

# Lebanon: A Potential Game Changer in the CENTCOM AOR

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## **Key Points**

- Lebanon is facing a tremendous 4-year crisis and is on the verge of financial meltdown.
- The country does not currently have a cabinet of ministers and its major political parties are unable to agree on a forward path to elect a new President.
- Since the start of the Syrian crisis (2011), Lebanon has the highest per capita number of refugees in the world and the second highest total number of Syrian refugees in the world.
- The country's complex political system has long been framed by sectarian division, with Iran-backed Shiite Hezbollah on one side and the Saudis supporting Sunni politicians on the other.
- The political ascendancy of Hezbollah threatens to bring it under Iranian control and accelerating the trajectory towards Lebanon as a possible "second front" on Israel's northern border.
- Local civil society movements and the Lebanese Armed Forces (LAF) are the last remaining bulwarks against endemic political corruption, Hezbollah dominance and Iranian influence, but they are struggling with local legitimacy and conflict management.

## **Introduction**

Years of political instability in combination with an ongoing economic crisis — exacerbated by the COVID-19 pandemic and the explosion in the Port of Beirut in August 2020 — have brought the country close to collapse. Moreover, the current institutional vacuum (with no president and no cabinet) delays any agreement on resolving the crisis while strengthening and legitimizing the imperialist ambitions of Iranian leaders who seek to rule Lebanon through their well-armed proxy, Hezbollah.

Nevertheless, Lebanon is still the missing piece in the "Shia Crescent", and it could be the keystone<sup>1</sup> left for the U.S. to balance influence in the wider Middle East and the Mediterranean. This paper will explain the reason for the Lebanese crisis and why it is crucial for the U.S. and its international allies to help Lebanon preserve its independence, sovereignty, national unity, stability, and territorial integrity to counter Iran, curb Russian ambitions in the Mediterranean, and challenge Beijing's diplomatic role in the region.

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<sup>1</sup> A keystone is the wedge-shaped stone at the apex of a masonry arch or typically round-shaped one at the apex of a vault. In both cases it is the final piece placed during construction and locks all the stones into position, allowing the arch or vault to bear weight.

## Background

Lebanon is a nation with five million citizens and 18 million expatriate residents. Corruption, aging infrastructure, and high unemployment have fueled skilled labor emigration. Many Lebanese are multilingual (the official languages are Arabic, French - according to Article 11 of the Constitution -, and English) and highly educated (there are seven high-ranking universities in Beirut).<sup>2</sup> The large diaspora helps residents with remittances during the ongoing crisis, and it explains how a Shi'a minority in the country (Hezbollah) is gaining significance abroad.

Years of unsustainable macroeconomic policies, combined with severe problems in corruption, accountability, and transparency, led the country to a dramatic economic downturn in 2019, followed by a deep recession in 2020 with large increases in poverty, unemployment, and emigration. The international community pledged substantial assistance to Lebanon for recovery and reconstruction (in 2022, the International Monetary Fund (IMF) offered a four-year, billion-dollar bailout)<sup>3</sup> that was conditioned on a host of government and financial reforms to improve transparency, inclusion, and accountability.<sup>4</sup>

To date, the Lebanese state institutions have failed to enact a single measure to boost the economy and halt the collapse. Elections were held on May 15, 2022 but sectarian politics paralyzes the system and Lebanon still lacks a president and a fully empowered cabinet. This stalls any progress on the financial reforms needed to bring the country out of the economic meltdown.<sup>5</sup> Furthermore, divergent views among key stakeholders on how to distribute the considerable burden of the government's financial losses (\$69 billion) remains the main bottleneck for reaching an agreement on a comprehensive reform agenda.<sup>6</sup> In response, Western donors have withheld most of the promised assistance, instead channeling humanitarian aid through non-governmental organizations.

The overlapping economic and political crises have led to fears that the smallest spark could provoke another civil war, which may create a haven for violent extremists and hand the country over to Iran's ultimate control. At the same time, Lebanese borders remain active with threats. Neighboring Syria has long sought to influence Lebanon's foreign and domestic policies, and its military forces were in Lebanon from 1976 to 2005. After the withdrawal of the Syrian military, the Lebanon-based terrorist group Hezbollah, supported by Iran, has engaged in attacks and counterattacks with Israel, fighting a brief war in 2006 and conducting cross-border skirmishes in 2019, 2020 and 2023. The level of Iranian influence is of concern throughout the country and the whole region.

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<sup>2</sup> Six Lebanon universities are private: American University of Beirut (AUB), Lebanese American University (LAU), Beirut Arab University (BAU), Saint Joseph University (USJ), Notre Dame University (NDU), Holy Spirit University of Kaslik (USEK). The Lebanese University (LU) is the only public university in Lebanon.

<sup>3</sup> W. Amr, "IMF reaches staff-level agreement on economic policies with Lebanon for a Four-Year extended Fund Facility", International Monetary Fund (IMF) Communication Department, April 7, 2022. <https://www.imf.org/en/News/Articles/2022/04/07/pr22108-imf-reaches-agreement-on-economic-policies-with-lebanon-for-a-four-year-fund-facility>, (accessed December 11, 2023).

<sup>4</sup> S. Van Dorpe and E. Braun, "World leaders pledge €250M in Lebanon donor conference", Politico, August 9, 2020 - <https://www.politico.eu/article/beirut-lebanon-donor-conference-raises-x/> (accessed December 11, 2023).

<sup>5</sup> H. Davis, "Lebanon starts the new year without a president", AXIOS, January 4, 2023 - <https://www.axios.com/2023/01/04/lebanon-political-paralysis-president-economy>, (accessed December 11, 2023).

<sup>6</sup> S. Nakhoul, T. Perry and T. Azhari, "Lebanon's savers to bear burden under new rescue plan", REUTERS, February 3, 2022 <https://www.reuters.com/markets/rates-bonds/lebanons-savers-bear-burden-under-new-rescue-plan-2022-02-02/>, (accessed December 11, 2023).

## **The financial and economic crisis**

For years after the lira's postwar depreciation, the Lebanese Central Bank held the currency at 1500 lira to the dollar (1 US \$ = 1500 LB £) by artificially boosting demand: It sold dollars to buy liras on the currency market. This kept imports much less expensive than they ought to have been had the lira been allowed to lose its value; Lebanon became accustomed to importing 90% of its products. At first, these dollars came from the central bank's own foreign currency reserves. Then, as those reserves were gradually depleted, the central bank governor offered ever higher interest rates to entice Lebanese commercial banks to lend dollars to the central bank; in turn, the commercial banks obtained these dollars by offering high interest rates to individual depositors. This amounted to a Ponzi scheme fraud, run by the Central Bank, that lured investors and paid profits to earlier investors with funds from more recent investors. Such kinds of fraud work as long as new investors contribute new funds, and as long as most of the investors do not demand full repayment. The dollars flowed in, not only from locals but also from the far-flung and wealthy Lebanese diaspora.<sup>7</sup>

This all came to a head in late 2019 with the acceleration of capital outflows that led to the sovereign default in March 2020, followed by a deep recession, a dramatic fall in the value of the Lebanese currency and triple digit inflation. Foreign exchange inflows dried up and dollars exited Lebanon. Banks no longer had enough dollars to pay depositors queuing outside. To prevent a total collapse of the banking system, the central bank governor instructed private banks to drastically limit the ability of Lebanese depositors to access their now heavily devalued savings.<sup>8</sup>

The loss of family savings accounts was harmful enough, but the damage to the whole economy was worse still. Instead of depreciating over time, allowing people to adjust, and encouraging domestic production rather than imports, the Lebanese lira collapsed and took the already struggling economy with it. Everything that had to be imported into Lebanon became more and more expensive. For years, the Lebanese government had subsidized the cost of imported essentials, such as wheat, fuel, coal, and hundreds of essential medicines, to keep them affordable for ordinary people. As the dollars dwindled away and imports became more expensive, the subsidies in turn started to be lifted, and the prices, again, followed suit — or else the imported items disappeared altogether. From gas lines to medicine shortages, Lebanon is now suffering the fallout of years of political corruption and financial mismanagement. As of December 2023, the economy continues to contract, while the Lebanese Pound continues to depreciate sharply, driving surging inflation in triple digits.

## **The confessional / sectarian Lebanese system and the actual political impasse**

1. Lebanese parliamentary elections are based on a complex “confessional system” and are held every four years. It is the only ballot in which citizens directly elect politicians.<sup>9</sup> The system was implemented by France during its occupation of Lebanon from 1923 till 1946, then the electoral system had a major update following the Al-Taif agreement in 1989.
  1. The 128 seats in Parliament are divided into two groups – 64 Muslims and 64 Christians – both of which are further subdivided into a specific number of seats designated for their respective sects.

<sup>7</sup> S. Makdisi, “Behind the Crisis in Lebanon, a Vast Bank-Run Ponzi Scheme”, The Nation, August 12, 2021, <https://www.thenation.com/article/world/lebanon-financial-collapse/>, (accessed December 11, 2023).

<sup>8</sup> H. Balian, “Lebanon must be saved from its politicians”, Middle East Institute, March 15, 2022, <https://www.mei.edu/publications/lebanon-must-be-saved-its-politicians>, (accessed December 11, 2023).

<sup>9</sup> K. Shami, “The ultimate explainer to Lebanon’s 2022 elections”, The Cradle.co, May 10, 2022, <https://new.thecradle.co/articles/the-ultimate-explainer-to-lebanons-2022-elections>, (accessed December 11, 2023).

Muslims 64 seats		Christians 64 seats	
Sunni	27	Maronites	34
Shi'a	27	Eastern Orthodox	14
Druze	8	Melkite Catholics	8
Alawites	2	Armenian Orthodox	5
		Armenian Catholics	1
		Protestant	1
		other minorities	1

**Table. 1**

2. The implemented confessional system assigns top political positions to three primary religious groups:
- the **President (Maronite)** is elected by the Parliament and approves the Council of Ministers (The Cabinet) presented to him by the Prime Minister;
  - the **Prime Minister (Sunni)** and Deputy Prime Minister are appointed by the President;
  - the **Speaker of Parliament** must be a Shiite Muslim.

Like all public institutions in Lebanon, as well as recruitment for the army, this aims for a sectarian balance, roughly correlated with the demographic composition of Lebanon. Only Maronites can hold the positions of Commander-in-Chief<sup>10</sup> and President of the Republic according to the National Pact of 1943.

3. The simplified confessional division shown in Table 1 was made much more complex by two political alignments (coalitions) created in the aftermath of the withdrawal of the Syrian armed forces from Lebanon (April 2005), which blend Christians and Muslims:

- The **March 8 Alliance**: A coalition of political parties formed in 2005 that are united by their pro-Syrian stance in Lebanon and their opposition to the March 14 Alliance. Main parties of the March 8 Alliance are the *Free Patriotic Movement* (a Christian party created by former Lebanese President Aoun and now led by his son-in-law, MP Gebran Bassil), the Shi'a *Hezbollah* and the Shi'a *Amal Movement*. When General Michel Aoun (later the President) returned to Lebanon from his exile in May 2005, Christians were no longer the majority in Lebanon, so Aoun entered a Memorandum of Understanding (MOU) with Hezbollah that viewed Christian Maronites and Shiites as natural minority allies in a region that was predominantly Sunni.
- The **March 14 Alliance**: A coalition of political parties formed in 2005 that were united by their anti-Syrian stance in Lebanon and by their opposition to the March 8 Alliance. The block was led by Saad Hariri, leader of the Sunni *Future Movement (FM)*, and aligned with the Druze *Progressive Socialist Party* and other Christian parties. After the 2022 elections, the March 14 Alliance was replaced by the **Lebanese Opposition Alliance** led by the *Lebanese Forces Party* who won the elections. Hariri retired from political life in January 2022 and later his party did not participate in the parliamentary elections in May. Hariri's election boycott offered Hezbollah a void to fill. The Lebanese Opposition block, without the Sunni seats, can't counter the March 8 block.

4. The current political impasse dates back to July 2021, when Prime Minister-designate Saad al-Hariri resigned after unsuccessfully presenting his cabinet 18 times to President Michel Aoun over 9 months, thus failing to initiate reforms and secure the International Monetary Fund bailout.<sup>11</sup> Hariri was succeeded by Najib Mikati,

<sup>10</sup> N. Moussa, "Loyalties and Group Formation in the Lebanese Officer Corps", Carnegie Endowment, <https://carnegieendowment.org/2016/02/03/loyalties-and-group-formation-in-lebanese-officer-corps-pub-62560>, (accessed December 11, 2023).

<sup>11</sup> A. Vohra, "No Prime Minister - and no more hope - for Lebanon", Foreign policy, July 16, 2021, <https://foreignpolicy.com/2021/07/16/no-prime-minister-and-no-more-hope-for-lebanon/>, (accessed December 11, 2023).

who finally formed a government after a 13-month deadlock in September 2021. However, the cabinet had a short-term mandate lasting until the parliamentary election in May 2022.

5. The May 15, 2022 elections brought modest but potentially meaningful shifts in Lebanon's political establishment. The Saudi-backed "Lebanese Forces" party surpassed the Hezbollah-aligned "Free Patriotic Movement" to become the largest Christian party in Parliament. However, the vacuum left by the Sunni Hariri party had consequences:
  - a. Nabih Berri, Shi'a politician and leader of the Amal Movement, was re-elected for the fifth time as speaker of the parliament;
  - b. The caretaker PM Najib Mikati has been unable to form a new government since June 2022, largely disagreeing with Maronite Christian President Michel Aoun over the Cabinet line-up;
  - c. After President Michel Aoun's term ended in October 2022, the country's parliamentarians, divided by sectarian lines, could not agree on Aoun's successor. Hezbollah and its allies have obstructed parliament's efforts to elect a president by preventing the formation of a quorum and by casting blank ballots in parliamentary electoral sessions.
6. The unprecedented institutional vacuum is further delaying any agreement on crisis resolution and much needed reforms; this includes prior actions as part of the April 2022 International Monetary Fund (IMF) staff-level agreement (SLA).<sup>12</sup>

### **Hezbollah (the "Party of God")**

Hezbollah is an Iran-backed Lebanese Shi'a militia and U.S.-designated Foreign Terrorist Organization (FTO). Formed in the wake of the 1982 Israeli invasion of southern Lebanon, the group has conducted numerous attacks against Israeli and Western targets. The group has been linked to a series of terrorist attacks against U.S. personnel and facilities abroad, and a UN-backed tribunal found four Hezbollah members guilty of the 2005 assassination of former Lebanese Prime Minister Rafiq Harir. Hezbollah has refused to surrender them to the tribunal.

The group is both part of and above the sectarian political party system in Lebanon, participating in the system from within and functioning as a non-state actor pursuing its own goals, independent of and often at loggerheads with those of the central government. After Israel withdrew in 2000, Hezbollah resisted pressure to disarm and continued to strengthen its military power (at least 60,000 fighters today, including both full-time soldiers and reservists) which, in some ways, now exceed those of the Lebanese army (consisting of 84,200 active personnel). The group also gradually became a key power broker in Lebanon's political system and has effectively gained veto power in the cabinet.<sup>13</sup>

Hezbollah has deep interests in Lebanon, where it engages in political, economic, social, and military activities and draws popular support from its vast network of public schools, clinics, youth programs, and other social services which the State doesn't provide. Yet, Hezbollah is also engaged in a wide array of militant, terrorist, and criminal activities outside Lebanon that are equally fundamental to understanding the group in its totality. This includes Hezbollah training other Iranian proxy groups and even deploying key personnel and military units far beyond Lebanon's borders. Recognizing this growing regional threat, in 2016 the Gulf Cooperation Council (GCC) branded Hezbollah a terrorist group and Gulf states have cracked down on Hezbollah supporters and financiers within their borders.

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<sup>12</sup> Ibid

<sup>13</sup> "Profile: Lebanon's Hezbollah movement", BBC.com, March 15, 2016, <https://www.bbc.com/news/world-middle-east-10814698>, (accessed December 11, 2023).

Iran has been providing most of Hezbollah's weapons (thousands of rockets and missiles as well as other weaponry, including anti-ship, anti-aircraft, and anti-armor systems) and funding. It is estimated that Iran provides Hezbollah with as much as \$700 million per year, according to 2020 U.S. State Department estimates,<sup>14</sup> and the group raises another \$300 million on its own from legal businesses and international criminal enterprises (smuggling contraband goods, passport falsification, narcotics trafficking, money laundering and credit card, immigration and bank fraud). Hezbollah predominantly spends its revenues on providing social services in southern Lebanon, and on funding its fighting forces in Lebanon and in the region. In 30 years of funding, Iran has occasionally reduced its financial support to Hezbollah as a side effect of unprecedented international sanctions against Iran's nuclear program and falls in oil prices. Each time, the cutback curtailed Hezbollah's political, social, and military activities inside Lebanon (including the funding to its Al Manar satellite TV station); by contrast, Hezbollah's Syrian operations, which have been a priority for Tehran, given its commitment to defending the regime of Bashar al-Assad, have shown no sign of financial hardship.<sup>15</sup>

Hezbollah's regional activities are a reflection of the group's increasingly close alignment with Iran, rather than the interests of the Lebanese state or citizenry. Today, Hezbollah's regional adventurism is most pronounced in its expeditionary forces deployed in Syria and elsewhere in the region, but no less important are the group's advanced training regimen for other Shi'a militias aligned with Iran, its expansive illicit financing activities across the region, and its procurement, intelligence, cyber, and disinformation activities. Together, these underscore the scale and scope of the group's all-in approach to transforming from one of several Lebanese militias into a regional player acting at Iran's behest.<sup>16</sup>

With Lebanon teetering on the brink of collapse, Hezbollah also became a target of mass protests. Many Lebanese distrust the group for its alleged involvement in the 2020 Beirut port explosions, which killed over two hundred people.

### **The port and airport of Beirut - two strategic hubs**

Hezbollah leverages segments of the Lebanese diaspora (Shi'a communities worldwide) for donations and "taxation," as well as conducting money laundering and running front companies on six continents.<sup>17</sup> Hezbollah receives cash from Iran (sent "in suitcases, not through banks"), flown from Iran and/or smuggled in through Syria, while the port fully supports the group's illicit and criminal activities. The numerous airstrikes on Syrian territory against military equipment and weapons delivered to Hezbollah via the Iranian corridor are pushing Iran and Hezbollah to tighten their grip on alternative routes. Beirut's international airport and port have long provided an alternative to the land corridor through Syria for smuggling military equipment and weapons for Hezbollah, as well as supporting criminal activities such as fuel and drug smuggling. The control of border

<sup>14</sup> John T. Godfrey, "Country reports on terrorism 2020", 267. U.S. Department of State, December 2021, [https://www.state.gov/wp-content/uploads/2021/07/Country\\_Reports\\_on\\_Terrorism\\_2020.pdf](https://www.state.gov/wp-content/uploads/2021/07/Country_Reports_on_Terrorism_2020.pdf), (accessed December 11, 2023).

<sup>15</sup> House Hearing, 114 Congress, "Major beneficiaries of the Iran deal: IRGQ and Hezbollah", U.S. Government Publishing Office, September 17, 2015, <https://www.govinfo.gov/content/pkg/CHRG-114hrg96147/html/CHRG-114hrg96147.htm>, (accessed December 11, 2023).

<sup>16</sup> M. Levitt, "Hezbollah's regional activities in support of Iran's Proxy Networks", Middle East Institute, July 26, 2021, <https://www.mei.edu/publications/hezbollahs-regional-activities-support-irans-proxy-networks#pt1>, (accessed December 11, 2023).

<sup>17</sup> Y. J. Fanusie and A. Entz, "Terror finance briefing book - Hezbollah Financial assessment", Foundation for Defense of Democracies, December 7, 2017, <https://www.fdd.org/analysis/2017/12/07/terror-finance-briefing-book/>, (accessed December 11, 2023).

crossings and Hezbollah’s ability to coordinate with Iran for commercial flights and vessels serve as cover for moving weapons and constitute another step in the terror organization’s attempt to control the border crossings and spread its influence in the region.

Funds are the Hezbollah **Center of Gravity** (CoG), and the port and airport of Beirut are **Critical Capabilities** which are crucial enablers of the COG. The control over the two facilities and at the Syrian borders are **Critical Requirements** for the COG being fully operational.

Critical Capabilities - CC	Hezbollah COG
<ul style="list-style-type: none"> <li>– Port of Beirut</li> <li>– International Airport of Beirut</li> <li>– Border with Syria</li> <li>– March 8 alliance in the Parliament</li> </ul>	<p style="text-align: center;"><b>FUNDS</b></p> <p><i>It is the group’s source of strength and freedom of action.</i></p>
Critical Requirements - CR	Critical Vulnerabilities - CV
<ul style="list-style-type: none"> <li>– Having control over the facilities (chief of security and men in charge)</li> <li>– No other actors / interferences (such as LAF) at the Syrian border control points</li> <li>– Keeping influence in Lebanon’s political system, to prevent the government from targeting the group’s weapons stockpiles or private telecommunications network</li> </ul>	<ul style="list-style-type: none"> <li>– Chief of security being replaced</li> <li>– LAF and governmental institutions (police and custom officers) interfering in border control</li> <li>– Sunni political party back on track to revamping the <i>March 14 alliance</i> to counter the March 8 alliance</li> </ul>

When The Lebanese cabinet decided to dismantle Hezbollah’s telecommunication network and to remove Beirut airport’s security chief over alleged ties to Hezbollah, a brief intrastate military conflict occurred in May 2008 between Hezbollah militias and pro-government Sunnis. Hezbollah seized control of west Beirut and the clashes ended with the adoption of the Doha Accords.

There is evidence that materials used to make explosives were stored at the port for shipment abroad.<sup>18</sup> The explosion of large quantities of ammonium nitrate in the Port of Beirut on August 4, 2020 devastated the port and surrounding residential areas and has intensified domestic and international attention concerning Hezbollah’s involvement in the port and in the war in Syria in support of Bashar al-Assad. The group uses ammonium nitrate to make explosives, and the chemical is a component of the barrel bombs used by the Assad regime as well.

From a geopolitical perspective, it’s worth noting that while the bulk of Russia’s armed forces have been busy fighting in Ukraine, Moscow has maintained its military presence in Syria and has also made persistent efforts to help Assad rebuild fractured ties with Turkey and other countries in the region. In this respect, the port of Tartus (Syria) is the only Mediterranean port that Russia has access to. Russia built a naval facility there in 1971, but its presence gained more media coverage after the start of the Syrian civil war in 2011. The port has considerable strategic value for Russia to counter the expansion of the North Atlantic Treaty Organization (NATO) on its borders in Europe and it’s 73 miles from the port of Beirut. If the country falls under Iranian

<sup>18</sup> L. Khatib “How Hezbollah holds sway over the Lebanese State”, Chatham House, June 30, 2021 <https://www.chathamhouse.org/2021/06/how-hezbollah-holds-sway-over-lebanese-state/04-influence-through-land-border-control-and>, (accessed December 11, 2023).



control, the port and airport of Beirut could provide a military foothold for Iranian and Russian assets (vessels and aircraft).

### **Hezbollah campaign in Syria**

Hezbollah's most significant military commitment, by far, has been to Syria in defense of the Assad regime. This includes thousands of Hezbollah boots on the ground and training of other Iranian proxy groups. To oversee its massive commitment in Syria, Hezbollah made significant structural changes to its military command by adding two new military commands — the first on the Lebanese - Syrian border and the second within Syria itself — to its existing ones in southern and eastern Lebanon.<sup>19</sup>

As a result of Hezbollah operations in Syria, Tehran has been establishing Shi'a communities in villages between Damascus and Homs<sup>20</sup> and the Lebanese border, causing Syrian Sunnis to flee and representing a historic shift in the demographics of the Shi'a crescent. The new populations include Shiites from Lebanon, Iraq, Afghanistan, and other countries who have fought in Tehran-backed militias. Against this background, ISIS members carried out 100 operations targeting the Coalition and Syrian Democratic Forces (SDF) since the beginning of 2023, but they have never targeted the Iranian militias. According to the Syrian Observatory for Human Rights, the IRGC provided ISIS with important intelligence information, and sometimes were facilitating the passage and smuggling of ISIS elements, including providing cover for some ISIS leaders to move freely from one region to another inside Syrian territory. The coordination and cooperation between Hezbollah and ISIS is reinforced by the Deputy UN Envoy to Syria, Khawla Mattar, in a June 27 television interview on Al-Jadeed TV, revealing the Assad regime, Hezbollah militia, and Iran have cooperated to transfer several ISIS fighters wounded in Syria to Lebanon for treatment.

Since the start of the Syria crisis, Lebanon hosts the highest per capita number of refugees in the world and the second-highest total number of Syrian refugees in the world (approximately 2 million). There are also approximately 475,000 longstanding Palestinian refugees registered with the United Nations, and approximately 18,000 Iraqi and other refugees residing in Lebanon. Syrian inmates in Lebanon constitutes 27% of the total number of prisoners in Lebanese prisons, increasing the financial burden on the Lebanese government amidst an ongoing economic crisis. During the meeting of June 15<sup>th</sup>, 2023, the EU reaffirmed its position against the Assad regime, its commitment to bringing to justice those responsible for the crimes committed in Syria during these 12 years of war, and the EU's willingness to implement UN Resolution 2254.

### **Borders with Israel and the UNIFIL mission**

Hezbollah reiterated its commitment to the destruction of the Israeli state in its 2009 manifesto. In December 2018, Israel announced the discovery of miles of tunnels running from Lebanon into northern Israel that it claims were created by Hezbollah. The following year, Hezbollah attacked an Israeli army base - the first serious cross-border exchange in more than four years. In August 2021, Hezbollah fired more than a dozen rockets in response to Israeli air strikes in Lebanon. Hezbollah and Israel have yet to relapse into full-blown war due to the current economic crisis in Lebanon and the fear of losing its popularity in the Lebanese streets unless there

<sup>19</sup> M. Levitt, "Hezbollah's regional activities in support of Iran's Proxy Networks", Middle East Institute, July 26, 2021, <https://www.mei.edu/publications/hezbollahs-regional-activities-support-irans-proxy-networks#pt1>, (accessed December 11, 2023).

<sup>20</sup> C. D. May, "Bashar al-Assad is back", Foundation Defense of Democracies, May 17, 2023. <https://www.fdd.org/analysis/2023/05/17/bashar-al-assad-is-back/>, (accessed December 11, 2023).



is a strategic decision by Iran to escalate the situation. Since May 2023, tension on the border with Israel has increased. After having re-established ties with Hamas, the hypothesis that Iran could turn Lebanon into a "second front" on Israel's northern border is no longer remote.<sup>21</sup>

Since the so-called Arab Spring gained momentum across the Middle East and North Africa in 2011, the relationship between the two historically aligned Islamist resistance groups — the Shi'a Lebanese group Hezbollah and the Sunni Palestinian group Hamas — has been turbulent in the following decade. This exacerbated a growing rift that separated Hamas from Hezbollah and their traditionally shared allies, Iran and Syria. The two Islamist resistance organizations have recently started to pursue rapprochement.<sup>22</sup> In 2021, Hamas and Hezbollah leaders met in Beirut, affirming the depth of "brotherly relations" between the Palestinian and Lebanese resistance groups and confirming their common enemy to be Israel. Today, after the terrorist attack on October 7th by Hamas against Israel, the rapprochement of Hamas with Hezbollah is broadly concerning.

The United Nations Interim Force in Lebanon (**UNIFIL**) was deployed following the 1978 Israeli invasion of southern Lebanon, targeting the Palestine Liberation Organization (PLO), which used Lebanon as a base to wage a guerilla war against Israel. Israel maintained a self-declared security zone in southern Lebanon until 2000, and the formal boundaries in the tri-border area (Israel – Lebanon - Syria) remain disputed. UNIFIL's mandate is to confirm Israeli withdrawal from Lebanon and assist the Lebanese Government in restoring its effective authority in the area by supporting the Lebanese Armed Forces (LAF) to establish an area free of any armed personnel in this area.

The findings of the UN July 2021 report confirm a longstanding pattern of collusion between Lebanese government institutions, the LAF, and Hezbollah to prevent UNIFIL from implementing its mandate.<sup>23</sup> In summer 2020, Hezbollah was steadily expanding the size and scope of its military activities in south Lebanon despite the presence of UNIFIL troops. For years, the Security Council has resisted changing the force for fear of destabilizing the country, yet UNIFIL's current limitations actually promote long-term instability by allowing Hezbollah to continue dangerous activities unchecked—from rampant cross-border drug and weapons smuggling to military activities of the type that sparked the destructive 2006 war.

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<sup>21</sup> K. Robinson, "What is Hezbollah?", Council on Foreign Relations, October 14, 2023. <https://www.cfr.org/backgrounder/what-hezbollah>, (accessed December 11, 2023).

<sup>22</sup> M. Koss, "Flexible resistance: How Hezbollah and Hamas are mending Ties" Carnegie Middle East Center, July 11, 2018. <https://carnegie-mec.org/2018/07/11/flexible-resistance-how-hezbollah-and-hamas-are-mending-ties-pub-76782>, (accessed December 11, 2023).

<sup>23</sup> D. Schenker and A. Orion, "Lebanon's crisis and UNIFIL's mandate renewal", The Washington institute for Near East policy. <https://www.washingtoninstitute.org/policy-analysis/lebanons-crisis-and-unifils-mandate-renewal>, (accessed December 11, 2023).



**Figure 1. (UNIFIL Area of Operation)**

UNIFIL consists of more than 9000 peacekeepers, yet it is like a giant with feet of clay:

- UNIFIL is not intended to counter Hezbollah, as it is limited to southern Lebanon (see Figure 1); however, the mandate includes the disarming of all militias.
- UNIFIL’s mandate falls under Chapter VI of the U.N. Charter, which allows the use of force primarily for self-defense, rather than Chapter VII, which would enable enforcement by military means. UNIFIL is not empowered to increase its patrolling without LAF escorts.
- The value of UNIFIL in containing Hezbollah depends on its size. By sheer numbers, it essentially saturates the South. Hezbollah does not have complete freedom of movement in southern Lebanon; on the other hand, UNIFIL patrols and checkpoints are of limited use if attackers are able to hide weapons and tunnel entrances on so-called “private property”.
- The UNIFIL mandate provides for the deployment of international boots on the ground, but without increasing the LAF capabilities to fight Hezbollah. In this respect, since 2006, the U.S. has bolstered the authority of the LAF in the UNIFIL AoR by providing more than \$2.5 billion in bilateral security assistance, fixed- and rotary-wing aircraft, ammunition, vehicles and associated training. According to the US, the LAF has become a capable and committed partner in the fight against violent extremists<sup>24</sup> in southern Lebanon but not in countering Hezbollah.

### **Analysis / Conclusions**

Lebanese state institutions have failed to enact a single measure to qualify for the assistance and halt the collapse; the fraudulent management of the Lebanese central bank caused the financial collapse, while the greed of the former president Own (allied with Hezbollah to protect his privileges) together with the political abandonment of the former Sunni leader Al-Hariri favored the political rise of Hezbollah. As a hybrid actor, Hezbollah has risen to become the most influential political organization in Lebanon. It enjoys legitimacy within the Lebanese state but is able to operate without the accountability required of a state institution and without

<sup>24</sup> “U.S. Relations with Lebanon”, U.S. Department of State, April 27, 2022. <https://www.state.gov/u-s-relations-with-lebanon/>, (accessed December 11, 2023).

full responsibility for the Lebanese people. Hezbollah’s strengths and vulnerabilities are based on its influence and funds received:

STRATEGIC STRENGTHS	STRATEGIC VULNERABILITIES
<ul style="list-style-type: none"> <li>• Hezbollah leverages an array of revenue sources, augmenting Iranian assistance with a variety of its other intricate funding schemes, requiring multiple strategies to counter its financing.</li> <li>• Involvement in Lebanese politics creates a veneer of legitimacy and a shield from full European sanctions.</li> <li>• Russian and Chinese influence in the UN Security Council gives the group cover, ensuring the UN will not directly sanction or censure Hezbollah.</li> <li>• Hezbollah has developed “the most sophisticated money laundering” to hide its drug profits and move money around the world.<sup>25</sup></li> <li>• Multiple nations in South America (Lebanese diaspora) lack the regulatory framework to combat terror finance. Most Latin American countries do not even specifically criminalize “terror-related activities.”</li> </ul>	<ul style="list-style-type: none"> <li>• The group relies heavily on Iranian funding. Any cuts to this funding due to pressure on Iran can have a dramatic impact on Hezbollah’s operations.</li> <li>• The group’s moralistic messaging could be undermined by its involvement in illicit trades, such as drug trafficking.</li> <li>• Hezbollah’s military operations in Syria consume a high proportion of its financial resources, stretching its budget significantly.</li> <li>• Hezbollah’s involvement in Syria diminishes its claim to be a Lebanese organization focused on combating Israel. The group may come to be seen more as an Iranian proxy, fighting Sunnis and supporting the Assad regime which has targeted Palestinians, potentially eroding local support.</li> <li>• To operate, Hezbollah must maintain a complex relationship with the Lebanese government and armed forces. Fissures in those relationships could hinder the group.</li> </ul>

Tackling Hezbollah implicitly supports countering Iran and its area of influence, relieving pressure on Israel, containing Russian and Iranian projection in the Mediterranean, and fighting VEOs. This produces a stabilizing effect for the region. Two key actions are necessary to contest Hezbollah:

- a. For as long as the current political system in Lebanon exists, it will not be possible to loosen Hezbollah’s hold over the Lebanese state. The U.S. and regional partners should amplify their Key Leader Engagements (KLEs) to persuade political elites in Lebanon to use their abilities to protect the sovereignty of Lebanon, curbing the influence of Hezbollah while countering its malign activities:
  1. Leverage the influence of regional partners such as the Kingdom of Saudi Arabia to bring the former Sunni leader Al-Hariri and his political party back into politics in order to revamp the March 14 alliance and seize the majority in the parliament along with the Lebanese Forces.
  2. Any support, other than humanitarian aid, must be withheld and conditioned on a host of governance and financial reforms requested by the IMF and the international community. Link the amount of financial support to the effectiveness of the government's efforts in terms of reforms and the fight against corruption.

<sup>25</sup> G. Taylor, “Hezbollah moving ‘tons of cocaine’ in Latin America, Europe to finance terror operations”, The Washington Times, June 8, 2016., <https://www.washingtontimes.com/news/2016/jun/8/hezbollah-moving-tons-of-cocaine-in-latin-america/> (accessed December 11, 2023).

3. US and regional partners should enhance measures to counter Hezbollah's influence in Lebanon - including efforts to reduce Lebanese domestic reliance on Hezbollah (increasing direct assistance to local municipalities and to education and health), and to develop a strategic framework and clearer objectives to pressure Hezbollah's finances.
- b. From a military/CENTCOM perspective, countering Iran and its well-armed proxy Hezbollah remains a priority. Hezbollah serves as an Iranian partner force, enabling Tehran to project power across the region and threaten U.S. interests and allies across the Middle East. More efforts should be focused to curb Hezbollah's freedom of movement and to contest its activities at the Syrian border and the port and airport of Beirut. Three options should be considered:
1. Comprehensive military support should be given to the LAF to enable them to contest Hezbollah's growing military capabilities and mitigate internal and external threats. Yet, the harsh reality is that a stronger LAF that serves the Lebanese Republic cannot counterbalance Hezbollah if that republic operates under an effective Hezbollah veto or is paralyzed by the group's influence. Thus, a political change should back up the military support.
  2. Lebanon is a sovereign country; Thus, a foreign force operating to ensure the security and control of the Syrian borders along with the port and airport of Beirut would be unjustified without the Country's consent. However, it is necessary to gain more support for the legitimate security apparatus (LAF and Lebanese Police Service), sponsoring international support from countries that already have bilateral agreements<sup>26</sup> and possibly engaging for mutual support with regional countries.
  3. The U.S. should seek to have the United Nations Security Council expand or otherwise alter the UNIFIL mandate (from Articles VI to VII) to increase its effectiveness. Implementing the actual mandate, enabling enforcement by military means, for the disarmament of any militia, in particular Hezbollah, all over Lebanon and not only the South (UNIFIL deploys approximately 9,900 troops from 48 countries in a 1060 square km zone, which are more than enough to extend UNIFIL's AoR).

As a frontline state in the ongoing conflict with Salafi-jihadist terrorism in Syria and elsewhere, Lebanon is an important regional player. With Hezbollah increasing its reach and continuing to expand its arsenal, the risk of another Israel-Hezbollah war or broader regional conflagration remains real. For both these reasons, U.S. military-to-military engagement with the LAF makes sense and should continue because it provides insight into Lebanese decision making and access to influential leaders.

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<sup>26</sup> Italy is conducting a Bilateral Military Mission in Lebanon - MIBIL - with three sectors of intervention: support for refugees, the country's economy and the LAF.