The Global Arms Bazaar: Lessons from the 2006 Hezbollah-Israel War

For four weeks during the summer of 2006, the Lebanese non-state group Hezbollah shocked onlookers by employing an unexpected arsenal of technologically advanced weaponry in its conflict with Israel. The July War\(^1\) heralded Hezbollah's ascent to unquestioned military primacy among non-state organizations. Hezbollah's ability to withstand Israel's powerful retaliation earned the group a striking boost in soft power throughout the Arab world. More importantly for the United States, the month-long conflict introduced a new type of foe into the calculus of the Global War on Terror: a non-state group with all the organizational prowess, public support, and military capability of a state but lacking the traditional limitations of deterrence or responsibility for civilian populations. While other organizations have successfully exploited asymmetrical means of combating U.S. military might, Hezbollah alone has managed to procure such a diverse array of complicated, highly specialized weapons systems, and they have utilized them to devastating effect. In the weeks following the outbreak of the 2006 July War, Iran and Syria received a wave of criticism for the financial, tactical, and military assistance both states provided to Hezbollah. Ultimately, however, arming the group was far from solely an Iranian and Syrian effort. Weapons, technology, and capital from over a dozen countries bolstered Hezbollah's extensive armory, which benefited from a supply chain that reached into every continent.

\(^{1}\) The July 12—August 14 conflict between Hezbollah and Israel is commonly referred to as the July War in Lebanon and the Second Lebanon War in Israel.
Hezbollah's supply network, coupled with its ability to employ its weaponry so effectively during the July War, should concern American policymakers for two important reasons. First, Hezbollah as an organization presents an extremely dangerous challenge to the United States and its interests around the world. From the start of Washington's Global War on Terror, most of its attention and energy has focused on al-Qaeda, the terrorist group responsible for the attacks of September 11, 2001. However, there are important reasons to conclude that Hezbollah represents an even more dangerous opponent. Before 9/11, Hezbollah enjoyed the record of killing more Americans than any other terrorist group. While al-Qaeda has been scattered and decentralized following the elimination of its safe haven in Afghanistan, Hezbollah exercises near-absolute control over a large swath of southern Lebanon, providing a valuable base of operations. Thanks to international fundraising and generous state sponsors, Hezbollah maintains a military arsenal of which al-Qaeda can only dream, while benefiting from a much higher level of public support. The threat Hezbollah poses is so daunting that Deputy Secretary of State Richard Armitage labeled the group "the A team of terrorists," adding that "maybe al-Qaeda is actually the B team." Recent geopolitical shifts in the Middle East, chiefly the Iraq war and subsequent rise in Iranian (and Shia) strength, have further strengthened and emboldened Hezbollah. This rise highlights an additional dimension of its threat: a proxy militia and force multiplier for an increasingly aggressive and hostile Iran.

The second reason Hezbollah's performance in the July War merits a closer look is that it may offer a unique glimpse into the future of hostile non-state groups. Terrorist entities like al-Qaeda have proven difficult to combat primarily because they lack the military vulnerabilities of states. They cannot be deterred from attacking because they carry no return address, and they cannot be conquered, in the traditional sense, because they have no territory that must be
defended. The tradeoff, of course, is that such groups also lack the military strengths of states. They must hijack airplanes rather than attack with cruise missiles, and their organizational capacity is limited by the fugitive, clandestine manner in which they operate.

In the July War, however, Hezbollah proved that, given the right circumstances, non-state groups can have the best of both worlds. Hezbollah fought Israel with a modern, highly-disciplined military force that benefited from a sophisticated command-and-control system. Yet Israel's military conquest of southern Lebanon was not enough to convincingly defeat the group or even prevent it from launching further rocket attacks.\(^\text{ii}\) Hezbollah thus enjoyed the military advantages of a state without the accompanying vulnerabilities. As a result, Israel could not "win" the war in the traditional sense; Hezbollah simply had to avoid extinction in order to stand on the burning rubble of Lebanon and declare victory. Israel's difficulty in combating Hezbollah also provides a look at how such groups fare against an army equipped primarily with U.S. military hardware and using American-style military tactics.\(^\text{iii}\) U.S. policymakers must plan for the likelihood that other anti-American groups will take note of Hezbollah’s perceived success and seek to replicate its capability and strategy.

Unfortunately for the United States, groups with Hezbollah-like capabilities may increasingly become the norm rather than the exception in the Global War on Terror. Hezbollah was able to evolve into such a formidable force primarily because of the political circumstances surrounding its struggle. For over 25 years, the group has profited from a reliable geographical safe haven, a power vacuum created by a feeble national government, and a mission that is widely viewed as legitimate in the eyes of Muslims around the world. In addition, Hezbollah receives significant public support simply by virtue of its religious orientation, which appeals to

\(^{\text{ii}}\) During the July War, Israeli forces were surprised on multiple occasions to see rockets launched behind their front lines, in areas that were thought to have been secured.
Lebanon's disaffected Shia population. In southern Lebanon, these factors combine to create a breeding ground for the world's most powerful terrorist organization. Other areas with comparable political and social environments, such as Somalia and northwest Pakistan, have similarly dangerous potential for enabling the rise of Hezbollah-like groups. The eventual withdrawal of U.S. troops from Iraq, in addition, threatens to replicate the "perfect storm" of circumstances that allowed Hezbollah to grow and flourish. With these threats in mind, a closer look at Hezbollah's ascent can offer important lessons for American policymakers seeking to prevent and contain similar groups in the future.

Hezbollah Rising

Since its creation in 1982, Hezbollah has been steadily amassing the political, social, financial, and military resources that have made it the most formidable terrorist organization in the world. The group was originally created to fight Israel’s invasion of Lebanon; the Shia militia and self-titled "Party of God" drew ideological inspiration from Iran’s Islamic Revolution, and the group was organized and trained by the al-Quds force of Iran’s Revolutionary Guards. With Syrian help, Iran molded Hezbollah from a ragtag group of Shia fighters into a lethal, well-equipped force capable of inflicting serious damage on Israeli and American targets. Most Americans were violently introduced to the organization in 1983, when Hezbollah suicide attacks against the U.S. embassy and Marine barracks in Beirut killed more than 200 Americans. Subsequent Hezbollah attacks, including a second suicide bombing of the U.S. embassy annex the following year, eventually led Washington to withdraw its forces from Lebanon in 1984, handing Hezbollah a deeply symbolic victory.
Throughout the 1980s and '90s, Hezbollah gained valuable experience while fighting on two fronts. First, the group waged a fierce guerilla war aimed at expelling Israeli troops from the country, forcing Israel to pull back to a security zone in southern Lebanon in 1985. Second, Hezbollah perpetrated a series of terrorist attacks worldwide, including the 1985 hijacking of TWA flight 847 and the 1994 bombing of a Jewish community center in Argentina. While Hezbollah expanded its global reach, it also continued targeting U.S. interests in Lebanon, kidnapping 18 Americans and killing three throughout the 1980s and 1990s.

From the mid-1990s onwards, Hezbollah turned its military efforts almost exclusively against Israel’s occupying forces. In addition, the group began solidifying its roots in southern Lebanon, where it offered the Lebanese poor many essential public services that the country’s weak government could not provide. Hezbollah ran schools, built hospitals, and even participated in Lebanese government. These social programs proved to be an invaluable source of strength for Hezbollah, deeply enmeshing the group into the fabric of Lebanese society. As a consequence, the group enjoyed a loyal support base that could bolster its military strength by providing sanctuary, recruits, and legitimacy.

By 2000, Hezbollah had amassed an array of resources—deep public support, international contacts, years of combat experience, and a global fundraising operation—that combined to produce an unusually powerful non-state group. The final component of Hezbollah’s strength came in May of 2000, when relentless guerilla attacks prompted Israel to withdraw completely from southern Lebanon. The withdrawal boosted Hezbollah and its chief, Hassan Nasrallah, to heroic status in Lebanon and throughout the Muslim world. In addition, Hezbollah has not been implicated in an attack on a U.S. target since 1996, when it was linked to the bombing of the Khobar Towers military housing unit in Saudi Arabia.
Israel’s withdrawal amounted to a spectacular tactical victory for Hezbollah, which extended its control in southern Lebanon and acquired a pan-Lebanese and even pan-Arab support base. Since 2000, Hezbollah's direct conflict with Israel has largely focused on the disputed Shebaa farms area. Until July 2006, military conflagrations were relatively minor, consisting mostly of border skirmishes, kidnapping attempts, Hezbollah roadside bombs, and limited Israeli reprisals. The relative quiet in Hezbollah military activity, however, masked the group’s continued growth in military strength. Hezbollah spent the years from 2000 to 2006 quietly amassing an advanced arsenal of weapons, constructing a sophisticated bunker system, building a command-and-control infrastructure, and training its fighters. On the morning of July 12, 2006, few expected Hezbollah’s successful kidnapping operation, and even fewer expected that spark to ignite a war that would fixate the world and thrust much of Lebanon into chaos.

The July War

In the early hours of Wednesday, July 12, Hezbollah fighters launched several rockets from southern Lebanon into northern Israel. This attack created a diversion that allowed a group of operatives to quietly slip over the Israeli border just beyond the Lebanese village of Ayta ash Shab. The men attacked two Israeli Humvees, killing three soldiers and kidnapping two others. Israel's response to the kidnapping was swift and surprisingly fierce, using air strikes and artillery fire to target suspected Hezbollah positions and launching the largest ground

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iv According to the United Nations, the Shebaa Farms region is Syrian territory. Syria and Lebanon maintain that the region is Lebanese territory. Israel claims the land is part of the Syrian Golan Heights, captured by Israel in 1967.

v Between November 2005 and June 2006 alone, Hezbollah carried out 5 attempted kidnappings.

vi Controversially, Israel targeted not only explicit military installations but also Hezbollah’s political leadership in Beirut and civilian infrastructure, such as Beirut’s international airport, suspected of facilitating the transfer of weapons and ammunition to Hezbollah.
invasion into southern Lebanon since the 2000 pullout. Hezbollah countered Israel’s military offensive with a barrage of rocket fire into Israel, sending thousands of Israelis fleeing for cover. Within a few days, Hezbollah’s attack and Israel’s retaliation plunged southern Lebanon into all-out war.

For four long weeks, Israeli Defense Forces slowly worked their way through southern Lebanon while Israeli air strikes pounded Hezbollah strongholds and battered much of Lebanon’s civilian infrastructure. Statistics from the July War highlight the magnitude and lethality of Israel’s offensive: 1,200 Lebanese civilians were killed, a million more were displaced, and thousands of bridges, factories, roads, and business were destroyed by air attacks. Total damage in Lebanon was estimated at $7 billion, 30 percent of the country’s Gross Domestic Product. Despite the Israeli onslaught, Hezbollah showed surprising resilience and tenacity against Israel’s ground forces. The group fought Israeli tanks with advanced laser-guided anti-tank missiles, and Hezbollah operatives alarmed Israeli citizens with powerful rockets that reached as far south as Haifa. Considering the sheer number of Hezbollah rocket attacks against Israeli civilian populations—over 4,000 were fired during the July War—a surprisingly small number of Israeli civilians were killed. But Hezbollah’s ability to continue firing rockets at a rate of over 200 per day until the last day of the conflict speaks volumes about its ability to withstand Israel’s powerful offensive.

When the dust settled on August 14, Israeli Defense Forces had failed to fully achieve any of the Israeli government’s original objectives. Though it put a significant dent in

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vii Israeli Prime Minister Ehud Olmert outlined three Israeli objectives in the July War: recovering the kidnapped soldiers, halting rocket fire into Israel, and delivering a knockout blow to Hezbollah.

viii Israeli air strikes against Hezbollah focused particularly in Shia areas of southern Lebanon and the southern suburbs of Beirut.

ix United Nations Security Council 1701 called for a cessation of hostilities on August 14, 2007. It also demanded that Hezbollah disarm, called on the Lebanese government to assert sovereignty over the area south of the Litani River, and authorized the creation of a UN peacekeeping force for southern Lebanon.
Hezbollah’s force strength,\textsuperscript{x} Israel watched as Hezbollah was lionized throughout much of the Muslim world for its ability to frustrate Israel’s military and intimidate Israeli civilians.\textsuperscript{xi} For many onlookers, Israel’s failure to effectively neutralize Hezbollah, despite the size and effort of Israel’s invasion, was unexpected. Even more shocking was the exposure of Hezbollah’s formidable military capabilities. Beyond Hezbollah’s array of powerful rockets and destructive anti-tank missiles, the group utilized heat-seeking anti-aircraft missiles,\textsuperscript{18} highly advanced shore-to-ship cruise missiles,\textsuperscript{19} and even unmanned aerial vehicles (UAVs).\textsuperscript{20} Equally vital to Hezbollah’s strength during the July War was its collection of communications gear, night-vision equipment, and small arms that supplemented Hezbollah’s more dramatic weaponry. Drawing upon this vast and diverse armory, Hezbollah killed 150 Israeli soldiers and damaged at least 40 of Israel’s powerful Merkava tanks by the time the UN-mandated ceasefire took hold.\textsuperscript{21}

The failure of Israeli (and Western) officials to detect the extent of Hezbollah’s arms procurement activities before the war contributed significantly to Israel’s inability to achieve their stated objectives in the July War. Understanding how Hezbollah came to possess such a powerful arsenal can provide valuable lessons for the United States in its own struggle with terrorist groups.

\textbf{Origins of Hezbollah’s Arsenal}

Examinations of Hezbollah’s weapons supply chain are often clouded by considerations of Iran and Syria’s well-known support for the terrorist organization. Hezbollah’s longstanding

\textsuperscript{x} Hezbollah losses are difficult to gauge. Israel claims to have killed 600 fighters; Hezbollah acknowledges fewer than 100.
\textsuperscript{xi} Subsequent events in Lebanon, including Hezbollah’s withdrawal from Lebanese politics and mass protests against the Lebanese government, have reinforced the perception of Hezbollah’s strength.
ties in Tehran in particular create a temptation to attribute the group’s astonishing performance in the July War to Iranian funding and weaponry. Much of Hezbollah’s arsenal does in fact spring directly from Iran’s armory, but focusing solely on Iran or Syria distorts the true picture of Hezbollah’s supply chain for three important reasons. First, even those weapons that were passed from Iran to Hezbollah via Syria were often engineered, developed, and upgraded by multiple countries before reaching their final destination. Second, Hezbollah has demonstrated an impressive ability to secure funding, small-arms, and logistical equipment independent of Iran, often by exploiting weaknesses in international export controls. Third, Hezbollah’s ability to attain world-class weaponry only partly explains its success in the July War. The group also received vital training, logistical support, and tactical assistance that enabled it to put its weapons to use with efficiency and deadly precision.

A deeper inspection of Hezbollah’s supply chain not only offers a peek at some of the dangerous inadequacies of international arms control efforts, but also stresses Hezbollah’s alarming potential as a destructive force. Though Hezbollah’s military endeavors have largely been confined to the Middle East, the group has a truly international reach and a global support system that far surpasses Iranian and Syrian sponsorship. Recently, Hezbollah has shown a willingness to cooperate with other Islamic extremist groups, a dangerous prospect in light of Hezbollah’s valuable contacts and resources. To combat Hezbollah’s future growth and prevent other groups from emulating its rise to power, American policymakers must make inroads into all three tiers of Hezbollah’s supply chain: weapons, training, and fundraising.

*Weapons*
The volume and diversity of weapons in Hezbollah’s arsenal is a testament to globalization and the international arms bazaar. Its inventory includes rockets built in Russia, Syria, and Iran; guided missiles from China and the United States; assault weapons from Albania and Greece; and night-vision goggles from Great Britain. Hezbollah even managed to acquire communications gear and additional night-vision equipment from Israel. Many weapons were upgraded or altered along the supply route, enabling the group to inflict maximum damage on Israeli civilians and military forces. The charts below, compiled using open-source research methods, provide a powerful visualization of the diversity and strength of Hezbollah’s known weapons systems.

### Anti-Tank Missiles

<table>
<thead>
<tr>
<th>WEAPON</th>
<th>CAPABILITY</th>
<th>TRANSFER METHOD</th>
<th>DATE OF Transfer</th>
<th>SUPPLIER</th>
<th>MANUFACTURER</th>
</tr>
</thead>
<tbody>
<tr>
<td>RPG-29</td>
<td>Shoulder-fired rocket-propelled grenade</td>
<td>By sea or overland from Syria into southern Lebanon</td>
<td>Unknown; Russia sold to Syria in late 1990s</td>
<td>Syria</td>
<td>Russia²²</td>
</tr>
<tr>
<td>TOW missile</td>
<td>Armor-piercing wire-guided anti-tank missile</td>
<td>Unknown</td>
<td>Unknown; transferred to Iran from United States in 1986²³</td>
<td>Iran</td>
<td>United States²⁴</td>
</tr>
<tr>
<td>AT-4 Spigot (Fagot) missile</td>
<td>Armor-piercing, wire-guided anti-tank missile; range of 1 to 3 miles</td>
<td>Unknown</td>
<td>Unknown</td>
<td>Iran</td>
<td>Russia²⁵</td>
</tr>
<tr>
<td>AT-3 Sagger missile</td>
<td>Armor-piercing, wire-guided anti-tank missile; range of 3 km</td>
<td>Unknown</td>
<td>Unknown; transferred to Syria from Iran in December 1996²⁶</td>
<td>Syria</td>
<td>Iran; developed by Russia²⁷</td>
</tr>
<tr>
<td>AT-13 Metis-M missile</td>
<td>Amor-piercing, wire-guided missile; can be fitted with anti-tank armor piercing warhead or antipersonnel</td>
<td>Overland from Syria into southern Lebanon</td>
<td>Unknown; transferred to Syria from Russia in 2003²⁸</td>
<td>Syria</td>
<td>Russia²⁹</td>
</tr>
</tbody>
</table>
### Surface-to-Surface Rockets

<table>
<thead>
<tr>
<th>WEAPON</th>
<th>CAPABILITY</th>
<th>TRANSFER METHOD</th>
<th>DATE OF TRANSFER</th>
<th>SUPPLIER</th>
<th>MANUFACTURER</th>
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<tbody>
<tr>
<td><strong>122-mm Katyusha rocket</strong></td>
<td>Unguided; range of 16-25 km; 45 kg payload (often packed with anti-personnel ball bearings)</td>
<td>Overland from Syria into southern Lebanon</td>
<td>Unknown</td>
<td>Iran and Syria</td>
<td>Iran; developed by Russia</td>
</tr>
<tr>
<td><strong>220-mm Urugan rocket</strong></td>
<td>Unguided; range of 43 miles; 40kg payload (often filled with ball bearings)</td>
<td>By sea or overland from Syria into southern Lebanon</td>
<td>Unknown</td>
<td>Syria</td>
<td>Syria; developed by Russia</td>
</tr>
<tr>
<td><strong>Type-81 cluster rocket</strong></td>
<td>122-mm unguided rocket carrying 39 Type-90 or MZD submunitions; each submunition shoots out hundreds of 3.5mm steel spheres</td>
<td>Unknown</td>
<td>Unknown</td>
<td>Unknown</td>
<td>China</td>
</tr>
<tr>
<td><strong>Fajr-3 missile</strong></td>
<td>240-mm guided missile; 40 kg payload; range of 43 km</td>
<td>By air to Damascus, overland into southern Lebanon. Most were funneled through Camp Zabadani, an Iranian Revolutionary Guard Corps base in Syria</td>
<td>Unknown</td>
<td>Iran</td>
<td>Iran</td>
</tr>
<tr>
<td><strong>Fajr-5 (Khaibar-1) missile</strong></td>
<td>333-mm guided missile; 80 kg payload; range of 75 km</td>
<td>By air to Damascus, overland into southern Lebanon. Funnneled through Camp Zabadani, an</td>
<td>Unknown</td>
<td>Iran</td>
<td>Iran</td>
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<tr>
<td>WEAPON</td>
<td>CAPABILITY</td>
<td>TRANSFER METHOD</td>
<td>DATE OF TRANSFER</td>
<td>SUPPLIER</td>
<td>MANUFACTURER</td>
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<tr>
<td>C-701 (Kosar) anti-ship missile</td>
<td>Television-guided missile with payload of 100 kg; range of 12 miles</td>
<td>Unknown</td>
<td>Unknown</td>
<td>Iran</td>
<td>China</td>
</tr>
<tr>
<td>C-802 (Noor) cruise missile</td>
<td>Radar-guided surface-to-sea cruise missile with anti-jamming capacity; carries 165 kg payload slightly below supersonic speed; range of 120 km</td>
<td>Sold to Iran from China; improved with Chinese and North Korean help; transferred by sea or over Syrian border to Hezbollah</td>
<td>Unknown; transferred from China to Iran in May 1997</td>
<td>Iran; technical assistance from North Korea</td>
<td>China</td>
</tr>
<tr>
<td>Ababil unmanned aerial vehicles (UAVs)</td>
<td>Pilotless aircraft; range of 150 miles; 88-pound payload</td>
<td>Unknown</td>
<td>Shortly before July War</td>
<td>Iran</td>
<td>Iran</td>
</tr>
<tr>
<td>Radio equipment, night-vision equipment, handguns</td>
<td>Inadvertently left behind following Israel’s 2000 withdrawal from Lebanon; possibly stolen in raids into Israel</td>
<td>May 2000</td>
<td>None</td>
<td>Israel</td>
<td></td>
</tr>
<tr>
<td>Eaves-dropping equipment</td>
<td>Technology to intercept and decipher Israeli military radio communications</td>
<td>Unknown</td>
<td>Unknown</td>
<td>Iran</td>
<td>Iran</td>
</tr>
<tr>
<td>AK-47s and</td>
<td></td>
<td></td>
<td></td>
<td>Greek smuggler</td>
<td>Soviet Union</td>
</tr>
<tr>
<td>Ammunition</td>
<td>Description</td>
<td>Supplier/s</td>
<td>Year</td>
<td>Country 1</td>
<td>Country 2</td>
</tr>
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<tr>
<td>Stinger missiles</td>
<td>Shoulder-fired anti-aircraft missiles</td>
<td>Supplied by U.S. to Afghan rebels in 1980s; sold to Iran in 1994</td>
<td>1994</td>
<td>Iran</td>
<td>United States</td>
</tr>
<tr>
<td>Night-vision systems</td>
<td>Unknown; Sold by Britain to Iran in 2003 for use against drug smugglers</td>
<td>Unknown</td>
<td>Unknown</td>
<td>Iran</td>
<td>Britain</td>
</tr>
</tbody>
</table>

As these charts demonstrate, each weapons transfer to Hezbollah took advantage of key vulnerabilities in the international arms control regime, which is not yet well adapted to keeping dangerous weapons out of the hands of non-state groups. Tracing the path of one particularly powerful weapon, the C-802 radar-guided shore-to-ship missile, illustrates the relative ease with which advanced weapons are sold, upgraded, transferred, and eventually utilized in today’s unregulated international arms bazaar. The C-802 is an advanced cruise missile manufactured by the People’s Republic of China. Despite objections from the United States, China began exporting the missile to Iran at some point during the early 1990s. Although China finally suspended shipments of the missile in 1996, it provided additional technical help to Iran to extend the C-802’s range and accuracy. Once in Iranian hands, the missile benefited from technical assistance from Democratic People’s Republic of Korea (DPRK), adding further to its destructive power. Sometime before July 2006, Iranian Revolutionary Guards loaded the upgraded missiles into cargo planes and transferred them over Turkish or Iraqi airspace to Syria, where they were trafficked by sea or over Syria’s lawless border to its final destination in southern Lebanon. After its delivery, Iranian Revolutionary Guards trained Hezbollah to use

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\[\text{xi} \] The transfer of the C-802 is not restricted by the Missile Technology Control Regime, a voluntary accord which China claims adherence to. The sale to Iran was and remains legal.
the highly complex radar-guided missile.iii On July 15, 2006,61 Hezbollah operatives prepared the C-802 for fire, using a Lebanese radar station to lock on to an Israeli Sa’ar 5 missile corvette off the coast of Lebanon.62 Once launched, the missile traveled at slightly below supersonic speed63 before scoring a direct hit on the Israeli vessel, killing four soldiers and forcing the ship to limp back to port. Hezbollah’s ability to attain and accurately fire the C-802 was unexpected by Israeli Defense Forces, and the Israeli ship’s radar system had not been calibrated to detect such an advanced missile.64

The C-802’s path to southern Lebanon is a specific example of the ability of non-state groups to attain dangerous weapons. More broadly, the supply routes for Hezbollah’s arsenal can be divided into three categories. The first and most obvious route is weaponry produced by Syria or Iran and supplied directly to Hezbollah. These weapons, such as the Iranian-built unguided Katyusha rocket,xiv compose the mainstay of Hezbollah’s surface-to-surface rocket arsenal. Like the Syrian-built Urugan rocket, Katyushas have a relatively short range and low accuracy, and Hezbollah’s possession of these rockets was well-known before the July War. Other Iranian-built rockets, however, such as the feared Zelzal-2 missile,65 gave Hezbollah powerful new abilities by bringing all of Israel into strike range.xv

Most of the Hezbollah attacks in the July War occurred thanks to the second supply route, in which highly advanced weaponry produced in other countries was trafficked to Hezbollah via Iran or Syria. Most notably, Hezbollah’s use of wire- and laser-guided anti-tank missiles followed this circuitous path to southern Lebanon, including deadly Russian Kornet and Metis-M

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iii Some Israeli officials speculate that Iranian Revolutionary Guards stationed in Lebanon helped Hezbollah operatives fire the missile on July 15.
xiv Katyushas were the most commonly used rocket during the July War and comprised the vast majority of the 4,000 rockets Hezbollah showered on northern Israel. It is a Soviet-designed warhead built in Iran.
xv Israeli air strikes were able to destroy many of Hezbollah’s long-range missiles before they were fired into Israel.
missiles that proved highly effective against Israel. Hezbollah’s array of anti-tank weapons also includes American TOW wire-guided missiles, transferred to Iran in the infamous 1980s Iran-Contra affair and passed on to Hezbollah sometime thereafter. American Stinger anti-aircraft missiles followed a similar route to Hezbollah, passing from the United States to Afghan militias in the 1980s, to Iran in 1994, and into southern Lebanon in the late 1990s.

The third supply route for Hezbollah’s military arsenal is perhaps the most worrying. In this case, Hezbollah was able to procure valuable military equipment—mostly small arms, logistical equipment, and dual-use goods—independent of Iranian or Syrian support. These include assault rifles and ammunition trafficked from Albania as well as radio equipment and communications gear taken from Israel after its 2000 withdrawal from southern Lebanon.

These three supply chains combined to provide Hezbollah with an unprecedented military capability for a non-state group. Directly before the July War, Hezbollah possessed an estimated 13,000 rockets, hundreds of anti-tank missiles, advanced shore-to-ship cruise missiles, and at least three Iranian-built UAVs. But possession of these weapons alone is insufficient in explaining Israel’s failure to effectively subdue the group in the July War. Hezbollah’s resilience was also largely the product of training and military cooperation from other anti-Israel and anti-Western groups.

*Training*

The story of the C-802 illustrates another key component of Hezbollah’s capability: the training, technical assistance, and military cooperation the group receives from others.

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xvi Russia sold these advanced guided missiles to Syria in 2003, over the objections of Israel, which correctly feared the weapons would find their way to terrorist groups.
Hezbollah’s most prominent collaborators are Iran’s aforementioned Revolutionary Guards. These elite forces are known to have trained Hezbollah to effectively use the weaponry Iran passes to the group, and they helped Hezbollah build the complex system of fortified underground bunkers that proved vital during the July War. Revolutionary Guards acting as technical advisers remained in Lebanon throughout the war, offering on-the-spot assistance in operating Hezbollah’s advanced anti-tank missiles. Hezbollah has also reached beyond Iran for assistance and cooperation, collaborating with Palestinian militant groups, Shia militia fighters in Iraq, and even Islamist militants in Somalia. Such diverse cooperation suggests Hezbollah is willing to look beyond sectarian identity in support of anti-Western causes. It also suggests that Hezbollah’s dangerous military capabilities could spread to other groups, a disquieting prospect for the United States.

Fundraising

Hezbollah’s international fundraising operations are also essential to the group’s growth and military strength. Its financing efforts are truly international: Hezbollah has fundraising operatives in the Middle East, Southeast Asia, Africa, Europe, Latin America, and even the United States. In addition, the group receives at least $100 million annually from Iran, which uses state-owned banks and front companies to funnel money to Hezbollah fighters. Beyond Iranian financial support, Hezbollah raises money by soliciting to sympathetic Muslims and engaging in various criminal activities around the globe. Of particular concern is the Triple Border Area of Brazil, Paraguay, and Argentina, where Hezbollah has exploited organized crime rings to raise as much as $50 million. In other regions, Hezbollah has shown remarkable flexibility in its fundraising efforts: agents in Canada and the United States engage in tobacco
smuggling and money laundering to raise funds, for example, while operatives in West and Central Africa collect religious donations from like-minded Muslims.  

For Hezbollah, international financing plays a stronger role than simply providing cash for weapons. The group fully understands that it could not operate freely in southern Lebanon without the support of Lebanese civilians, and it uses its deep pockets to conduct a well-orchestrated public-relations campaign. In the aftermath of the July War, Hezbollah provided $12,000 to families whose homes were destroyed by Israeli bombs, cementing its support within Lebanese society.  

Funds also go to Hezbollah’s own television station, al-Manar, which disseminates pro-Hezbollah and anti-Israel propaganda. The group has become surprisingly adept at using information to strengthen its cause; Hezbollah has released a video game called Special Force, in which Lebanese youths can take part in simulated attacks against Israeli forces.

**International Response**

Many observers expected Hezbollah’s performance in the July War to galvanize the international community in crafting an effective method of containing the military growth of terrorist organizations. Unfortunately, despite limited successes within the U.S. Treasury and intelligence community, the reactions of most governments were half-hearted and short-lived. The demand within United Nations Security Council 1701 for Hezbollah’s disarmament proved impossible to enforce, and Hezbollah almost immediately set about rebuilding bunkers and restocking its depleted armory with Syrian and Iranian rockets. Russia, which provided most of

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 xvii Rather than attempt to force Hezbollah to disarm, the Lebanese government simply announced its intention to confiscate any Hezbollah weapons that were displayed publicly. The United Nations Interim Force in Lebanon (UNIFIL) was not given a mandate to force Hezbollah to disarm.
the deadly anti-tank missiles employed by Hezbollah throughout the war,\textsuperscript{xviii} refused to suspend the continued sale of anti-aircraft weapons to Syria and Iran despite U.S. and Israeli objections.\textsuperscript{89} Israel responded to international complacency by launching unilateral operations aimed at disrupting Hezbollah’s rearming efforts, carrying out regular over-flights into Lebanese airspace and occasional raids into Lebanese territory. Despite the limited positive impact Israeli operations have against Hezbollah, the net result of Israeli post-war military activity has been to further bolster support for Hezbollah in Lebanon.

Adding to Hezbollah’s persistent threat are reports that the group is seeking, and may have received, even more advanced weaponry. To strike Israeli aircraft, Hezbollah is reportedly seeking Russian- and Chinese-made surface-to-air missiles.\textsuperscript{90} Iran has also attempted to supply Hezbollah with additional shipments of Chinese C-802 cruise missiles.\textsuperscript{91} A Hezbollah strike with any of these weapons would certainly incite fierce Israeli retaliation, risking an even more destructive war. In an equally disturbing scenario, Hezbollah may decide to pass these deadly weapons on to other terrorist groups or its operatives overseas. These dangers merit quick action from all involved states, but particularly from the United States, which offers an appealing target as Israel’s largest and most infamous benefactor.

\textbf{Containing Hezbollah}

Hezbollah is a powerful and far-reaching organization. Any attempt to hinder the group’s military capability (and forestall a similar capability in other groups) must be equally global and comprehensive. For the United States, the effort will require new levels of international

\textsuperscript{xviii} Russian officials continued to deny the use of Russian weaponry by Hezbollah throughout the conflict, relenting only when Israel provided recovered samples of Russian missiles.
cooperation and the coordination of all tools of American foreign policy: the synchronized use of
diplomatic, economic, and informational as well as military power. It will also require
encouraging difficult political compromises to eliminate lawless areas, such as southern
Lebanon, that provide ample breeding ground for Hezbollah and other terrorist groups. Groups
like Hezbollah will not be completely destroyed, but a carefully orchestrated international effort
can bleed Hezbollah’s supply of political, economic, and military support, forcing the group to
participate in Lebanese society in a more moderate and constructive manner. To lead this effort,
the United States must focus its energy in three key arenas: building an effective international
framework for halting arms supplies to non-state groups, cutting off Hezbollah’s financial
support around the world, and forging a strategic communications capability to combat the
informational advantages that terrorist groups enjoy.

It is difficult to overstate the value of reliable allies when disrupting international arms
smuggling networks. One example since the July War demonstrates this principle. Shortly after
the war’s conclusion, Israeli intelligence services informed the United States that it had detected
several large Iranian cargo planes en route to Syria. The U.S. intelligence community confirmed
the suspicious flights, sharing this information with governmental authorities in Iraq. The
planes were subsequently denied permission to enter Iraqi airspace. The Iranian flight crew then
requested permission to fly over Turkey, a NATO ally, which granted the request on the
condition that the plane land in Turkey for inspection. Faced with no other options, the crew
immediately turned back to Iran, where its cargo was unloaded. Thanks to Washington’s close
ties to Israel, Iraq, and Turkey, Iran was unable to deliver the shipment to Syria, where it would
likely have been trafficked to Hezbollah.

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xi Due to the size and shape of the cargo, U.S. intelligence services suspected the plane carried a shipment of C-802 cruise missiles.
Unfortunately, many countries are unwilling to engage in the sort of rapid, off-the-cuff intelligence sharing with the United States that prevented Iran’s cargo from reaching Syria. Intelligence communication is just one area in which waning American soft power diminishes our ability to combat threats to the United States.

The inadequacy of international nonproliferation regime is one obvious enabler of Hezbollah’s successful arms procurement. This inadequacy does not stem from a lack of international frameworks and institutions. Instead, it stems from the tendency of individual nations to minimize the applicability of such frameworks while pursuing parochial interests rather than collective security. Agreements like the Missile Technology Control Regime, the Proliferation Security Initiative, and United Nations Security Council Resolution 1540 all exist to prevent the undesirable spread of dangerous weapons.\(^x\) The difficulty with these frameworks is twofold: they are limited in scope (most of the weapons transferred to Iran and Syria were legally exported), and they suffer from a lack of legitimacy. Many states, particularly non-Western governments and those outside the United Nations Security Council, see no benefit in complying with nonproliferation standards when developed nations do not respond with their own disarmament efforts. Asking nations to forgo and prevent weapons proliferation while upgrading and expanding U.S. weapons systems\(^xx\) sends mixed signals to the international community. Such moves act as a disincentive for governments to deliver on legal nonproliferation commitments, much less cooperate with the United States to prevent weapons transfers not explicitly restricted. Successfully combating weapons procurement by non-state

\(^x\) UNSC Resolution 1540, in particular, could play a role in combating terrorist groups. It mandates that all states implement effective export controls to prevent weapons of mass destruction and delivery systems from reaching non-state actors.

\(^xx\) Weapons program such as the Reliable Replacement Warhead and placing U.S. missile defense components in Eastern Europe have undermined efforts to stop weapons proliferation.
groups will require a legitimate compromise, in which the United States clearly recognizes its own responsibilities within the nonproliferation regime.

The United States is enjoying the most success in the area of combating Hezbollah’s sources of financial support. The U.S. Treasury Department has identified at least 30 Iranian front companies used to funnel money to Hezbollah, offering allies a rare glimpse of concrete U.S. intelligence.\(^9\) Using cooperative venues like the Group of Eight industrialized nations, U.S. officials have built goodwill and laid the foundations for financial cooperation against terrorist groups. In South America, U.S. efforts have led Argentina, Brazil, and Paraguay to institutionalize anti-terrorism efforts that were previously ad-hoc and disorganized,\(^9\) and Hezbollah crime rings in Canada and the United States have been shut down.\(^9\) Yet successes in these regions have not been matched in Africa and Southeast Asia, where Hezbollah garners voluntary contributions from Muslims who share its anti-Western and anti-Israel sentiment. Increased cooperation with regional governments is necessary to combat Hezbollah’s fundraising in these areas. If financial restrictions are to be effective, the United States has no choice but to attempt to replicate successes in North and South America in these troubling regions.

Finally, the United States must learn to effectively use information as a tool of military strategy. Terrorist groups have leveraged the Internet, print, and digital media to gain an informational advantage over U.S. military forces. Unless the United States and its allies can drain the local support Hezbollah amasses through strategic information campaigns, other means of combating such groups will be incomplete. Currently, such efforts are coordinated through the State Department’s Counterterrorism Communication Center (CTCC). An interagency venture, the CTCC has failed to prove effective due to muddled bureaucracy and confused objectives. Analysts such as Richard Halloran have suggested establishing an Office of Strategic
Communications within the White House, with a director at Cabinet rank who would sit in on meetings of the Cabinet and the National Security Council. Doing so would more effectively integrate communications efforts into broader strategic planning, adding a much-needed tool to America’s fight against terrorist groups.

Pursuing these endeavors will, of course, necessitate certain sacrifices many Americans would not like to make. International cooperation is a two-way street, and genuine moves towards disarmament may allow military competitors like China to further approach U.S. military capabilities. These recommendations will also require institutional modifications to large bureaucracies that habitually resist meaningful change. But such difficulties pale in comparison to the potential power of a reinvigorated Hezbollah or a similarly powerful non-state group. U.S. strategy must remain as adaptable and comprehensive as the constantly evolving terrorist groups it seeks to confront.
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