



Statement before the Senate Committee on Banking, Housing, and Urban Affairs
On “Combating the Networks of Illicit Finance and Terrorism.”

Iran at the Heart of Terrorist Financing

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Mr. Chairman, Senator Scott, thank you for including me in today's hearing. I'm especially glad to be testifying with two outstanding witnesses.

We are here today to talk about terrorist financing in the wake of the most serious assault on the Jewish people since the Holocaust. For many of us, the horror of the brutality of Hamas was compounded by the one of the most dreadful displays of public antisemitism since, well, the Holocaust. Hatred of Jews is perhaps the last remaining widely-tolerated "ism," and it has reminded many of us of the reason Israel must exist as a homeland and a safe haven for the Jewish people.

In the important discussions in Congress about how to stem the tide of cash to terrorist groups, Hamas among them, much attention has been given to the \$6 billion in cash the Biden administration transferred to Qatar from accounts in South Korea for Iran's use in September. That \$6 billion was advertised as payment for the release of five hostages, but widely understood to be the consideration paid for an "understanding" between the Biden administration and the Iranian regime about its conduct over the coming months, including a pause on attacks on Americans and a slowdown in Tehran's accumulation of highly enriched uranium. All carefully constructed, of course, to evade the congressional review requirements of the Iran Nuclear Agreement Review Act of 2015.

An additional \$10 billion sitting in Oman for the same purpose – Iran – was also transferred from Iraq.

A few things: If this \$6 billion was our only problem with Iran, I would thank our lucky stars. This is the tip of the iceberg. But let's start with the \$6 billion. The Biden administration, which came in for substantial criticism for allowing Iran access to this money, has said it will not allow it to be used right now. As Brett McGurk, the White House Coordinator for the Middle East and North Africa, [explained](#), the system for disbursement will work something like a joint signature on a checking account, that should be the end of the story. However, Qatar has [contradicted](#) our government.

Should Qatar, a topic I will return to later in this testimony, defy the wishes of the U.S. government and proceed with a disbursement to Iran, you have options. First, it is important for Congress to ascertain whether the government of Qatar has agreed to make Iran whole while it withholds the \$6 billion from South Korea. In that scenario, Qatar could simply hand over its own cash to Tehran and pay itself back later from the South Korean funds once the pressure is off. We don't know if that's the case, but Iran's pro-forma protestations don't sound like those of a government that's just been deprived of \$6 billion.

Second, if Qatar is actually disbursing the cash from South Korea, focus on the bank. If it chooses to become a financier to the Islamic Republic of Iran, the U.S. government can choose to designate that bank as a primary money laundering concern. Should that not deter the Qataris, a designation of that country as a state sponsor of terrorism is an option. Both are Executive actions, but Congress can force a decision with legislation. But I'm getting ahead of myself.

Let's move on from the \$6 billion for now. Since 2021, "the estimated value of Tehran's additional oil sales — the difference between its realized revenue and what it would have earned had its exports remained at the maximum pressure period's average level — was \$26.3 to \$29.5 billion dollars," per [research](#) by the Foundation for Defense of Democracy. From 2019 through the end of 2020, Iranian oil exports averaged .775 bpd. In 2021, per the same report, they rose to an average of 1.14 mbpd, and this year jumped to an average of 1.38 mbpd. Iran's total revenue from oil exports since 2021 is between \$81 and \$90.7 billion. Iranian foreign exchange reserves have doubled, growing from \$12.4 billion in 2020 to \$21.1 billion in 2023. Oil and oil-related exports are Iran's primary money earner; numbers 2

and 3 are iron and steel and... edible fruits and nuts. So, it's the oil that is at the heart of the Islamic Republic's finances.

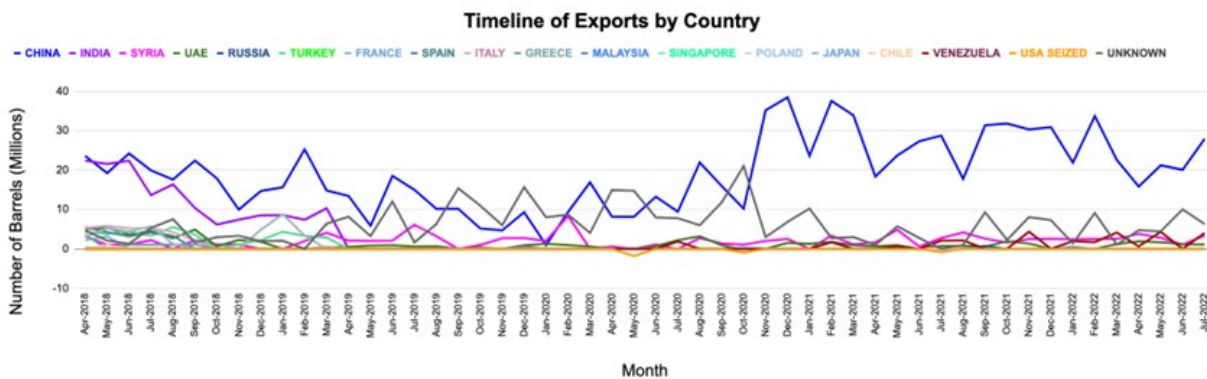
How did that happen? Simple. The U.S. government allowed it to happen. To review the bidding, in 2016, Iranian oil [exports](#) were 2 mbpd. In 2018, they hit 2.8 mbpd. After President Trump pulled the plug on the JCPOA, they [dropped](#) to somewhere between half a million and three quarters of a million mbpd. Many, myself included, were skeptical of Trump's ability to stuff the genie back into the bottle after the wave of JCPOA sanctions waivers opened the spigots to Iran. But sure enough, he did just that.

The simple reason the Trump administration was able to execute this miracle was the president's complete and utter indifference to conventional wisdom, his willingness to link trade to sanctions violations, and a keen sense that if forced to weigh America and Iran in the balance, even difficult players like the Chinese would make the right choice. They did.

That all ended the month Joe Biden came to office. Why? One thing: Enforcement. It was no secret that the President hoped to reenter the JCPOA; his lead Iran negotiator took such an expansive approach to propitiating Iran that his deputy and other staff chose to resign in disgust. So, Iran began to make money again. The issue was not the lack of sanctions on the books or necessary authorities. Simply, the White House, or more accurately, Treasury stopped imposing sanctions.

"In the first six months of the Biden administration," United Against a Nuclear Iran's [research](#) shows, "no new sanctions were introduced on Iran's oil sector. Finally, in August 2021, amid an extended break in the nuclear negotiations, the U.S. Treasury Department [imposed new sanctions](#) on an Omani businessman and companies linked to him, alleging that he was involved in an oil-smuggling network whose proceeds benefited the Islamic Revolutionary Guard Corps (IRGC)'s Quds Force. However, in the next nine months, the Biden administration largely failed to levy new sanctions to stanch the flow of oil revenue."

Who was buying the oil? Businesses in the People's Republic of China, among others. So as China escalated threats against the US and Taiwan in the Pacific, sanctions against Chinese companies for buying Iranian oil dropped off. The UANI chart below makes clear who Iran's buyers are.



By the way, that's not the only sanctions break we see. According to the [Wilson Center](#), "between 1995 and 2022, five administrations – Clinton, Bush, Obama, Trump and Biden – sanctioned 11 Iranian proxy groups in five countries. They also sanctioned 89 leaders from 13 groups supported by Tehran." Per the same report, the Trump administration imposed 40 percent of those sanctions – 7 groups and 32 leaders

tied to Iran. “The Biden administration removed designation from one group (Ansar Allah) and sanctioned three leaders.”

The cost to Iran of supporting these proxies isn’t cheap. In 2016, Hezbollah Secretary General Hassan Nasrallah [credited](#) Iran for “Hezbollah’s budget, everything it eats and drinks, its weapons and rockets, comes from the Islamic Republic of Iran.” In 2018, the Treasury Department [pegged](#) Iranian aid to Hezbollah at more than \$700 million per annum. Hamas [reportedly](#) costs Iran about \$100 million a year, though new [reports](#) estimate it could be up to \$350 million a year. Palestinian Islamic Jihad (whose failed rocket inflicted the casualties at the al Ahli hospital) [receives](#) in the tens of millions as well.

To give you a sense of what happens when Iran has less money at its disposal, during the height of the so-called maximum pressure campaign, transfers to Iran’s terrorist proxies dropped dramatically, with Hezbollahis complaining to the [Washington Post](#) about furloughs, cut salaries, and necessary withdrawal from Syria where they had been fighting to support Bashar al Assad. Hezbollah was so strapped for money, it doubled down on [organ trafficking](#), reportedly an important source of cash. In short, evidence suggests that when Iran doesn’t have money, terrorists don’t have money. That doesn’t shut down terrorist operations, but it curtails them dramatically.

Terrorist groups do have other sources of income. Hamas in particular earns substantial amounts from corruption, with almost every import into Gaza subject to “taxes” that go into Hamas leaders’ pockets. Indeed, while the UN bemoans the plight of Gaza residents – and rightly so – we should note that senior Hamas officials in both Gaza and Qatar, where the Hamas leader resides, have gotten very, very rich. Numerous [reports](#) cite Doha-based Hamas leader Ismail Haniyeh’s net worth at \$4 billion. His predecessor Khaled Meshaal is said to be \$2.6 billion, with money in Qatar and Egypt. And there are others in Hamas worth billions.

Another source of money for terrorist groups is the illegal captagon trade. You’ll remember that some of the Hamas killers were found with the drug in their pockets. Hezbollah [apparently](#) makes millions from the illicit trade in the drug, in partnership with the Syrian Assad dictatorship.

And then there’s Qatar. There has been an [unholy](#) understanding between Israel and Qatar for some time: While Israel maintained its embargo of Gaza, carefully filtering employees and imports across the Israel-managed crossings, Qatar has been allowed to act as a pressure valve, funneling cash into Gaza to allow Hamas to buy peace with occasional distributions of energy and basic goods. But Israel’s dealings with Qatar are not a get out of a jail card from U.S. congressional scrutiny.

Indeed, I would ask you, what role does Qatar play in the Middle East? It enjoys positioning itself as an entrepot – just a middle man with no favorites. That’s garbage. Qatar’s favorites are the Islamist extremists it promotes with its pet television channel, al Jazeera. Who lives or has lived in Qatar? The Taliban. Al Qaeda. The Hamas leadership. ISIS leaders. All of them, cheek by jowl with one of America’s major airbases in the region, Al Udeid. Now should be the moment Congress begins to scrutinize Qatar.

So, what else should Congress do?

- 1) Understand how U.S. assistance to both the West Bank and Gaza is enabling the perpetuation of both Hamas and Fatah rule.
- 2) Understand how UNRWA, the recipient of almost \$6 billion in US support since 1950, has aided, nurtured and supported Hamas in Gaza.

- 3) Understand why it is that Lebanon, a country ruled by Hezbollah, a beachhead of anti-Israel attacks at its northern border, has been able to skate without a state sponsor designation.
- 4) And most importantly, shut down the loopholes in sanctions enforcement that, since 2021, have been permitted to facilitate Iran's accumulation of cash that funds and arms and trains Hamas, Palestinian Islamic Jihad and Hezbollah, among so many others.
 - a. Specifically, use the language in existing legislation like INKSNA to require the Executive Branch to notify you of every instance in which it has credible information that there has been a sanctions violation, and justify to you its inaction any time it does not impose sanctions in response to that information.
 - b. Use the language of CAATSA to require every waiver of sanctions to be notified to Congress with 30 days' notice, and expedited procedures for an up or down vote in both chambers on whether to disapprove that waiver.

You may ask me why I do not insist on stopping that \$6 billion. There's no need; simply outline the consequences to Qatar. Go after the big money funneled to the terrorists by Iran. That is what fuels the savagery of October 7.