

Contending with Iran's Sponsorship of Terrorism and Weapons Proliferation

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The following is a plenary lecture delivered at the Ninth Annual World Summit on Counterterrorism, "Terrorism's Global Impact," at the International Institute for Counter-Terrorism (ICT), Interdisciplinary Center (IDC), Herzliya, Israel.

Watch video of this lecture. (<http://www.pictureit.co.il/ict/day2.html>)

Iran is described by the U.S. government year in and year out in its annual terrorism reports as "the foremost state sponsor of terror," and has now also become a nuclear proliferation problem of the first order. Not surprisingly, Iran's Revolutionary Guards Corp (IRGC) is at the center of the regime's support for both terrorism and weapons proliferation. In October 2007, the United States designated the IRGC (described by the State Department as "the armed guardian of Iran's theocracy") as a proliferator of weapons of mass destruction, and the IRGC's elite Qods Force as a supporter of terrorism. To support these programs, Iran engages in a variety of illicit financial activities. Today, Iran may be the most dangerous actor in the illicit finance arena, as the regime is embroiled in a wide range of activities threatening not only the integrity of the international financial system, but international security more broadly.

Of course, Iran's nuclear program remains an area of great concern. Even if Iran no longer has an active covert nuclear weapons program, as the hotly disputed U.S. National Intelligence Estimate found in December 2007, this hardly means that there is no reason to worry. Iran continues to move forward on its uranium enrichment activities in defiance of UN Security Council resolutions. The fissile material generated could quickly be turned into a nuclear bomb should Iran choose to resume its weaponization program. And as the IAEA's most recent report concluded, even as Iran slowed down production of enriched Uranium -- perhaps to facilitate a break-out capacity at a later date -- it has already produced over 1,500 kilograms of enriched Uranium, almost enough to make two nuclear bombs.

But sometimes, lost in the hyperfocus on Iran's nuclear program is the fact that Iran also aggressively supports international terrorist groups, including Hamas, Hizballah, Shiite "special groups" in Iraq, and the Taliban in Afghanistan. Appreciating the scope of Iran's support for terrorism, and understanding the relationship between Iran's support for terrorism and its pursuit of a nuclear weapon, is critical to developing a strategy to deal with either of these critical international security challenges.

Iran's Support for Terrorism

U.S. officials have described the Iranian regime as the world's "central banker of terrorism," based in part on the declassified fact that Tehran has a nine-digit line item in its budget to support terrorism. As such, it provides hundreds of millions of dollars to various groups each year. Annual payments to Hizballah alone are upwards of \$200 million.

But Iranian support for terrorism goes well beyond the financial realm. Iranian agents have long been directly involved in acts of terrorism themselves and in close cooperation with proxy groups like Hizballah. Iranian operatives are well known for conducting surveillance for potential attacks against U.S. interests, both on American soil and abroad. For example, in 1998 reports emerged about a case of Iranian surveillance of Western interests in Kazakhstan. In 1997, a Defense Intelligence Agency report detailed Iranian plots targeting U.S. interests in Tajikistan; the plots included kidnappings, threats, and the casing of U.S. diplomats by Iranian intelligence operatives.

Iran is even more proactive in its support for groups targeting Israel. Shortly after the second intifada erupted in September 2000, Iran tasked Hizballah with supporting Palestinian militant groups. According to a former Clinton administration official, "Mughniyeh got orders from Tehran to work with Hamas;" he was tasked with assisting PIJ as well. Iran's Qods Force has a "long history" of providing all types of support to Hizballah, including training, guidance, and arms, as well as rearming Hizballah following the summer 2006 war with Israel. In addition to running training camps in Lebanon, the Qods Force is also said to have trained more than 3,000 Hizballah operatives at its own facilities in Iran.

Such activities by Iran and its proxies continue today, and are not limited to plots targeting Israel. In January 2008, the U.S. Treasury designated several al-Qaeda members resident in Iran. Among these al-Qaeda members, Mustafa Hamid was the primary interlocutor between al-Qaeda and the Iranian government and was "harbored by the Islamic Revolutionary Guard Corps (IRGC), which served as Hamid's point of contact for communications between al-Qaeda and Iran." Hamid's ties to Iran date back to the 1990s, when he reportedly negotiated a secret relationship between Osama bin Laden and Tehran allowing many al-Qaeda members to safely transit through Iran to Afghanistan. Another of these al-Qaeda operatives, Ali Salah Hussain, was "responsible for smuggling al-Qaeda members and associates via networks in Zahedan, Iran."

There is also evidence that Iran may still be allowing al-Qaeda operatives to travel through its territory to reach Afghanistan. Libyan Islamic Fighting Group (LIFG) and al-Qaeda operative Adel Muhammad Mahmoud Abdulkhaleq, designated as a terrorist by Treasury in June 2008 for providing financial, material, and logistical support to terrorism, traveled to Iran five times between 2004 and 2007 on behalf of al-Qaeda and the LIFG.

The Bahraini government uncovered similar activities during this time period. In January 2008, the Bahraini government convicted a five-member cell al-Qaeda cell for terrorist activities.

According to Bahraini investigators, several of the cell members traveled from Bahrain to Afghanistan via Iran. First, they flew to Tehran and met up with al-Qaeda-affiliated individuals at the airport. Al-Qaeda facilitators then passed the cell members along from "person to person" until their arrival in Afghan training camps.

Bahraini authorities do not know whether the Iranian government actively facilitated the cell members' travel to Afghanistan. But given the regime's track record, Iran's possible involvement with the cell is worth exploring further. The 9-11 Commission found that Iranian officials often helped al-Qaeda members reach Afghanistan by facilitating their travel through Iran. Border guards were instructed not to put stamps in al-Qaeda members' passports, presumably so their home governments would not suspect that they had traveled to Afghanistan. Although the commission found no evidence that Iran was "aware of the planning for what later became the September 11 attacks," it did highlight "strong evidence" that Iran facilitated the travel of eight to ten of the hijackers

through Iran to Afghanistan. In light of these findings, the Bahraini investigation that discovered the passage of al-Qaeda operatives into and through Iran, a country with strict border controls, raises real questions about Iran's implicit, if not explicit, cooperation with elements tied to al-Qaeda.

Iran's IRGC Qods Force has been especially proactive in its provision of lethal support to Shia militants in Iraq who target U.S., British and other coalition forces. The March 2007 arrests of Qais Khazali and Ali Musa Daqduq provided critical intelligence on Iranian support for Iraqi insurgent groups. The Qods Force also provides the Taliban in Afghanistan with weapons, funding, logistics and military training. According to a State Department report, Iran has arranged frequent shipments of small arms, RPGs, explosives and other weapons to the Taliban since at least 2006.

Spotlight on Hizballah's Recent Activity

Iran and its proxies, Hizballah in particular, have been particularly active over the past few months. In April, Egyptian authorities publicized the November 2008 arrest of dozens of Hizballah operatives accused of funneling arms to Hamas and targeting Israeli tourists and Suez Canal shipping. Nasrallah himself confirmed that one of the men arrested was Sami Shihab, a Hizballah member who was on "a logistical job to help Palestinians get [military] equipment." Some of the cell members reportedly worked for the Egyptian bureau of al-Manar, Hizballah's satellite television station, as cover for their activities in Egypt.

The following month, Yemeni president Ali Abdullah Saleh publicly accused Hizballah of training al-Houthi Shiite rebels in Yemen. Yemeni officials later found Iranian munitions in rebel arms caches.

Then, in June, the German weekly Der Spiegel revealed that the UN special tribunal investigating Hariri's assassination has now implicated Hizballah. According to the report, Lebanese investigators identified cell phones linked to the plot and found that the numbers involved apparently belonged to Hizballah operatives. The investigation reportedly led officials to Hajj Salim, an alleged mastermind of the assassination plot and commander of a "special operational unit" reporting directly to Nasrallah.

At the time, Hizballah operatives were also under stress in the far corners of Africa where two local Hizballah supporters were exposed when the U.S. Treasury Department added them to its list of designated terrorists. According to Treasury, Abdulmenhem Qubaisi is a Hizballah supporter and fundraiser who functions as Nasrallah's "personal representative" in the country and also "helped establish an official Hizballah foundation in Cote d'Ivoire, which has been used to recruit new members for Hizballah's military ranks in Lebanon."

Kassim Tajideen contributed tens of millions of dollars to Hizballah and funneled money to the group through his brother, a Hizballah commander in Lebanon, according to his designation fact sheet. A dual Lebanese-Sierra Leonean citizen, Tajideen and his brothers also run cover companies for Hizballah in Africa, according to Treasury. These designations were particularly timely, coming just a month after Israeli officials issued warnings to Israeli businesspersons traveling to Europe in response to what was described as "pinpoint" intelligence of a specific threat. In August 2008, Israel issued similar warnings of a pending Hizballah attack targeting Israelis in Africa. A few weeks later, senior Israeli officials confirmed that two attempts by Hizballah operatives to kidnap Israeli citizens abroad had been thwarted.

On the other side of the globe, reports began to leak last year of a Hizballah and IRGC joint plot to bomb a radar tower and the building housing the Israeli, Thai, and Japanese embassies in Baku, Azerbaijan. According to Israeli officials, the operatives also planned to kidnap the Israeli ambassador to Azerbaijan. The plot was foiled last year in the weeks following the assassination of Imad Mughniyeh, Hizballah's chief of external operations. Prosecutors in Azerbaijan are now trying two Lebanese Hizballah operatives who reportedly traveled to Iran several times, using Iranian passports. When they were arrested, police found in their car explosives, binoculars, cameras, pistols with silencers, and surveillance photographs.

Just a week prior to the exposure of the Baku plot, Argentine prosecutor Alberto Nisman announced that an international arrest warrant had been issued for Samuel Salman al-Reda, a Colombian of Lebanese descent and suspected Hizballah operative who previously lived in Buenos Aires and is charged with playing a key role in the 1994 bombing of the AMIA Jewish community center headquarters.

And just last week, security officials in Israel arrested Rawi Sultani, an Israeli-Arab accused of being recruited by Hizballah at a summer camp in Morocco and tasked with collecting intelligence on IDF Chief of Staff Lt. Gen. Gabi Ashkenazi. According to Israeli officials, Iran was kept abreast of this plot which was probably carried out in coordination with Iran.

In a sign of how Iran sees terrorism as no more than another legitimate means of furthering its political agenda, Iran's new Minister of Defense, Ahmad Vahidi, is a former Qods Force commander and the subject of an international Interpol arrest warrant for his role in the 1994 bombing of the AMIA Jewish community center in Buenos Aires. Vahidi appears not only on Interpol's terrorism list but on the EU's list of persons tied to Iran's nuclear and missile programs.

Iran's use of state-owned banks, including its Central Bank, to facilitate terrorism financing and its WMD programs highlights the extent to which support for terrorism is a central part of official Iranian government policy. Iran has used Bank Saderat as a preferred means of transferring funds to terrorist organizations such as Hizballah and Hamas. For example, from 2001 to 2006, Iran transferred \$50 million to Hizballah fronts in Lebanon by sending funds from its central bank through Bank Saderat's London subsidiary. Iran's state-owned Bank Sepah was also blacklisted by the U.S. and then the United Nations for providing "extensive" financial services to Iranian entities involved in WMD-related activities. Sepah engaged in "a range of deceptive financial practices in an effort to avoid detection," which included asking that its name be removed from international transactions.

Linking Iran's Support for Terrorism and Pursuit of a Nuclear Weapon

Against this background of Iran's aggressive support for terrorist activities targeting Israel, fellow Muslim countries in the Middle East, and the West, let us now loop back to Iran's pursuit of a nuclear weapon. Were Iran to either have an actual nuclear weapon or the capacity to produce one quickly, the destabilizing impact on the region would be significant. Iran's proxies and allies throughout the Gulf, the Levant and beyond would be emboldened and empowered. And Iran, shielded by a nuclear deterrent, would likely increase its support for terrorist groups knowing other nations would be less likely to respond directly to a nuclear power with a proven track record of aggressive behavior.

One critical common denominator between Iran's support for terrorism and its pursuit of a nuclear weapon is the IRGC. As policymakers grapple with how to tackle Iran's aggressive behavior and the regional and international threats presented by such behavior, it is critical that all tools be on the table. "Smart power," today's preferred term of the trade, does not mean the absence of kinetic tools but the strategic use of such tools in tandem with all other elements of national power. Whatever tools are leveraged to deal with these threats, it is clear that we must refocus our attention on the IRGC, the Qods Force, and the front organizations, bonyads, affiliated companies and other entities that comprise its sophisticated, international support network.

Al-Qaeda, its affiliate groups and local groups inspired by al-Qaeda all continue to pose immediate threats to international security. The stability of both Pakistan and Afghanistan cannot be taken for granted, the international economic crisis is far from over, and health officials now expect another round of Swine Flu. There is no shortage of crises to distract our attention. But the international security threats posed by Iran's support for terrorism and pursuit of a nuclear weapon are at least as formidable as these other policy priorities, and perhaps even more immediate. ❖

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