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Chairman Casey, Members of the Subcommittee, thank you for the invitation to appear before you today to discuss Hizballah. We share this Committee's deep concerns about the threats posed by this terrorist group, its activities, and the support and direction it receives from outside actors. We look forward to discussing Hizballah's position within Lebanon, its destabilizing role in the country and the wider region, and our ongoing efforts to promote the sovereignty and independence of the state of Lebanon, as well as peace and stability in the broader Middle East.

Hizballah's persistence as a well-armed terrorist group within Lebanon, as well as its robust relationships with Iran and Syria, and the transfer of increasingly sophisticated missiles and rockets to Hizballah, threaten the interests of the United States, Lebanon, and our partners in the region, especially Israel. Our ongoing efforts to counter those threats include cutting off terrorism financing and interdicting illicit arms shipments, as well as bilateral and multilateral diplomatic efforts aimed at ending those arms transfers and supporting the legitimate Government of Lebanon. We have warned Syria directly about the potential consequences of these destabilizing actions. Most importantly, we are working to achieve a comprehensive peace in the region, centered on a two-state solution to the Israeli-Palestinian conflict. To be successful, this comprehensive peace needs to include a solution to the problem of Hizballah's weapons and hostility. A comprehensive peace by definition must also include Lebanon and Syria as full partners.

A Threat to Lebanon's Interests

Lebanon is a state with a vibrant civil society; however, its people also have a history of relying on sectarian and community leaders. Over the years, this tradition of political decentralization has inhibited the rise of strong state institutions and a truly unifying sense of national citizenship. Hizballah has

exploited this environment and managed to attract popular support among segments of the population that have felt traditionally neglected by a weak state or particularly vulnerable to threats from within and outside the country.

Hizballah attempts to portray itself as a natural part of Lebanon's political system and a defender of Lebanese interests. But its actions demonstrate otherwise. Hizballah has demonstrated repeatedly its unwillingness to adhere to the rule of law and submit to the Government of Lebanon's legitimate authority. The group's maintenance of a large and potent militia; its repeated use of force, including against Lebanese civilians and civilians of other nationalities; its ongoing violation of United Nations Security Council Resolution (UNSCR) 1701; and its refusal to comply with the disarmament called for in both the Taif Accord and UNSCR 1559, render it a dangerous and destabilizing player in Lebanon and in the region. Hizballah continues to pursue its interests and those of its chief outside sponsor, Iran, by manipulating the Lebanese political system to protect its own power. Hizballah refuses any public oversight or accountability of its activities, which have plunged Lebanon into war in the past and could do so again, while at the same time Hizballah demands the right to veto decisions taken by the Lebanese government.

Hizballah remains the most technically-capable terrorist group in the world and a continued security threat to the United States. Hizballah is responsible for some of the deadliest terrorist attacks against Americans in history, and the United States has designated it as a Foreign Terrorist Organization since 1997. While we recognize that Hizballah is not directly targeting the United States and U.S. interests today, we are aware that could change if tensions increase with Iran over that country's nuclear program. The administration has also reiterated that it will not deal with or have any contact with the terrorist organization.

There has been much debate over the political identity of Hizballah, as well as the prospects for Hizballah to become a legitimate political party within Lebanon. Following Lebanon's bloody civil war, other militias disbanded or were integrated into Lebanon's legitimate defense force, the Lebanese Armed Forces (LAF). However, despite the group's rhetoric and political campaigning, there remains today no meaningful distinction between the military and political wings of Hizballah, as Hizballah's own leaders regularly acknowledge publicly.

Should Hizballah truly desire to join the ranks of Lebanon's other political groups in its democratic system, its path would be clear: it would fully disarm, like all other militias, renounce terrorism and political intimidation, and acknowledge the

authority of the Government of Lebanon (GOL) and that government's right, like other governments, to a monopoly on the use of force. Under those circumstances we could reconsider the group's status. Make no mistake, these are significant hurdles and we have seen no indication to date that Hizballah is ready to take these steps. The fact that Hizballah is not willing to take these steps reveals its real motivations: since we have no doubt that Hizballah could remain a powerful political voice inside Lebanon even without maintaining arms that violate Security Council Resolutions and endanger Lebanon, its refusal to forswear violence and pursue its interests through political means demonstrates that its agenda is not purely Lebanese.

As we noted above, unlike other Lebanese groups that currently seek to play a productive role in Lebanon's political system, Hizballah is the lone militia that refused to disarm following the signing of the Taif Accord, which marked the end of Lebanon's tragic civil war. Even following the "Cedar Revolution" of 2005, when the Lebanese people turned out in droves to reassert Lebanon's full independence and sovereignty, culminating in the withdrawal of Syrian forces, Hizballah has remained in open defiance of the legitimate authority of the Lebanese government, even when it has been part of the same government. In March 2005, as other Lebanese were preparing for the massive March 14 Cedar Revolution in reaction to the shocking murder of Rafiq Hariri, Hizballah actually hosted a counter demonstration, in defiance of Lebanese public opinion, to thank and show its appreciation for Iran and Syria. Hizballah's arsenal of illegal weapons poses a clear and present danger to the security of Lebanon and the region. Its actions belie the "resistance" rhetoric that it is fond of repeating.

One need only look to the disastrous 2006 conflict, precipitated by Hizballah's kidnapping of Israeli soldiers from across the Blue Line in indisputably Israeli territory, to see that its arms and aggressive action are a source and motivator for violence in the immediate region. Hizballah's maintenance of arms caches in Southern Lebanon, in clear violation of UNSCRs 1701 and 1559, demonstrates that Hizballah seeks to project its military power in destabilizing fashion. In the 2006 case, Hizballah, without consultation or approval of even its electoral allies, unilaterally chose to take actions that dragged the country into an agonizing and destructive conflict. Hizballah's actions highlighted the impotence of the words of its primary Christian ally, Michel Aoun, who struggled to justify his controversial February 2006 Memorandum of Understanding (MOU) with Hizballah by saying that, with this MOU, Hizballah accepted limits to its use of its arms.

Even more striking than the external conflict instigated by Hizballah are the events of May 2008. In trying to mask its Iranian agenda, Hizballah had regularly insisted that its arms would never be used against the Lebanese people. Yet in May 2008, Hizballah did exactly that, attacking Lebanese citizens -- the very people it claims to protect -- in order to protest decisions of the Lebanese government with which it disagreed. Using force to settle domestic political disputes clearly distorts and perverts Lebanon's democracy.

Despite the devastating effects of its 2006 war with Israel and the 2008 domestic conflict in Lebanon, which Hizballah initiated, Hizballah remains today one of the best armed and most dangerous militias in the world. Its capabilities exceed those of the legitimate Lebanese security services and the United Nations Interim Force in Lebanon (UNIFIL). UNSCR 1701 called for the establishment of a weapons-free zone in South Lebanon that UNIFIL and the Lebanese Armed Forces (LAF) are actively working to implement. However, we believe that, in addition to its increased activities outside of UNIFIL's area of operations, Hizballah continues to maintain weapons caches in the south and is actively seeking additional armaments.

Hizballah also claims publicly to have reconstituted and improved its arsenal since the 2006 war. As Lebanon has no domestic arms industry, this would have undoubtedly been accomplished by means of smuggling activity via Syria and Iran. In 2008 alone, Iran provided hundreds of millions of dollars to Hizballah and trained thousands of Hizballah fighters at camps in Iran. Iran continues to assist Hizballah in rearming, violating Security Council resolution 1701. Iran also has been found to be in violation of UNSCR 1747, which prohibits it from exporting arms and related materiel. In 2009, UN member states reported to the UN's Iran Sanctions Committee three instances in which Iran was found to be transferring arms or related materiel to Syria, a regional hub for Iranian support to terrorist groups, such as Hizballah. A number of media reports also have noted that Hizballah continues using weapons depots in Syria to store its arms before transferring them into Lebanon. While Hizballah no longer maintains an overt militia presence in southern Lebanon -- the absence of an overt militia presence being a direct product of Security Council resolution 1701 -- it has strengthened its militia infrastructure immediately north of the Litani river and in the Bika' Valley since 2006.

While Iran continues to provide a significant portion of Hizballah's funding, Hizballah has also broadened its sources of financial support in recent years. Hizballah is now heavily involved in a wide range of criminal activity, including

the drug trade and smuggling. It also receives funds from both legitimate and illicit businesses that its members operate, from NGOs under its control, and from donations from its supporters throughout the world. Hizballah also has established its own commercial and communications networks outside the Lebanese legal system that in essence rob the Lebanese treasury of the tax revenues that would come via legitimate licensing, registration, and tax reporting.

A Threat to the Region's Interests

Hizballah's destabilizing actions also have a global reach. The recent conviction of a Hizballah cell in Egypt for spying, plotting attacks on resorts frequented by tourists, and arms smuggling illustrates Hizballah's growing regional reach and ambitions. In Iraq, we are also aware of Hizballah providing training and other support to Shia militant groups. As of early 2007, an Iran-based individual by the name of Abu Mahdi al-Muhandis formed a militia group, employing instructors from Hizballah to prepare this group and certain Jaysh al-Mahdi Special Groups for attacks against Coalition Forces in Iraq.

Hizballah's web also extends to Europe and diplomatic missions abroad, where Hizballah planned to attack the Israeli Embassy in Baku. While this attack was foiled, and the perpetrators are now imprisoned in Azerbaijan, these actions illustrate the group's continued disregard for the rule of law, both inside Lebanon and outside its borders.

We must also recognize that the ever-evolving technology of war is making it harder to guarantee our partners' security. Despite efforts at containment, rockets with better guidance systems, longer range, and more destructive power are spreading across the region, with many in the hands of non-state actors accountable to no one. Reports that Syria transferred SCUD-class missiles to Hizballah are deeply troubling; these destabilizing developments increase the risks of miscalculation and the possibility of hostilities.

On May 25 this year, Hassan Nasrallah, Hizballah's leader, gave a speech proclaiming for the first time that Hizballah will target Israeli and Israel-bound military and commercial vessels if Israel initiates offensive action against Lebanese ports or undertakes a naval blockade of Lebanon in a future conflict. Hizballah also has made a number of threats and claims recently about the expanding range of its arsenal, with Nasrallah stating that Hizballah has the capability to hit Ben Gurion airport.

The Obama Administration is committed to ensuring Israel's security and helping Israel to defend itself. The United States and Israel cooperate closely on security issues. On an ongoing basis, both countries participate in joint military planning, combined exercises and training, and collaborate on military research and weapons development.

The United States also cooperates extensively with Israel on ballistic missile defense to ensure Israel is protected against missile threats. We are working with Israel to further develop the Arrow Weapons System, the David's Sling system to defend against short-range rocket and missile threats, and the X-Band radar to provide early warning and interceptor integration capabilities. Additionally, our biannual military exercise "Juniper Cobra" is the largest joint-military exercise on missile defense. The Obama Administration also committed to provide \$205 million in additional funding to help Israel field the Iron Dome short-range missile defense system.

An Obstacle to Peace

Time and again, we have seen that Hizballah's weapons and Syria's support for its role as an independent armed force in Lebanon are a threat, both to Lebanon and Israel, as well as a major obstacle to achieving peace in the region.

Hizballah exploits the ongoing Arab-Israeli conflict to bolster its own interests and influence. The group claims to maintain arms in order to defend Lebanon from Israeli "aggression" and derives much of its popularity from its image as a "resistance" group. In truth, Hizballah is actively using the conflict with Israel in order to gain regional popularity and justify its vast arsenal, acting as a point of leverage in the region for Iran. One of Hizballah's rhetorical points regards Israeli overflights of Lebanese territory. The UN Secretary General has cited in his reports on UNSCRs 1559 and 1701 that these overflights are a violation of UNSCR 1701, a resolution which we are all committed to seeing fully implemented. Yet there is an unmistakable connection between these overflights and Hizballah's blatant and ongoing efforts to evade the arms embargo that is the essence of UNSCR 1701; Hizballah's activities create the very conditions that Hizballah then uses as a pretext to justify its own destabilizing behavior, putting Lebanon at severe risk.

The Obama Administration's efforts to defuse tensions and to achieve a comprehensive peace in the Middle East -- defined as peace between Israel and the

Palestinians, and between Israel and all its neighbor states -- would, if successful, deal a significant blow to Hizballah and its sponsor in Tehran.

Comprehensive regional peace has a special meaning in the context of Lebanon, where, for decades, the absence of peace has facilitated the operation of many organizations whose interests are not Lebanese. In the 1980s, Hizballah took root with the vital assistance of Iranian money, training, weaponry and political support. Although Israel's withdrawal from Lebanese territory in 2000 – withdrawal certified as complete by the United Nations – should have put an end to Hizballah's claims to be resisting foreign occupation, Hizballah has been able to manipulate weaknesses in Lebanon's domestic political structures to preserve the pretense of resistance. While the United States believes firmly that, in compliance with the territorial obligations of UNSCR 1701, Israel must withdraw its forces from northern Ghajjar, reoccupied during the 2006 conflict, the primary stumbling block to peace and stability between Israel and Lebanon is Hizballah's arsenal and proven willingness to use it.

We understand clearly that a comprehensive peace cannot come at the expense of Lebanese interests, and we understand fully the sensitivity of the issue of the Palestinian refugees in Lebanon who yearn for, and deserve, a viable state of Palestine that they can call home. But Hizballah's arms and defiance of the international community take us further away from, not closer to, the comprehensive peace that is envisioned in the groundbreaking Arab Peace Initiative, supported unanimously by the Arab League and announced in Beirut in 2002. By contrast, Iran and Hizballah have a very different vision and show no signs of accepting Israel's right to exist.

The Path Forward

Hizballah's insistence on remaining armed, aggressive, and unaccountable threatens important American interests and goals – especially our interests in Middle East peace and regional security, in containing the spread of destabilizing weapons and terror financing, and in a strong, democratic, and independent state of Lebanon.

The United States is committed to strengthening the Government of Lebanon and its institutions. Our support to the Lebanese Armed Forces (LAF) and Internal Security Force (ISF) is part of an international commitment to help bolster Lebanon's legitimate security services at the request of the Lebanese government. Since 2006, we have committed more than \$600 million to the LAF and ISF out of

a conviction that the Lebanese army and police should provide protection for Lebanon's people. As demonstrated through their successful domestic counter-terrorism operations, the operational improvements in the LAF and ISF as a result of U.S. military and security assistance have been significant thus far and have great potential for growth. The Lebanese state must be prepared, in terms of its institutions and capabilities, for that day when comprehensive peace is achieved; our assistance to the LAF and ISF needs to be seen in terms of that long-term investment. Moreover, the United States provides assistance and support in Lebanon that work to create alternatives to extremism, reduce Hizballah's appeal to Lebanon's youth, and empower people through greater respect for their rights and greater access to opportunity. Through USAID and the Middle East Partnership Initiative (MEPI), we have contributed more than \$500 million to this effort since 2006. These robust assistance programs represent one facet of our unwavering support for the Lebanese people and a strong, sovereign, stable, and democratic Lebanon. Since 2006, our total assistance to Lebanon has now exceeded \$1 billion. If we let down the millions of Lebanese who yearn for a state that represents the aspirations of all Lebanese, we would create the conditions by which Hizballah can, by filling a vacuum, grow even stronger.

The United States cooperates directly with international partners to constrict Hizballah's range of action and impede its ability receive and transfer funds. Hizballah's network of financial support knows no borders, with active operations in many places around the globe, including Africa, the Middle East, Europe, and Latin America. In addition to the Department of State's designation of Hizballah as an FTO, the Department of the Treasury's Office of Foreign Assets Control (OFAC) has used Executive Order 13224, which was issued soon after the September 2001 attacks to bolster the US government's capability to target terrorists' financial networks, to target Hizballah's global financial support system. A wide range of individuals and entities that are controlled by or affiliated with Hizballah have been designated under the EO. Financial institutions around the world pay close attention to these designations. The entities that OFAC has targeted include banks and financial front companies operating in Lebanon and elsewhere, such as Bayt al-Mal and the Yousser Company; Hizballah-linked NGOs including The Goodwill Charitable Organization, a fundraising office established indirectly by the Martyrs Foundation in Lebanon; Hizballah's construction company Jihad al-Bina; and individuals like Abd Al Menem Qubaysi, a Hizballah supporter based in West Africa; Ghazi Nasr al Din and Fawzi Kan'an, two Venezuela-based supporters of Hizballah; and the Barakat network of 10 individuals in the tri-border region of Latin America.

The United States has also taken action against Iranian entities that are involved in funding and supporting Hizballah. Perhaps most importantly, in 2007 the U.S. government designated Iran's Qods Force, the terrorist wing of Tehran's Islamic Revolutionary Guard Corps, which has provided extensive support, equipment and training for Hizballah. The year prior, the United States designated one of the largest Iranian state-owned banks, Bank Saderat, for transferring funds to Hizballah and Palestinian rejectionist groups. From 2001-2006, for example, Bank Saderat was used by the Iranian government to provide at least \$50 million to Hizballah. Hizballah has used Bank Saderat to transfer funds, sometimes in the millions of dollars, to support the activities of other terrorist organizations, such as Hamas in Gaza.

From his earliest days in office, President Obama has put the difficult work of pursuing a comprehensive peace in the region at the top of his administration's agenda. The status quo strengthens rejectionists like Hizballah who claim peace is impossible, and it weakens those who would accept coexistence. All of our regional challenges – confronting the threat posed by Iran, combating violent extremism, promoting human rights and economic opportunity – become harder if the rejectionists grow in power and influence.

Leading our efforts, Senator George Mitchell has been working diligently with the parties to build the atmosphere that can produce a negotiated resolution to the conflict. We are encouraging Israel to continue building momentum toward a comprehensive peace by respecting the legitimate aspirations of the Palestinian people, stopping settlement activity, and addressing the humanitarian needs in Gaza. We are encouraging the Palestinians to do their part by continuing to ensure security, reform their institutions of governance, and end incitement. Regional states who must be concerned about the destabilizing impact of extremist groups like Hizballah and Hamas must do more to bolster the efforts of the Palestinian Authority (PA) under President Abbas and Prime Minister Fayyad. The PA's institution-building plans deserve and require continued financial support, and the United States will continue to be a substantial donor. It is also in the interest of Arab states to advance the Arab Peace Initiative with actions, not just rhetoric.

Our goal of a comprehensive peace also requires that we work to resolve the conflicts between Israel and Syria and Israel and Lebanon. Through diplomacy and through Special Envoy Mitchell's efforts, we are actively seeking to restart peace negotiations between Israel and Syria, and to bring Syria to play a more positive role in the region. We are determined to try to build a constructive relationship with Syria, one in which Syria and the United States can be partners in

support of that comprehensive peace. Given the differences between Syria and the United States, this will not be an easy or quick process. But, in light of our national interests in a comprehensive regional peace, we are working with the Syrians in a step-by-step process that we hope will build trust and create momentum.

We thank Members of this Committee for expeditiously voting Ambassador Ford out of Committee, as we now await his confirmation by the full Senate. In addition to recent visits to Syria by administration officials, including Undersecretary of State Burns in February, restoring our Ambassador to Damascus will enable the administration to deliver strong, unfiltered messages readily, consistently, and directly to the highest levels of the Syrian government. The Obama Administration has made clear that our diplomatic relations with Syria will never come at the expense of Lebanon, Israel, Iraq, or any of our other partners in the region, and our communications will continue to emphasize the need for Syria to end its support for Hizballah.

Conclusion

The United States continues to take the threats posed by Hizballah to the United States, to Lebanon, to Israel, and the region at large, with the utmost seriousness. We are mounting considerable diplomatic, as well as counterterrorism, and assistance efforts aimed at minimizing the threat and influence of Hizballah in the region, and promoting peace, stability, and prosperity across the Middle East.