

HEZBOLLAH AND IRAN: SECURITY RISKS BEYOND THE MIDDLE EAST

JULY 2006

Introduction

The Israel Defense Forces are striking hard at Hezbollah fighters, who began launching rockets from Lebanon into Israel in mid-July. The militant group's headquarters building in southern Beirut has been utterly destroyed and its command-and-control network, training camps and arms-storage depots have been struck repeatedly in bombing raids. Military action from the Israeli side began with a week-long air campaign – designed to cripple Hezbollah's infrastructure and shape the battle field – and commenced to ground action. The configuration of forces does not favor Hezbollah in a toe-to-toe military confrontation with the IDF, though fierce resistance on the ground should be expected. Without the assistance of third parties – such as state sponsor Iran, which is poorly positioned geographically for sending reinforcements – Hezbollah's chances for survival in Lebanon would appear slim, unless it abandons conventional military tactics and resorts to insurgency.

Should this occur, it is entirely possible that Hezbollah would return to the methods it employed during the 1980s and early 1990s: bombings, assassinations and kidnappings. It is noteworthy that, with the Hezbollah organization in Lebanon under severe pressure, its counterpart in Iran publicly threatened to strike at Israeli and American targets around the world – if given the order by Iranian Supreme Leader Ayatollah Ali Khamenei. The fact that such a threat was issued does not mean that attacks are imminent or necessarily even likely, but it does point to a security risk that Stratfor believes is altogether plausible for the near and medium terms.

To understand and protect against this potential threat, it is important to understand, first, the relationship between Iran and Hezbollah – both the strategic goals behind the relationship and the history of tactical coordination between the two. Beyond this, history provides significant insights into Hezbollah's motivations and speed of movement in conducting terrorist attacks, which will remain particularly relevant so long as the Lebanese group's leader, Sheikh Hassan Nasrallah, remains a priority assassination target for Israel. We believe that, from Hezbollah's perspective, Nasrallah's death would be justification for a terrorist attack against Jewish or American targets in other parts of the world. Moreover, given the operational planning model that Hezbollah has used in the past, strikes could be carried out very swiftly – within a matter of days or weeks – once a "go" order has been given.

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This scenario becomes even more credible should Iran – which has provided assistance for Hezbollah strikes in the West in the past, as well as carrying out assassinations and kidnappings of its own accord – find any advantage in doing so again. That, too, is not a given: Iran maneuvers in incredibly complex ways as it pursues power and influence in its own region and on the global stage. Nevertheless, the relationship between Iran and Hezbollah, and the events that are unfolding in the Middle East, make this a possibility that should not be quickly dismissed.

Hezbollah: An Ideological and Tactical Tool

Prior to the rise of the Shia in post-Hussein Iraq, Hezbollah – as a radical Shiite Islamist organization — was Iran’s main asset in the Arab world. In fact, it likely will continue to be used by Tehran as a key tool for furthering Iranian geopolitical interests in the region, until such time as Shiite power has been consolidated in Baghdad and Iran’s interests there secured.

In its earliest days, Hezbollah was a classic militant organization — the creation of the Islamic Revolutionary Guard Corps (IRGC), the elite unit of the Iranian military. It was founded as a way to export the ideals of Ayatollah Ruhollah Khomeini’s Islamic revolution to the Shiite community of Lebanon, and served as a model for follow-on organizations (some even using the same name) in other Arab states. It did not take long, however, for Hezbollah to emerge in Lebanon as a guerrilla movement, whose fighters were trained in conventional military tactics.

In the mid-1980s, Iran’s premier intelligence agency, the Ministry of Intelligence and Security (MOIS), assumed the task of managing Tehran’s militant assets — not just in the Middle East, but in other parts of the world as well. This allowed the Iranians, through a special unit within MOIS, to strike in places as diverse as Latin America and Southeast Asia.

In Lebanon, Hezbollah has evolved over the years: It is now a political party in its own right, with seats in the Lebanese parliament, as well as an armed militia. Iran has been the chief source of funding and weapons for this militant wing, and the Iranians continue to supply extensive training in weapons, tactics, communications, surveillance and other methods to its fighters. In Iran, the local Hezbollah organization claims that it takes its orders from Khamenei; however, the government says the militant group is not an arm of official policy. These statements are not, however, mutually exclusive.

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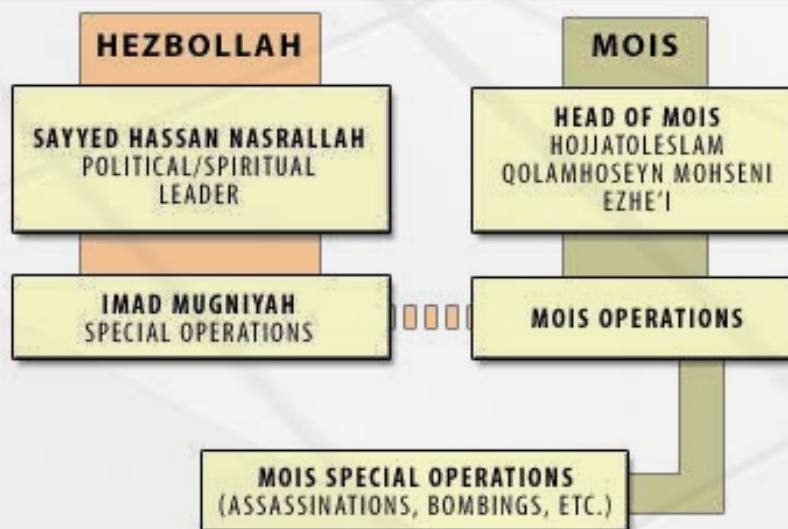
Iran: Asset Management

Iran divides its efforts in managing assets abroad. The IRGC (which is led by a professional military officer with strong Islamist ideological credentials) oversees the Lebanese Hezbollah, while MOIS (which almost always is headed by a cleric) manages militant operatives and groups in other parts of the Muslim world — Afghanistan, Pakistan, Azerbaijan, India. Moreover, MOIS also maintains contacts among the Shiite immigrant populations in non-Muslim countries, including those in the West.

As it decides how and when to use these assets, radical Shiite Islamist ideology is only one factor in the Iranian calculus: Ethnicity and nationalism also play an important role in Iran's dealings with Shiite allies of Arab, South Asian and other descent. The Persians claim a rich cultural heritage, which they view as superior to that of the Arabs. This attitude impacts the level of trust and cooperation between the Iranians and other Shiite groups — including Hezbollah — when it comes to sensitive operations. It is little wonder, then, that the Lebanese organization's sphere of operations does not extend much beyond the Levant.

It follows that Hezbollah is a useful tool for Iran in its dealings with Israel, but in few other areas. However, Iranian intelligence has cultivated numerous groups that can serve its interests in other parts of the world, and it maintains contact with these groups through MOIS operatives placed in diplomatic posts.

HEZBOLLAH-MOIS ORGANIZATIONAL RELATIONSHIP



Hezbollah: A Business Model

Despite its historical roots and deep relationship with Iran, Hezbollah is not solely an ideological tool to be wielded by Tehran. It has its own leadership structure and commands rich streams of revenue – with illicit business interests spanning much of the globe – that are quite separate from the support it receives from Iran and Syria.

Hezbollah has a long-standing and well-known presence in the tri-border region of Paraguay, Argentina and Brazil, where the U.S. government estimates it has earned tens of millions of dollars from selling electronic goods, counterfeit luxury items and pirated software, movies and music. It also has an even more profitable network in West Africa that deals in “blood diamonds” from places like Sierra Leone and the Republic of the Congo. Cells in Asia procure and ship much of the counterfeit material sold elsewhere; nodes in North America deal in smuggled cigarettes, baby formula and counterfeit designer goods, among other things. In the United States, Hezbollah also has been involved in smuggling pseudoephedrine and selling counterfeit Viagra, and it has played a significant role in the production and worldwide propagation of counterfeit currencies.

The business empire of the Shiite organization also extends into the drug trade. The Bekaa Valley, which it controls, is a major center for growing poppies and cannabis; here also, heroin is produced from raw materials arriving from places like Afghanistan and the Golden Triangle. Hezbollah earns large percentages of the estimated \$1 billion drug trade flowing out of the Bekaa. Much of the hashish and heroin emanating from there eventually arrive in Europe — where Hezbollah members also are involved in smuggling, car theft and distribution of counterfeit goods and currency.

Since the Sept. 11 attacks, the U.S. government has targeted the financial networks of Hezbollah along with those of al Qaeda and other groups. Federal authorities have had some success in locating and seizing Hezbollah assets, and several Hezbollah suspects have been arrested in North Carolina and Michigan; nevertheless, the flow of illicit funds has not been completely stemmed. There are indications, however, that these efforts have cut into the profitability of Hezbollah activities in North America and South America and rendered the organization more dependent on nodes in places like West Africa.

For the most part, the cells beyond the Middle East are used as financial assets, but – as we shall see – they also have been called upon in the past to assist Hezbollah’s military wing in conducting attacks. Thus, the geography of Hezbollah’s business network is an important consideration in assessing current or future targets and likelihood of attack.

Revenge and Reprisals

Historically, many of Hezbollah’s serious attacks outside the Middle East have been prompted by desires to avenge the death of a leader, as reprisals for Israeli strikes or for personal reasons.

For instance, following Hezbollah’s 1983 strikes against the U.S. Embassy and the Marine barracks in Beirut, a closely related Shiite organization in Kuwait carried out a series of attacks — including a truck bombing targeting the U.S. Embassy in Kuwait City. Kuwaiti authorities later arrested and convicted 17 Shia for involvement in that plot. This group became known as the “Kuwaiti 17” or the “Dawa 17.” Among its members was Mustafa Youssef Badreddin, a cousin and brother-in-law of senior Hezbollah operative Imad Mugniyah, who has been described alternately as the head of Hezbollah’s security apparatus, as the group’s chief of intelligence and as its chief of special operations.

Securing Badreddin’s freedom became a personal cause for Mugniyah, who directed Hezbollah’s military wing to undertake a rash of operations for that end. These operations often involved Hezbollah resources outside of Lebanon. Demands for the freedom of the Dawa 17 became standard in Hezbollah’s hijackings and other activities. (Badreddin escaped from prison after Iraq’s invasion of Kuwait in August 1990.)

This pattern of personally motivated strikes continued. Israel’s assassination of Hezbollah leader Abbas Musawi in February 1992 was followed by the bombing of the Israeli Embassy in Buenos Aires in March — immediately after the end of the 30-day mourning period. And in July 1994 — after the IDF had killed dozens of Hezbollah members in a strike against the organization’s Ein Dardara training camp — Hezbollah struck again at Jewish targets overseas, with the vehicle bombing of the Jewish community center in Buenos Aires and the attacks, eight days later, against the Israeli Embassy in London and a Jewish charity in north London.

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The pattern of attacks is noteworthy now, in light of Israel's efforts to kill Hezbollah leader Hassan Nasrallah in Lebanon. Whether an unsuccessful attempt would be sufficient, in Hezbollah's thinking, to have set the clock ticking for a reprisal is not yet clear. However, in either scenario, it remains possible that – because Hezbollah has been known to use an “off the shelf” planning model for operations — any attacks could follow swiftly once a “go” order has been given.

“Off the Shelf” Planning

After the 1992 bombing of the Israeli Embassy in Buenos Aires, a team of experienced U.S. post-blast investigators was dispatched to assist the Argentine government with its investigation. One of their key findings was that, due to the short lapse between the assassination of Musawi and the attack on the embassy in Buenos Aires, the target likely had been selected in advance and that most of the planning for a strike occurred well before the operation was authorized. Then, when the “launch” order was sent, the attack plan was quickly updated and executed.

Observation of known Hezbollah operatives since that time, by U.S. and allied government agencies, has affirmed that this appears to remain the organization's preferred method of operation. In the 12 years since its last overseas attack, Hezbollah operatives have been seen conducting surveillance in many parts of the world (including the United States) — at times, triggering arrests — but no attacks have ensued. Therefore, it is believed that these operatives have been carrying out preliminary operational planning for hypothetical, future attacks. It is believed that the leadership of Hezbollah's military wing has a large selection of “off-the-shelf” plans that it can choose from should it decide to mount attacks anywhere in the world. In all probability, targets for “off-the-shelf” plans already have been mapped.

Using the Buenos Aires and London attacks as a gauge, it is believed that Hezbollah is able to carry out strikes within four to five weeks of a launch order.

Hezbollah and MOIS: Organizational Cooperation

With these motives and methods in mind, then, it is instructive to consider past Hezbollah operations that were assisted by Iran, and the modalities that applied.

Investigations into the 1988 hijacking of Kuwait Airways Flight 422 out of Bangkok and two bombings in Buenos Aires — in 1992 and 1994 — both revealed involvement by MOIS, coordinating with local Hezbollah operatives. However, to provide plausible deniability, the hijacking and bomb teams were deployed from outside the targeted country; the assets in place were used to conduct preoperational surveillance on potential targets.

In realistic terms, what this would mean is that the MOIS officer at the Iranian embassy in the target country or city would maintain close contact with the Hezbollah cells in his area of responsibility. Given the rules of intelligence work, an “official asset” like a diplomat is usually under suspicion and surveillance as an intelligence officer (or IO); therefore, less-prominent Hezbollah members could be used to case potential targets. In situations where a MOIS agent is believed to be under such tight surveillance that he cannot function effectively, the Iranians might call on the services of a clandestine MOIS agent instead. In the case of the 1992 bombing of the Israeli embassy in Buenos Aires, the MOIS officer was the Iranian cultural attache, who oversaw the operation from the safety of his embassy office. The Argentines eventually declared seven embassy employees as “*persona non grata*” due to suspected connections to the bombing.

Upon receiving a “go” order for an operation — such as assassinations of Iranian dissidents or the kidnappings of Western diplomatic and intelligence personnel (for instance, CIA station chief William F. Buckley in 1984 and U.S. Marine Lt. Col. William R. Higgins in 1988) — activity levels at the embassy spike. The role of MOIS frequently would be to provide the cash or supply weapons or materials needed for an attack carried out by its “militant assets.” In some countries, such as Britain (where Hezbollah bombed a Jewish charity and the Israeli embassy, within hours of each other, in 1994), it can be difficult to obtain items like blasting caps and explosives; these can be supplied with the protection of a diplomatic pouch.

Many MOIS intelligence operatives have been educated in the United States or in Britain, wear nice suits, are multilingual and move easily in Western

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social circles — unlike the IRGC operatives in Lebanon, who, socially speaking, are rougher around the edges. The combination of their brains and Hezbollah's willingness to pursue martyrdom can produce formidable capabilities.

Mapping Potential Targets

In the current circumstances, Israeli and Jewish targets likely would face the severest degree of risk (though the United States, due to its relationship with Israel, incurs some risk as well). Should the Iranians find it worthwhile — either for purposes of geopolitical leverage or for some other reason — to at least consider participating in a future Hezbollah attack, it is logical that those countries where both Iran and Israel maintain a diplomatic presence fall within the targeting sphere.

The risk obviously does not apply evenly to all countries, for a variety of reasons.

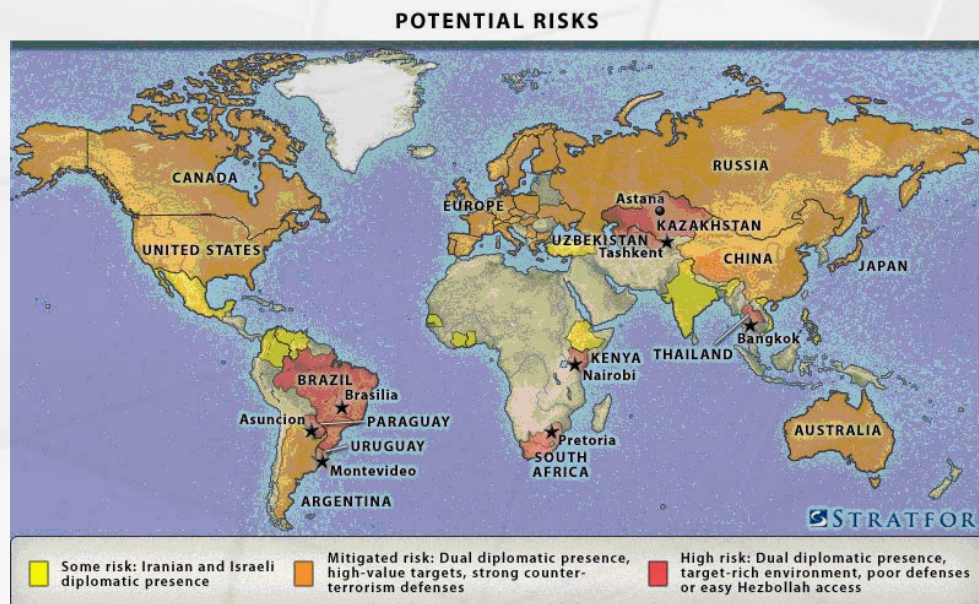
Historically, Hezbollah has had much greater success with attacks in the developing world — where weapons and materiel were readily available — than in more industrialized and secure regions like Europe. The size differential between the vehicle-borne bombs employed in 1994 in Buenos Aires (where Hezbollah was able to purchase explosives commercially) and the smaller device operatives were forced to use in London (where explosives were difficult to obtain) is quite dramatic.

While there is some risk of a strike in the United States and Europe, there also are several mitigating factors to consider. First, authorities could be expected to be stepping up their monitoring of known and suspected Hezbollah members. Second, defenses in these parts of the world have been strengthened in recent years, due to the Sept. 11 attacks, rail bombings in Madrid and London, and heightened cooperation and intelligence-sharing about the activities of Islamist militants.

Finally, and quite significantly, there is the risk of a severe backlash to Hezbollah's financial apparatus. Given the distribution of its network and the placement of its most lucrative business practices — such as the trade in illicit diamonds in West Africa — the site of any future terrorist attacks would require careful consideration by Hezbollah.

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In our assessment, the risk of a Hezbollah strike would be greatest in parts of the developing world, in areas where the overall backlash to the financial networks would be least severe. Logic weighs against another strike in Argentina; with Hezbollah having attacked there twice already, security would be stiffened. Instead, strikes might come in nearby countries like Paraguay (where Hezbollah suspects were arrested while casing the U.S. and Israeli embassies in Asuncion, in 1998) or Brazil.

Beyond South America, there are other countries that have strong ties to Israel — such as South Africa and Kenya — which also present themselves as potential targets. These are sufficiently removed from the blood diamond operations in West Africa to be safe for action, and they are target-rich environments. The same argument applies to Bangkok as well, where Hezbollah has conducted operations before.

Current Situation and Countermeasures

There is a distinct possibility that, with the heavy strikes launched against Hezbollah over the past week — far worse than that visited upon the group in the 1994 attack against Ein Dardara — Hezbollah might consider ordering reprisals against pre-selected Israeli or Jewish targets in various places around the world. If that hypothesis is true, it is logical that Hezbollah

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operatives would be working now to update and execute their existing attack plans. An important part of that process would involve additional surveillance of targets — to ensure that nothing had changed since the last round of surveillance was completed and that no recent security countermeasures have been added that could thwart the plan as written.

This activity is likely under way, regardless of whether a “go” order has been issued. Given that Hezbollah has been known to use “off-the-shelf” plans, its operatives worldwide could be expected to update strike plans during times of heightened tensions — a form of contingency planning, if you will.

Thus, it stands to reason that Hezbollah operatives would be actively conducting surveillance at this moment. During periods of surveillance — which come during various stages of an attack cycle — operatives must commit certain kinds of acts that make them vulnerable to detection. If a potential target set can be determined, specific industries or businesses — as well as diplomatic targets and Jewish nongovernmental organizations — can set up appropriate security practices and countermeasures to mitigate their risks.

In sum, law enforcement personnel and corporations and managers who are responsible for the security of a facility or person that conceivably might be targeted by Hezbollah should find countersurveillance and surveillance detection assets especially valuable during the next several weeks.

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