



ATTORNEY-GENERAL
THE HON ROBERT McCLELLAND MP

08 MAY 2009

09/3912

The Hon Arch Bevis MP
Chair
Parliamentary Joint Committee on Intelligence and Security
Parliament House
CANBERRA ACT 2600

Dear Mr Bevis

I am writing to advise you that I have decided to re-list Hizballah's External Security Organisation (ESO) as a terrorist organisation for the purposes of section 102.1 of the Criminal Code.

This organisation was last listed as a terrorist organisation in May 2007 by the *Criminal Code Amendment Regulations 2007 (No. 9)*. The regulations will sunset on 24 May 2009.

I am satisfied on reasonable grounds that the ESO is an organisation directly or indirectly engaged in, preparing, planning, assisting in or fostering the doing of a terrorist act (whether or not a terrorist act has occurred or will occur).

The re-listing of the ESO will ensure that all offence provisions under Division 102 of the Criminal Code will continue to apply in relation to this organisation.

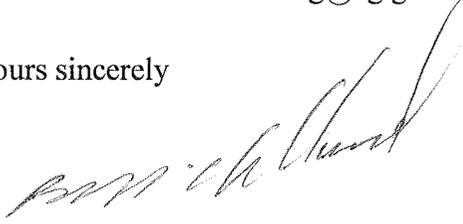
My decision to re-list the ESO was made following careful consideration of unclassified intelligence information provided by ASIO in consultation with the Department of Foreign Affairs and Trade, as well as legal advice provided to me by the Australian Government Solicitor.

Section 102.1A of the Criminal Code provides that the Parliamentary Joint Committee on Intelligence and Security may review the regulation as soon as possible after it has been made, and report the Committee's comments and recommendations to each House of the Parliament before the end of the applicable disallowance period for that House.

To assist the Committee, I enclose a copy of the Statement of Reasons provided by ASIO, in relation to the ESO upon which my decision to re-list this organisation was based. Additional information detailing the procedure followed for the purposes of listing the ESO will be provided to you upon the registration of the regulations.

The action officer for this matter in my Department is Nicole Shearing who can be contacted by e-mail at nicole.shearing@ag.gov.au or by telephone on 02 6250 6926.

Yours sincerely

A handwritten signature in black ink, appearing to read "Robert McClelland", written in a cursive style.

Robert McClelland

Hizballah's External Security Organisation

(Also known as: ESO, Islamic Jihad Organisation, Hizballah International and Special Operations Branch)

The following information is based on publicly available details about Hizballah's External Security Organisation (ESO). The United Kingdom has listed Hizballah's External Security Organisation as a terrorist organisation under 'Hizballah's Military Wing'. Hizballah (including ESO) has been listed as a terrorist organisation by the governments of the United States, Canada and Israel.

Current status of Hizballah's ESO

Formed in Lebanon in 1982 in the wake of the Israeli occupation of southern Lebanon, Hizballah ('Party of God') emerged as a splinter group of former Amal clerics inspired by the Iranian Revolution. By the end of 1984, Hizballah had become an umbrella group covering several smaller organisations including the Lebanese al-Dawa Party, Islamic Amal and the Islamic Students Union. Hizballah evolved into a multi-faceted organisation including political, social and military components supported by Iran and Syria. Hizballah operates as a recognised political party and sanctioned 'resistance group' in Lebanon with representation in parliament and the Lebanese Cabinet.

After senior member Imad Mughniyah fled to Iran after the 1983 attack on the US military in Beirut, the 'international wing' grew out of the military wing to become a separate branch. This is thought to be the genesis of Hizballah's 'international wing', or 'External Security Organisation (ESO)'.

ESO constitutes a distinct terrorist wing within Hizballah's structure. Since entering the Lebanese Parliament in 1992 and the Government in 1995, Hizballah has sought to strengthen its public image as a respected resistance movement and lessen its reputation as a terrorist group. This has encouraged the terrorist network to operate independently of the parent organisation and become among the best organised terrorist networks in the world. While Mughniyah was considered one of the world's most capable and dangerous terrorists, his death in February 2008 is unlikely to reduce ESO's effectiveness in the long term. ESO's current leader, Talal Hamiyah was a long-time associate of Mughniyah and he will continue ESO's activities with minimal disruption.

Hizballah, including ESO, receives substantial support from Iran, in the form of financial, training, weapons, political and military assistance. Syria is also a significant supporter, particularly in the provision of political and military assistance.

In the 2006 conflict with Israel, Hizballah utilised Iranian-supplied military resources including Unmanned Aerial Vehicles (UAV) and a wide variety of short to long range rockets. As part of Hizballah, and given ESO's direct contact with Iran, these or similar resources would be available to ESO.

ESO is based in Lebanon. Hizballah has an international infrastructure including cells; charitable organisations; and business enterprises (both legal and illegal) in the Middle East, Asia, Africa, Europe and North and South America, from which it derives significant financial support. In the Tri-Border area of South America alone it is estimated Hizballah has raised millions of dollars through activities such as drug and arms smuggling and product piracy. ESO is likely to have access to this funding.

Since the attack against US Marines in Beirut in 1983, and two attacks against Israeli interests in Argentina in 1992 and 1994 (discussed in more detail below) Hizballah has established an insurgent capability in Iraq with support from Iran. ESO continues to operate on a global basis gathering intelligence to be used in terrorist attack planning, collecting money by both legal and illegal methods, recruiting and training terrorists and acquiring weapons. There is reporting to indicate ESO is planning attacks against Israeli or Jewish targets outside Israel to avenge the death of Mughniyah.

Hizballah provides training, operational support and material to Palestinian extremist groups, including the Palestinian Islamic Jihad, Hamas' Izz al-Din al-Qassam Brigades, both of which are currently proscribed entities, and Shia militia elements in Iraq. Elements of ESO are likely involved in these activities.

Objectives

Hizballah is committed to armed resistance to the state of Israel and aims to 'liberate' all Palestinian territories and Jerusalem from Israeli 'occupation'. Hizballah actively promotes terrorist attacks in the Palestinian arena to reduce the possibility of agreements or accords between Palestinians and Israel. Ultimately, Hizballah aims to create a Shia Islamic state in Lebanon and remove all Western and Israeli influences in the region. ESO has undertaken terrorist acts against Israeli and other interests in support of these objectives.

Leadership and membership

Little is known about ESO. It is a covert and highly secretive organisation and it has been successful in restricting information about its organisational structure and membership. Its leader is Talal Hamiyah.

Hizballah ESO engagement in terrorist activities

The attack against the US Marine barracks in Beirut in October 1983 which killed 241 US servicemen gave Hizballah world wide attention for the first time. Further violent attacks in Lebanon and around the world in the 1980's demonstrated Hizballah's capacity for violence. The 1992 bombing of the Israeli Embassy and the 1994 bombing of a Jewish cultural centre in Buenos Aires are the most well known of the attacks conducted outside of Lebanon. These attacks are widely accepted as being planned and executed by Mughniyah and ESO .

The Hizballah ESO had a record of regular terrorist attacks against mainly Israeli and US targets up until the early 1990's. As a result of the Israeli withdrawal from southern Lebanon in 2000, Hizballah concentrated on targets in Israel and the Palestinian Territories. Even after the 2006 military confrontation with Israel, Hizballah's ability to launch terrorist attacks was not completely destroyed. It has since built up a significant rocket and anti-aircraft capability with the assistance of Iran. Its rockets can now reach deep into Israel.

Hizballah has established an insurgent capability in Iraq, engaging in assassinations, kidnappings and bombings. The Hizballah units have been set up with the encouragement and resources of Iran's Revolutionary Guards al Qods Brigades. Hizballah has also established a special training cell known as Unit 3800 (previously known as Unit 2800) specifically to train Shia fighters prior to action in Iraq. . Available reporting does not specifically identify these terrorist units as ESO entities. However, as ESO's primary role is international terrorism, it is likely to be heavily involved in the activities of Unit 3800 and the attacks against the Iraqi Government and Coalition forces.

Given the clandestine nature of the group, ESO's activities do not have a high profile and it does not claim responsibility for terrorist attacks. However, there is no indication the intent of ESO has changed or its capability has diminished. ESO is active internationally and it is likely it will continue to undertake attacks or contribute to attack planning if and when the opportunity arises, in accordance with the strategic priorities of ESO's parent organisation, Hizballah, or its state sponsors. ESO's close association with Syria and Iran means it could draw on significant resources for future activities.

At the funeral of former ESO head Imad Mughniyah, assassinated in February 2008, Hizballah Secretary-General said he welcomed open war with Israel as a means of avenging the death of Mughniyah.

Due to the secretive nature of ESO, it is difficult to gather information on its role and activities. However, ESO still exists as a discrete organisation under the umbrella of Hizballah but with a separate leadership and direct links to Iran. ESO has a history of terrorist activity and as terrorism is such a fundamental part of its *raison d'être*, there is nothing to suggest its terrorist purposes have changed. Given its close links to Iran and Syria, ESO has the capability to execute its terrorist objectives. Hizballah uses a separate terrorist arm to conduct attacks and accordingly recent terrorist activity generally attributed to Hizballah is likely to have been conducted by ESO, either wholly or as a major contributor. On this basis and previous evidence of terrorist activity, it is assessed ESO is still directly preparing, planning, assisting in or fostering the doing of terrorist acts.