the Fourth District.

⁴ "Germany Bans A Charity Organization Close to Hamas and Will Possibly Ban another Close to Hezbollah," *Asharq al Awsat*, August 6, 2002

trained by Hezbollah in Lebanon, left Lebanon for Europe and then flew from Amsterdam to Israel on his own German passport. He was tasked with photographing prospective targets for attacks but was arrested at Israel's Ben Gurion airport. In 2000, Hezbollah dispatched Fawzi Ayub, a Canadian of Lebanese descent, to infiltrate Israel from Europe. He traveled from Lebanon on his own Canadian passport, and then sailed to Israel on a forged American passport he received in Europe. Ayub is described as a hardened Hezbollah operative, and is believed to have been sent to conduct attacks in Israel. And in 2001 Hezbollah operative Gerard Shuman, a dual British-Lebanese citizen, flew from Lebanon to Britain on his Lebanese passport and then on to Israel on his British passport. Arrested in Israel, Shuman is believed to have been sent to conduct surveillance operations.

In some of these cases, the authorities have determined that the operatives entered Israel to conduct operations, while in other cases it remains unclear whether they entered Israel just to collect pre-operational surveillance, assist other operatives already there, or conduct attacks themselves. Significantly, each of these operatives relied on European logistical support networks to carry out their missions. Moreover, each is also believed to have been trained by elements tied directly to Imad Mughniyeh, Hezbollah's chief operations officer.

In at least one case, Hezbollah's European operations and the group's efforts to undermine the peace process intersect. In mid-2003, Israeli forces arrested Ghulam Mahmud Qawqa, a member of an al-Aqsa Martyrs Brigades cell tied to Hezbollah, for his role in several al-Aqsa bombings in Jerusalem. According to information discovered after his arrest, Qawqa was in the process of engineering attacks on Israeli interests in Europe and Asia on behalf of Hezbollah. In late 2002, Qawqa tasked a Lebanese woman he knew in Germany to photograph the Israeli embassy in Berlin from multiple angles for a possible attack.⁵

The above is just a sampling of Hezbollah activity in Europe. Intelligence experts maintain that Hezbollah operatives are located throughout the European continent, including Belgium, Bosnia, Britain, Bulgaria, Croatia, Cyprus, Denmark, France, Germany, Greece, Italy, Lithuania, Norway, Romania, Russia, Slovenia, Spain, Sweden, Switzerland, Turkey, and Ukraine.

Hezbollah Fundraising in Europe

A ban would significantly constrain Hezbollah's European activities, especially its ability to raise funds there. EU member states would be required to freeze any Hezbollah-controlled assets within their jurisdiction once the group was designated. Any financial transactions related to Hezbollah would be prohibited as well.

⁵ "Germany Surprised to Learn From Press of Plan to Kill Israeli Envoy," Spiegel Online (Hamburg), 3 January 2003, translated by BBC Worldwide Monitoring, 4 January 2003; "Hezbollah (part 1): Profile of the Lebanese Shiite Terrorist Organization of Global Reach Sponsored by Iran and Supported by Syria," Intelligence and Terrorism Information Center at the Center for Special Studies, Israel, June 2003; and author interview with intelligence sources, July 2003

Hezbollah uses charities and front organizations to conceal their fundraising activities. Take, for example, Hezbollah's Martyr's Foundation. The "Martyr's Organization" (Martyr Foundation, Bonyad-e Shahid), headed by Mohammad Hasan Rahimiyan, admittedly supplies charitable funds for the family of suicide bombers. In 2001, Paraguayan police searched the home of Hezbollah operative Sobhi Mahmoud Fayad in Ciudad Del Este, a town along the Tri-Border area where the borders of Brazil, Argentina, and Paraguay meet. Searching Fayad's home, police found receipts from the Martyr's Organization for donations Fayad sent totaling more than \$3.5 million dollars.⁶ Authorities believe Fayad sent over \$50 million to Hezbollah since 1995. According to press reports, Iran has traditionally funded Palestinian dissident groups in the Lebanese refugee camps, including al Maqdash, through the Institute of the Palestinian Martyrs.⁷ According to German intelligence officials the Martyr Foundation actively raises funds for Hezbollah there.⁸

Another example is the Al-Mabarrat Charity Association headed by Sheikh Mohammed Hussein Fadlallah. Formerly the spiritual leader for Hezbollah, Fadlallah maintains intimate ties with the organization and remains on the U.S. Treasury's list of Specially Designated Terrorists. In 2003, Lebanese Finance Minister Fuad Siniora was barred from entering the United States because of a donation he made to the Al-Mabarrat Charity Association in 2000.

In some cases, the foreign remittances discussed above are funneled to Hezbollah through the group's charities. Members of the Hezbollah cell in Charlotte, North Carolina, received receipts from Hezbollah for their donations, including receipts from the office of then-Hezbollah spiritual leader Sheikh Mohammad Fadlallah.⁹ One receipt, signed by Ali Abu Al Shaer, the financial manager of "the office of his Excellency Ayat Allah Mr. Mohammed Hussein Fadlallah," thanked "brother Mohammed Hammoud," the subsequently convicted leader of the Charlotte cell, for a \$1,300 donation.¹⁰

According to a declassified research report based on Israeli intelligence Hezbollah also receives funds from charities that are not directly tied to Hezbollah but are radical Islamist organizations and donate to Hezbollah out of ideological affinity. "Besides operating a worldwide network of fundraisers, funds are also raised through so-called 'charity funds.' Some of these are extremist Islamic institutions that, while not directly connected to Hezbollah, support it, albeit marginally, in view of their radical Islamic orientation."¹¹ The report cites many such charities worldwide, including four in the

⁶ Mark S. Steinitz, "Middle East Terrorist Activity in Latin America," Policy Papers on the Americas, Vol. XIV, Study 7, Center for Strategic and International Studies, July 2003

⁷ "PLO Bids to Win Back Refugee Support," *Agence France-Presse*, July 5, 1994; Muntasser Abdallah, "Iran Pours Thousands of Dollars in Lebanon's Palestinian Camps," *Agence France-Presse*, June 21, 2002

⁸ Author interview with German officials, Berlin, Germany, June 2007

⁹ Hezbollah: A Case Study of Global Reach.

¹⁰ Copy of receipt, presented as evidence in *US v. Mohammed Hammoud*, in author's personal files.

¹¹ Hizbullah (Part I): Profile of the Lebanese Shiite Terrorist Organization of Global Reach Sponsored by Iran and Supported by Syria," Special Information Bulletin, Intelligence and Terrorism Information Center

Detroit area alone: The Islamic Resistance Support Association, the al-Shaid Fund, the Educational Development Association (EDA) and the Goodwill Charitable Organization (GCO). Also cited are the the al-Shahid Organization in Canada, the Karballah Foundation for Liberation in South Africa, the Lebanese Islamic Association and al-Shahid Social Relief Institution in Germany, and the Lebanese Welfare Committee, The Help Foundation and The Jam'iyat al-Abrar (Association of the Righteous) in Britain.

A particularly glaring example of a Hezbollah charity is the Islamic Resistance Support Organization (IRSO), designated a terrorist entity by the Treasury Department in August 2006. According to Treasury, IRSO solicited donations through Hezbollah's al-Manar satellite television, which used to be broadcast in Europe and the United States. In its press release, Treasury noted that "Solicitation materials distributed by IRSO inform prospective donors that funds will be used to purchase sophisticated weapons and conduct operations. Indeed, donors can choose from a series of projects to contribute to, including, supporting and equipping fighters and purchasing rockets and ammunition."¹²

While some of these funds undoubtedly paid for Hezbollah's military and terrorist operations, other funds enable the group to provide its members with day jobs, to drape itself in a veil of legitimacy, and to build grassroots support among not only Shia but Sunni and Christian Lebanese as well. For example, Hezbollah runs the al-Janoub hospital in the southern Lebanese city of Nabatiyah – one out of a network of some fifty hospitals the group runs throughout the country. The hospital receives \$100,000 a month from Hezbollah and is run by Ahmad Saad, the hospital director who is also a member of Hezbollah's "national health committee."¹³

Investigating Hezbollah Criminal Activity

An EU designation of Hezbollah would also facilitate European law enforcement and judicial cooperation against the group's criminal activities in Europe. The EU instructs its member states to "fully exploit the powers conferred on them by acts of the European Union" when they are investigating or prosecuting entities on their terrorist list.¹⁴ Interestingly, while engaging in criminal activity often increases terrorist groups' vulnerability by exposing them to the scrutiny of law enforcement authorities, Hezbollah's reliance on fellow sympathizers and members of local expatriate communities minimizes that potential exposure. In Germany, for example, investigations have revealed that Lebanese expatriates supportive of Hezbollah are often employed in the used-car business.¹⁵ Still, as the case of Hezbollah criminal activity in the triborder region of South America makes clear, the group does engage in criminal activities that gave rise to the unwanted attention of local and international authorities, including mafia-

at the Center for Special Studies, (CSS), Israel, June 2003, available online at <http://www.intelligence.org.il/eng/bu/hizbullah/hezbollah.htm>.

¹² Treasury Designates Key Hizballah Fundraising Organization, August 29, 2006, <http://www.treas.gov/press/releases/hp73.htm>

¹³ Scott Wilson, "Lebanese Wary of a Rising Hezbollah," *The Washington Post*, December 20, 2004, A17

¹⁴ "SCADPlus: Freezing funds: list of terrorists and terrorist groups." Council Common Position 2001/931/CFSP of 27 December 2001, <http://europa.eu/scadplus/leg/en/lvb/l33208.htm>

¹⁵ Author interview with German officials, Berlin, Germany, June 2007

style shakedowns of local store-owners, illegal pirating of multimedia, and the international drug trade. By enabling European law enforcement to “fully exploit” their investigative powers an EU ban of Hezbollah would be particularly effective.

Examples of Hezbollah’s worldwide criminal activity are indicative of the types of activity European law enforcement would be likely to uncover. Indeed, Hezbollah depends on a wide variety of criminal enterprises in regions across the world to support its activities.

In the United States, law enforcement officials are investigating a variety of criminal enterprises suspected of funding Middle Eastern terrorist groups, including the stealing and reselling of baby formula, food stamp fraud, and scams involving grocery coupons, welfare claims, credit cards, and even unlicensed t-shirts sales. U.S. officials believe "a substantial portion" of the estimated millions of dollars raised by Middle Eastern terrorist groups comes from the \$20 million to \$30 million annually brought in by the illicit scam industry in America.¹⁶

The most outstanding case in North America is the Charlotte North Carolina cell run by two brothers, Mohammed and Chawki Hamoud. In June 2002, the Hamoud brothers were convicted of a variety of charges including funding the activities of Hezbollah from the proceeds of an interstate cigarette smuggling ring. Seven other defendants pled guilty to a variety of charges stemming from this case, including conspiracy to provide material support to terrorists, cigarette smuggling, money laundering and immigration violations.¹⁷

Mohammed Hassan Dbouk and his brother-in-law, Ali Adham Amhaz, ran the Canadian portion of this network under the command of Haj Hasan Hilu Laqis (Hezbollah's chief military procurement officer). Their activities were funded in part with money that Laqis sent from Lebanon, in addition to their own criminal activities in Canada (eg, credit card and banking scams).¹⁸

Among the items that they purchased in Canada and the US and smuggled into Lebanon were night-vision goggles, global positioning systems, stun guns, naval equipment, nitrogen cutters and laser range finders. The Canadian Hezbollah network also sought to take out life insurance policies for Hezbollah operatives committing acts of terrorism in the Middle East.¹⁹ According to a wiretapped conversation with another member of his cell that was summarized by Canadian intelligence, “Dbouk referred to a person down there [in Southern Lebanon] ... who might in a short period of time go for a ‘walk’ ...

¹⁶ John Mintz and Douglas Farah, "Small Scams Probed for Terror Ties: Muslim-Arab Stores Monitored as Part of post-Sept. 11 Inquiry." *The Washington Post*, August 12, 2002.

¹⁷ United States v. Mohamad Youssef Hammoud, et al. United States Court of Appeals for the Fourth District.

¹⁸ United States v. Mohamad Youssef Hammoud, et al. United States Court of Appeals for the Fourth District; Jeffrey Goldberg, 'In the Party of God, Hizbullah Sets Up Operations in South America and the United States', *The New Yorker* 28 October 2002.

¹⁹ United States v. Mohamad Youssef Hammoud, et al. United States Court of Appeals for the Fourth District.

and never come back, and wondering if Said [the other cell member] could fix some papers and details ... for him (person) and put himself (Said) as the reference.”²⁰

Members of the Charlotte cell entered the U.S. from South America using false documents, entered into sham marriages in Cyprus, and conducted their activities under multiple identities. Cell members paid indigent Americans to travel to Cyprus at Hezbollah’s expense and engage in sham marriages so additional operatives could get visas to come to America.²¹

In South America, Hezbollah operatives engage in a wide range of criminal enterprises to raise, transfer, and launder funds in support of their terrorist activities. These enterprises include, among others, mafia-style shakedowns of local Arab communities, sophisticated import-export scams involving traders from India and Hong Kong, and small-scale businesses that engage in a few thousand dollars worth of business but transfer tens of thousands of dollars around the globe.²² In one case, Paraguayan officials arrested Ali Khalil Mehri for selling millions of dollars in pirated software and funding Hezbollah with some of the profits.²³ The triborder area is especially important to Hezbollah, where the group raises close to \$10,000,000 a year, according to a study produced by the U.S. Naval War College.²⁴

According to the U.S. Treasury Department, Assad Barakat, “threatened TBA [triborder area] shopkeepers who are sympathetic to Hezbollah’s cause with having family members in Lebanon placed on a ‘Hezbollah blacklist’ if the shopkeepers did not pay their quota to Hezbollah via Barakat.”²⁵ The Treasury Department noted that Barakat is reported to be “the deputy to a Hezbollah financial director, Ali Kazan, and the primary liaison in the TBA for Hezbollah’s Spiritual Leader Hussein Fadlallah.”²⁶ Barakat not only served as a treasurer for Hezbollah, he was also “involved in a counterfeiting ring that distributes fake U.S. dollars and generates cash to fund Hezbollah operations” and personally couriered contributions to Lebanon for Hezbollah.²⁷ Barakat’s personal secretary, Sobhi Mahmoud Fayad, served as Hezbollah’s military leader in the triborder

²⁰ Transcript of Canadian Secret Intelligence Service (CSIS) transcript for Wednesday, May 26, 1999, author’s personal files.

²¹ *United States v. Mohamad Youssef Hammoud, et al.* United States Court of Appeals for the Fourth District.

²² Jeffrey Goldberg, “The Party of God: Hezbollah Sets Up Operations in South America and the United States,” *The New Yorker Magazine*, October 28, 2002.

²³ Mark S. Steinitz, “Middle East Terrorist Activity in Latin America,” Policy Papers on the Americas, Vol. XIV, Study 7, Center for Strategic and International Studies, July 2003

²⁴ Paul D. Taylor, Editor, “Latin American Security Challenges: A Collaborative Inquiry from North and South,” Newport Paper No. 21, Newport Papers, Naval War College, 2004

²⁵ “Treasury Designates Islamic Extremist, Two Companies Supporting Hezbollah in Tri-border Area,” Office of Public Affairs, U.S. Department of the Treasury, June 10, 2004, available online at <http://www.treas.gov/press/releases/js1720.htm>

²⁶ “Treasury Designates Islamic Extremist, Two Companies Supporting Hezbollah in Tri-border Area,” Office of Public Affairs, U.S. Department of the Treasury, June 10, 2004, available online at <http://www.treas.gov/press/releases/js1720.htm>

²⁷ “Treasury Designates Islamic Extremist, Two Companies Supporting Hezbollah in Tri-border Area,” Office of Public Affairs, U.S. Department of the Treasury, June 10, 2004, available online at <http://www.treas.gov/press/releases/js1720.htm>

region. Fayad was arrested at least three times since 1999, including once for surveilling the U.S. embassy in Asuncion.²⁸

Hezbollah activities in Latin America, however, are by no means limited to the triborder area. Chilean officials have identified several import-export companies, primarily located in free trade zones such as the Iquique Free Trade Zone (ZOFRI) in northern Chile, that are suspected as serving as either front organizations or shell companies for Hezbollah. These include Kalmiar Ltd, Bahamas Ltd., Las Vegas Nevada Ltd., San Francisco Ltd., Saleh Trading Ltd., Frankfour Ltd., Guarany Ltd., Teen Chile Ltd., and Lucky Crown Ltd.²⁹

According to Chilean law enforcement officials, “starting in 1980 Lebanese members of Hezbollah have been expanding its presence in South America and continue developing its network of contacts in the Triple Border area.”³⁰ In 1994 and 1995, these officials note, Hezbollah operatives began visiting Chile “to establish a new operational center for the development of their activities since the authorities of the Triple Border countries initiated greater and more rigorous control with respect to the activities of these foreigners, especially the Lebanese, who according to information provided by international security services are associated with terrorist members of Hezbollah.”³¹

Hezbollah operatives also run otherwise legitimate business enterprises that function as shell companies or fronts for raising, laundering and transferring large sums of money. The most egregious example appears to be the use of Western Union offices by local Hezbollah operatives. Though Western Union officials were not complicit in this activity, the company failed to make any real efforts to vet local operators even as their international operations grew exponentially over a few short years, especially in areas of conflict.³² According to Israeli officials, Hezbollah operatives run several Western Union offices in Lebanon and use the coopted services of others worldwide, especially in Southeast Asia. In some cases, where the local Western Union agent is a Hezbollah member or supporter, experts believe Hezbollah gets a cut of the 7% service fee charge split between Western Union and the local agent. In other cases, Hezbollah simply uses the money wiring company to launder and transfer funds. For example, Hezbollah funding to Palestinian terrorist groups in the West Bank is almost entirely transferred via Western Union – including some \$3 million over a one year period in 2003-2004 alone.³³

²⁸ “Treasury Designates Islamic Extremist, Two Companies Supporting Hezbollah in Tri-border Area,” Office of Public Affairs, U.S. Department of the Treasury, June 10, 2004, available online at <http://www.treas.gov/press/releases/js1720.htm>

²⁹ Text of presentation by Chilean Police Intelligence, Department of Foreign Affairs, at a law enforcement conference in Santiago, Chile, March 2002, author’s personal files.

³⁰ Text of presentation by Chilean Police Intelligence, Department of Foreign Affairs, at a law enforcement conference in Santiago, Chile, March 2002, author’s personal files.

³¹ Text of presentation by Chilean Police Intelligence, Department of Foreign Affairs, at a law enforcement conference in Santiago, Chile, March 2002, author’s personal files.

³² Glenn R. Simpson, “Expanding in an Age of Terror, Western Union Faces Scrutiny as Fund-Transfer System Grows In Risky Parts of the World,” *The Wall Street Journal*, October 20, 2004

³³ Author interview with Israeli officials, Tel Aviv, May 2004

Targeting Hezbollah as Part of the Effort to Curb Iran

Moreover, targeting Hezbollah could help further international efforts against Iran. The Director of National Intelligence recently testified before Congress that Iran regards its ability to carry out terrorist attacks as a “key element of its national strategy.” Hezbollah receives funding, equipment and training from Iran and is “at the center” of this strategy. Some of this funding has been transferred through Europe. For example, Iran’s Bank Saderat, transferred Iranian Government funds to a Hizbollah-controlled entity via the bank’s London branch. In its press release, Treasury noted that Saderat “is used by the Government of Iran to transfer money to terrorist organizations, including Hizballah, Hamas, the Popular Front for the Liberation of Palestine-General Command and Palestinian Islamic Jihad. A notable example of this is a Hizballah-controlled organization that has received \$50 million directly from Iran through Bank Saderat since 2001.”³⁴ In a speech before The Washington Institute for Near East Policy, Deputy Secretary of the Treasury Kimmitt specifically tied Iran’s use of Bank Saderat to finance Hezbollah and other terrorist groups to Europe: “We took against Bank Saderat precisely because of its financial support of Hizballah and Hamas, including through Saderat branches in Europe. It was so very clear that Saderat was acting as the principal financing node for terrorist support and financial support of Hamas and Hizballah. Our efforts in this regard will have much more affect if European and other countries join us in putting pressure on Saderat.”³⁵

Undermining Political Support for Hezbollah

Perhaps most telling, however, Hezbollah itself fears a European designation. According to Hezbollah Secretary General Hassan Nasrallah, this action would “destroy” the organization as “[t]he sources of our funding will dry up and the sources of moral, political and material support will be destroyed.” Hezbollah is eager to be seen as a legitimate political party. It seeks international recognition, and fears international political isolation and designation as an illicit actor. Along these lines, news that France has invited Hezbollah to Paris to participate in a political dialogue with other Lebanese parties is extremely disconcerting.³⁶

Conclusion

Hezbollah remains markedly absent from the European Union’s list of banned terrorist organizations. On May 3, 2002, the EU added eleven organizations and seven individuals to its financial-blocking list of “persons, groups, and entities involved in terrorist acts.” The action was significant because it marked the first time that the EU froze the assets of non-European terrorist groups. But in an effort to maintain a

³⁴ Treasury Cuts Iran's Bank Saderat Off From U.S. Financial System, September 8, 2006, <http://www.treas.gov/press/releases/hp87.htm>

³⁵ Ambassador Robert Kimmitt, “The Role of Finance in Combating National Security Threats,” Q & A summary, Remarks before The Washington Institute's nineteenth annual Soref Symposium. May 17, 2007, <https://www.washingtoninstitute.org/templateC05.php?CID=2605>

³⁶ Yaniv Salama-Scheer and Herb Keinon, “Sarkozy Invites Hizbullah to France,” *The Jerusalem Post*, June 12, 2007

distinction between terrorist groups' political and charitable activities on the one hand, and their direct terror wings on the other, the EU placed several individual Hezbollah terrorists on its list, but not the organization itself. The decision implied Hezbollah operatives are somehow independent of the group that recruits, trains, and funds them.

But both France and Germany have taken action against Hezbollah in the last few years, suggesting the possibility that European officials may in fact see Hezbollah for the threat it is. In December 13, 2004, after a year-long debate, France's highest administrative court ordered France-based satellite provider Eutelsat to discontinue all broadcasts of the Hezbollah's satellite channel, Al-Manar.³⁷ The ban was finally instituted after a guest asserted there were Zionist attempts to spread AIDS among Arabs.³⁸ And in January 2005, a German court upheld a lower court's deportation order against a Hezbollah representative who had lived in Germany for some 20 years. The Dusseldorf court denied the Hezbollah member a visa saying he "is a member of an organization that supports international terrorism." In a statement, the court said that "Hezbollah is waging a war with bomb attacks against Israel with 'inhumane brutality' against civilians." The court also ruled that Germany should not be bound by the absence of Hezbollah from the EU terrorism list.³⁹

Even with French support, which is not a certainty, a European designation of Hezbollah is by no means guaranteed. The other EU member states opposed to this action have been largely content to let France serve as the public face on this issue, and it is difficult to gauge how they would react. However, given the stakes and the potential opportunity, the US should press its European allies to designate Hezbollah, and soon.

³⁷ "France seeks EU debate after banning Hezbollah-linked TV channel," *Agence France Presse*, 15 December 2004

³⁸ Roula Khalaf, "French court blocks way for Hizbollah TV: Jewish groups are outraged at 'anti-Semitism' but al-Manar claims freedom of speech," *Financial Times*, 15 December 2004

³⁹ "Lebanese Hezbollah official forced to leave Germany," *Agence France Presse*, 5 January 2005.