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Summary

Since having its boundaries drawn by France after the First World War, Lebanon has struggled to define its national identity. Unlike other countries in the region, its population includes Christian, Sunni Muslim, and Shia Muslim communities of roughly comparable size, and with competing visions for the country. Seeking to avoid sectarian conflict, Lebanese leaders created a confessional system that allocated power among the country's religious sects according to their percentage of the population. The system was based on Lebanon's last official census, which was conducted in 1932.

As Lebanon's demographics shifted over the years, Muslim communities pushed for the political status quo, favoring Maronite Christians, to be revisited, while the latter worked to maintain their privileges. This tension at times manifested itself in violence, such as during the country's 15-year civil war, but also in ongoing political disputes such as disagreements over revisions to Lebanon's electoral law.

The United States has sought to bolster forces that could serve as a counterweight to Syrian and Iranian influence in Lebanon. The United States has provided more than \$1 billion in military assistance to Lebanon with the aim of creating a national force strong enough to counter non-state actors and secure the country's borders. Hezbollah's armed militia is frequently described as more effective than the Lebanese Armed Forces (LAF). (See transcript, House Foreign Affairs Subcommittee on Middle East and North Africa hearing on U.S. policy towards Lebanon, April 28, 2016.) U.S. policy in Lebanon has been undermined by Syria and Iran, both of which exercise significant influence in the country, including through support for Hezbollah. The question of how best to marginalize Hezbollah and other anti-U.S. Lebanese actors without provoking civil conflict among divided Lebanese sectarian political forces has remained a key challenge for U.S. policymakers.

In addition, Lebanon currently faces a large-scale refugee crisis driven by the ongoing war in neighboring Syria. There are over a million Syrian refugees registered with U.N. High Commissioner for Refugees (UNHCR) in Lebanon, in addition to a significant existing community of Palestinian refugees. This has given Lebanon (a country of roughly 4.3 million citizens in 2010) the highest per capita refugee population in the world. Lebanon's infrastructure has been unable to absorb the refugee population, which some government officials describe as a threat to the country's security. Since 2015 the government has taken steps to close the border to those fleeing Syria, and has implemented measures that have made it more difficult for existing refugees to remain in Lebanon legally.

At the same time, Hezbollah has played an active role in the ongoing fighting in Syria. The experience gained by Hezbollah in the Syria conflict has raised questions about how the eventual return of these fighters to Lebanon could impact the country's domestic stability or the affect the prospects for renewed conflict with Israel.

This report provides an overview of Lebanon and current issues of U.S. interest. It provides background information, analyzes recent developments and key policy debates, and tracks legislation, U.S. assistance, and recent congressional action.

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Background

Prior to World War I, the territories comprising modern-day Lebanon were governed as separate administrative regions of the Ottoman Empire. After the war ended and the Ottoman Empire collapsed, the 1916 Sykes-Picot agreement divided the empire's Arab provinces into British and French zones of influence. The area constituting modern day Lebanon was granted to France, and in 1920, French authorities announced the creation of Greater Lebanon. To form this new entity, French authorities combined the Maronite Christian enclave of Mount Lebanon—semi-autonomous under Ottoman rule—with the coastal cities of Beirut, Tripoli, Sidon, and Tyre and their surrounding districts. These latter districts were (with the exception of Beirut) primarily Muslim and had been administered by the Ottomans as part of the *vilayet* (province) of Syria.

Figure 1. Lebanon at a Glance



Population: 6,237,738 (July 2016 est., includes Syrian refugees)

Religion: Muslim 54% (27% Sunni, 27% Shia), Christian 40.5% (includes 21% Maronite Catholic, 8% Greek Orthodox, 5% Greek Catholic, 6.5% other Christian), Druze 5.6%, very small numbers of Jews, Baha'is, Buddhists, Hindus, and Mormons-- Note: 18 religious sects recognized

Land: (Area) 10,400 sq km, 0.7 the size of Connecticut; (Borders) Israel, 81 km; Syria, 403 km

GDP: (PPP, growth rate, per capita 2015 est.) \$83 billion, 1%, \$18,200

Budget: (spending, deficit, 2015 est.) \$13.53 billion, -7.7% of GDP

Public Debt: (2015 est.) 147.6% of GDP

Source: Created by CRS using ESRI, Google Maps, and Good Shepherd Engineering and Computing. CIA World Factbook data, Nov. 2016.

This created the boundaries of the modern Lebanese state; historians note that “Lebanon, in the frontiers defined on 1 September 1920, had never existed before in history.”¹ The new Muslim residents of Greater Lebanon—many with long-established economic links to the Syrian interior—opposed the move, and some called for integration with Syria as part of a broader postwar Arab nationalist movement. Meanwhile, many Maronite Christians—some of whom also self-identified as ethnically distinct from their Arab neighbors—sought a Christian state under French protection. The resulting debate over Lebanese identity would shape the new country’s politics for decades to come.

Independence. In 1943, Lebanon gained independence from France. Lebanese leaders agreed to an informal National Pact, in which each of the country’s officially recognized religious groups were to be represented in government in direct relation to their share of the population, based on the 1932 census. The presidency was to be reserved for a Maronite Christian (the largest single denomination at that time), the prime minister post for a Sunni Muslim, and the speaker of parliament for a Shia. Lebanon has not held a census since 1932, amid fears (largely among Christians) that any demographic changes revealed by a new census—such as a Christian population that was no longer the majority—would upset the status quo.²

Civil War. In the decades that followed, Lebanon’s sectarian balance remained a point of friction between communities. Christian dominance in Lebanon was challenged by a number of events, including the influx of (primarily Sunni Muslim) Palestinian refugees as a result of the Arab-Israeli conflict, and the mobilization of Lebanon’s Shia Muslim community in the south—which had been politically and economically marginalized. These and other factors would lead the country into a civil war that lasted from 1975 to 1990 and killed an estimated 150,000 people. While the war pitted sectarian communities against one another, there was also significant fighting within communities.

Foreign Intervention. The civil war drew in a number of external actors, including Syria, Israel, Iran, and the United States. Syrian military forces intervened in the conflict in 1976, and remained in Lebanon for another 29 years. Israel sent military forces into Lebanon in 1978 and 1982, and conducted several subsequent airstrikes in the country. In 1978, the UN Security Council established the United Nations Interim Force in Lebanon (UNIFIL) to supervise the withdrawal of Israeli forces from southern Lebanon, which was not complete until 2000.³ In the early 1980s, Israel’s military presence in the heavily Shia area of southern Lebanon began to be contested by an emerging militant group that would become Hezbollah, backed by Iran. The United States deployed forces to Lebanon in 1982 as part of a multinational peacekeeping force, but withdrew its forces after the 1983 marine barracks bombing in Beirut, which killed 241 U.S. personnel.

Taif Accords. In 1989, the parties signed the Taif Accords, beginning a process that would bring the war to a close the following year. The agreement adjusted and formalized Lebanon’s confessional system, further entrenching what some described as an unstable power dynamic between different sectarian groups at the national level. The political rifts created by this system allowed Syria to present itself as the arbiter between rivals, and pursue its own interests inside

¹ Fawwaz Traboulsi, *A History of Modern Lebanon*, Pluto Press, London, 2007, p. 75.

² A demographic study conducted in 2011 by Statistics Lebanon, a Beirut-based research firm, reported that Lebanon’s population was 27% Sunni, 27% Shia, and 21% Maronite Christian, with the remainder composed of smaller Christian denominations, and Druze. See, “Lebanon,” State Department International Religious Freedom Report for 2011. See also, “Lebanon,” CIA World Factbook, November 2016. Other studies estimate that Lebanese Shia slightly outnumber Sunnis See: “Lebanon: Census and sensibility,” *The Economist*, November 5, 2016.

³ UNIFIL forces remain deployed in southern Lebanon, comprising 10,500 peacekeepers drawn from 40 countries.

Lebanon in the wake of the war. The participation of Syrian troops in Operation Desert Storm to expel Iraqi forces from Kuwait reportedly facilitated what some viewed as the tacit acceptance by the United States of Syria's continuing role in Lebanon. The Taif Accords also called for all Lebanese militias to be dismantled, and most were reincorporated into the Lebanese Armed Forces. However, Hezbollah refused to disarm—claiming that its militia forces were legitimately engaged in resistance to the Israeli military presence in southern Lebanon.

Hariri Assassination. In February 2005, former Lebanese Prime Minister Rafik Hariri—a prominent anti-Syria Sunni politician—was assassinated in a car bombing in downtown Beirut. The attack galvanized Lebanese society against the Syrian military presence in the country and triggered a series of street protests known as the “Cedar Revolution.” Although the full details of the attack are unknown, the Special Tribunal for Lebanon (STL) indicted five members of Hezbollah for the attack and is conducting trials in absentia.⁴ Under pressure, Syria withdrew its forces from Lebanon in the subsequent months, although Damascus continued to influence domestic Lebanese politics.

The Hariri assassination reshaped Lebanese politics into the two major blocks known today: March 8 and March 14, which represented pro-Syria and anti-Syria segments of the political spectrum, respectively (see **Figure 2**). March 8 is led by the (Maronite Christian) Free Patriotic Movement and by Hezbollah and also includes the Shia group Amal. March 14 is led by the Future Movement, a Sunni party headed by Saad Hariri, son of the assassinated former prime minister. Christian parties are split between the two blocs, for reasons dating back to the civil war. Since their formation in 2005, the blocks have consistently clashed, and Hezbollah has at times used its militia force to pressure the civilian government in response to government measures it opposed.

2006 Hezbollah – Israel War. In July 2006, Hezbollah captured two Israeli soldiers along the border, sparking a 34-day war. The Israeli air campaign and ground operation aimed at degrading Hezbollah resulted in widespread damage to Lebanon's civilian infrastructure, killing roughly 1,190 Lebanese, and displacing a quarter of Lebanon's population.⁵ In turn, Hezbollah launched thousands of rockets into Israel, killing 163 Israelis.⁶ U.N. Security Council Resolution 1701 brokered a ceasefire between the two sides.

War in Syria. In 2011, unrest broke out in neighboring Syria. Hezbollah moved to support the Assad regime, eventually mobilizing to fight inside Syria. Meanwhile, Hariri's Future Movement sided with the Sunni rebels. As rebel forces fighting along the Lebanese border were defeated by the Syrian military—with Hezbollah assistance—rebels fell back, some into Lebanon. Syrian refugees also began to flood into the country. Beginning in 2013, a wave of retaliatory attacks targeting Shia communities and Hezbollah strongholds inside Lebanon threatened to destabilize the domestic political balance as each side accused the other of backing terrorism. The Lebanese Armed Forces (LAF) and Hezbollah have both worked to contain border attacks by Syria-based groups such as the Islamic State and the Nusra Front.

⁴ The United Nations Security Council created the STL as an independent judicial organization in Resolution 1757 of May 2007. The STL has worked from its headquarters in Leidschendam, the Netherlands, since March 2009, and consists of three chambers, prosecutors and defense offices, and an administrative Registrar. For additional details, see Special Tribunal for Lebanon Seventh Annual Report (2015-2016). See also, “The Hezbollah Connection,” *New York Times Magazine*, February 15, 2015.

⁵ Human Rights Watch, *Why They Died: Civilian Casualties in Lebanon during the 2006 War*, September 5, 2007.

⁶ Human Rights Watch, *Civilians under Assault: Hezbollah's Rocket Attacks on Israel in the 2006 War*, August 2007.

Issues for Congress

U.S. policy in Lebanon has sought to limit threats posed by Hezbollah both domestically and to Israel, bolster Lebanon's ability to protect its borders, and build state capacity to deal with the refugee influx. At the same time, Iranian influence in Lebanon via its ties to Hezbollah, the potential for renewed armed conflict between Hezbollah and Israel, and Lebanon's internal political dynamics complicate the provision of U.S. assistance. Lebanon continues to be an arena for conflict between regional states, as local actors aligned with Syria and Iran vie for power against those that seek support from Saudi Arabia and the United States. Saudi Arabia has pulled back on its assistance to Lebanon over the past year, prompting some observers to argue that it thus ceded influence to other actors, such as Iran.⁷

As Congress reviews aid to Lebanon, Members continue to debate the best ways to meet U.S. policy objectives:

- **Weakening Hezbollah.** The United States has sought to weaken Hezbollah over time, yet without provoking a direct confrontation with the group that could undermine the country's stability. Administration officials have argued that U.S. assistance to the Lebanese Armed Forces is essential to building the capability of the LAF to serve as the sole legitimate guarantor of security in Lebanon, and to counter the role of Hezbollah and Iran inside Lebanon.⁸ However, some Members argued that Hezbollah has increased cooperation with the LAF, and questioned the Obama Administration's request for continuing Foreign Military Financing (FMF) assistance to Lebanon.⁹
- **Defending Lebanon's borders against the Islamic State.** Beginning in late 2012, Lebanon faced a wave of attacks from Syria-based groups, some of which sought to gain a foothold in Lebanon. U.S. policymakers have sought to ensure that the Lebanese Armed Forces have the tools they need to defend Lebanon's borders against encroachment by the Islamic State and other armed extremist groups.
- **Assisting Syrian refugees.** While seeking to protect Lebanon's borders from infiltration by the Islamic State and other terrorist groups, the United States also has called for Lebanon to keep its border open to Syrian refugees fleeing violence. The United States has provided \$1.2 billion in humanitarian aid to Lebanon since FY2012,¹⁰ much of it designed to lessen the impact of the refugee surge on host communities. However there is also some debate on how closely to engage with the Lebanese government on the issue of refugees, given reports of corruption and the role of Hezbollah in government.¹¹

⁷ "Saudi Arabia Cuts Billions in Aid to Lebanon, Opening Door for Iran," *New York Times*, March 2, 2016.

⁸ State Department Daily Press Briefing by Spokesperson John Kirby, March 8, 2016.

⁹ Transcript, House Foreign Affairs Subcommittee on Middle East and North Africa hearing on U.S. policy towards Lebanon, April 28, 2016.

¹⁰ "U.S. Humanitarian Assistance in Response to the Syrian Crisis," Department of State Fact Sheet, July 12, 2016.

¹¹ Lebanon Country Report, Freedom House, 2016.

Politics

The confessional political system established by the 1943 National Pact and formalized by the 1989 Taif Accords divides power among Lebanon's three largest religious communities (Christian, Sunni, Shia) in a manner designed to prevent any one group from dominating the others. This also means that all major decisions can only be reached through consensus, setting the stage for prolonged political deadlock, as in Lebanon's repeated difficulty in electing a president—a task that falls to the Lebanese parliament.

On October 31, 2016, Lebanon's parliament elected Christian leader and former LAF commander Michel Aoun [pronounced OW –n] as president, filling a post that had stood vacant since the term of former President Michel Sleiman expired in May 2014. More than forty attempts by the parliament to convene an electoral session had previously failed, largely due to boycotts by various parties that prevented the body from attaining the necessary quorum for the vote.¹² Those most frequently boycotting sessions were MPs allied with the Free Patriotic Movement (FPM) and Hezbollah.¹³

In addition to creating an electoral stalemate, boycotts had also prevented the National Assembly from attaining the necessary quorum to convene regular legislative sessions, effectively paralyzing many functions of the central government. In 2015 the country saw mass protests over the government's failure to collect garbage. Over the past two years, some parties have used legislative boycotts as a way to block the consideration of controversial issues, such as the proposal for a new electoral law.

Elections in Lebanon

The 1926 constitution established Lebanon as a parliamentary republic. Citizens elect the parliament for four-year terms, and the parliament in turn elects the president for a non-renewable six-year term. The president chooses a prime minister and appoints a cabinet subject to the confidence vote of parliament. Before each parliamentary election an electoral law is enacted. Recent laws have preserved an equal balance of parliamentary seats between Muslims and Christians (64 seats each) and outlined specific seat quotas for religious sub-sects. The current law was adopted in 2008 and establishes a winner-take all system across 26 districts, known as *qada*.

In August 2012, after several rounds of disagreement, the cabinet endorsed a proposal calling for the introduction of a proportional representation system over 13 larger districts, but the proposal was never enacted. Supporters of the draft argued that it would encourage parties to extend beyond political or sectarian strongholds and run more nationally oriented campaigns. The Future Movement, the Progressive Socialist Party and some minority parties expressed opposition to the proportional representation system and the cabinet draft, citing fears it would undermine their ability to achieve representation in parliament and maintain influence over cabinet formation.

For more, see International Foundation for Electoral Systems (IFES), *The Lebanese Electoral System*, March 2009.

The election of a president in October was made possible in part by a decision by Future Movement leader Saad Hariri—head of the largest single component of the March 14 coalition—to shift his support from presidential candidate Suleiman Franjeh to Michel Aoun, giving Aoun the votes necessary to secure his election. In return, Aoun was expected to appoint Hariri as prime minister. In December, a new 30-member cabinet was announced, headed by Hariri. This will be Hariri's second term as prime minister (he previously held the post from 2009 – 2011).

Aoun is a former military officer and a long-standing fixture of the Lebanese political scene. Founder of the Maronite Christian Free Patriotic Movement, he has been allied with Hezbollah

¹² "Lebanon records 44th failed attempt to elect president," *Daily Star*, September 7, 2016.

¹³ Alex Rowell, "Revealed: The MPs who aren't voting for a president," *NOW*, September 28, 2016.

since 2005. Some analysts view Hariri's decision to accept Aoun as a reflection of his weakened position following Saudi Arabia's distancing from Lebanon.¹⁴

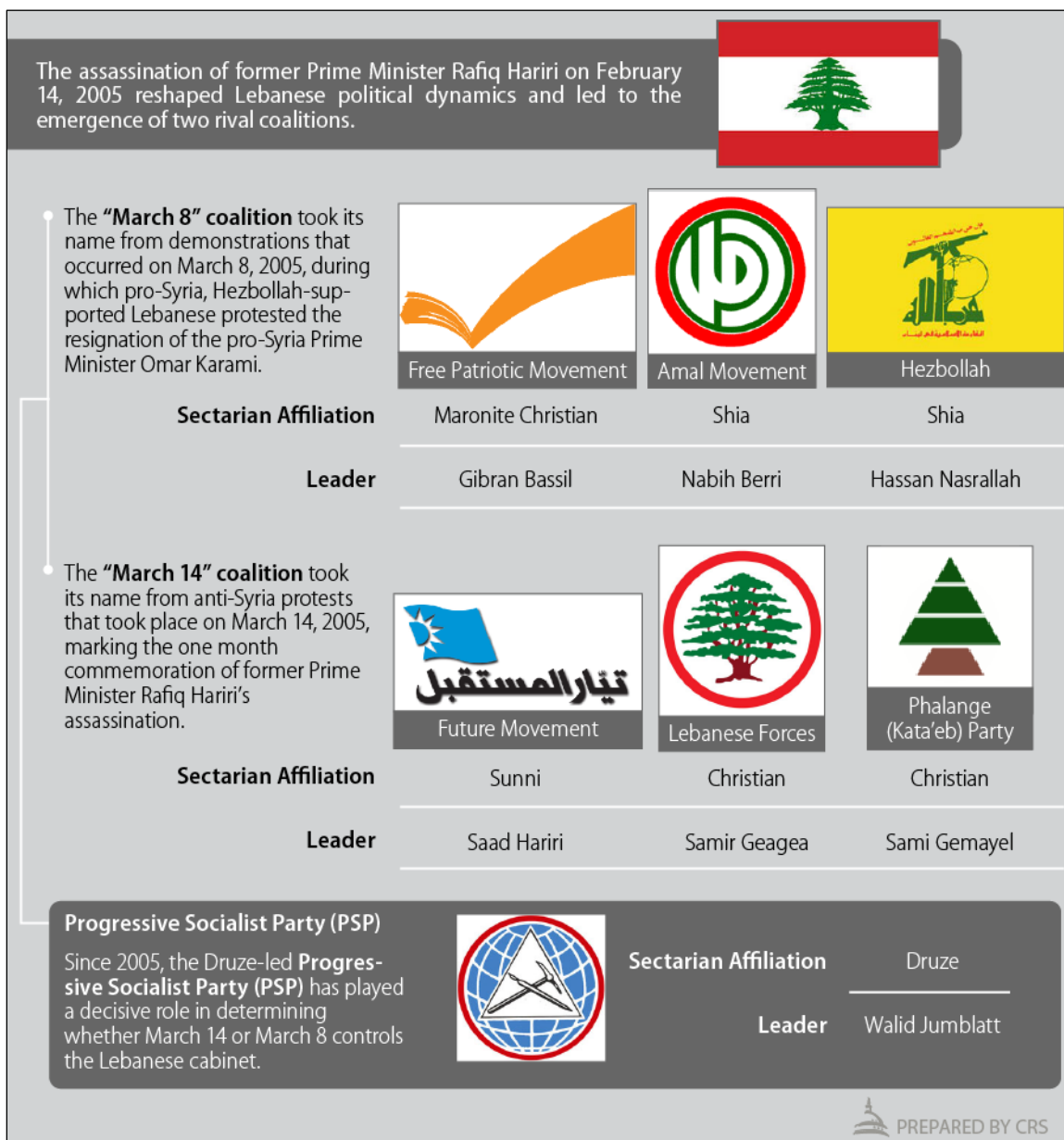
The election of a president clears the way for overdue legislative elections, originally scheduled for June 2013 but delayed after the government failed to reach agreement on a new electoral law. MPs also had argued that instability in Lebanon stemming from the conflict in Syria necessitated the postponement of legislative elections. The Lebanese parliament has extended its term twice (by 17 months, and later by 31 months), in moves described by some parties as unconstitutional.

Despite the resolution of the presidential crisis, a number of uncertainties remain. For example, it is unclear how an Aoun presidency will deal with Hezbollah's activities in Syria. Although Aoun is allied with Hezbollah, he represents a Christian community which views Hezbollah's interference in Syria as endangering Lebanese stability. Another question is whether Hariri's support for Aoun will lead to challenges from within his own party, potentially fracturing Lebanon's Sunni community.

¹⁴ Joyce Karam, "Finally a President for Lebanon? Behind the Hariri-Aoun bargain," *Al Arabiya*, October 25, 2016.

Figure 2. Lebanon’s Political Coalitions

Reflects those parties with the largest number of seats in Parliament



Security Challenges

Lebanon faces numerous security challenges from a combination of internal and external sources. Many of the problems stem from the conflict in neighboring Syria, while others are rooted in long-standing social divisions and the marginalization of some sectors of Lebanese society. The Syria conflict appears to have exacerbated some of the societal cleavages.

Hezbollah's involvement in Syria has precipitated numerous suicide bombings against Shia areas and Hezbollah strongholds in Lebanon. In July 2013, Nusra Front leader Abu Muhammad Al Jawlani warned that Hezbollah's actions in Syria "will not go unpunished."¹⁵ In December 2013 a group calling itself the Nusra Front in Lebanon released its first statement. The group has since claimed responsibility for a number of suicide attacks in Lebanon, which it describes as retaliation for Hezbollah's involvement in Syria.¹⁶

The Islamic State has also conducted operations inside Lebanon targeting Shia Muslims and Hezbollah. In November 2015, the Islamic State claimed responsibility for twin suicide bombings in the Beirut suburb of Burj al Barajneh—a majority Shia area. The attack killed at least 43 and wounded more than 200.¹⁷ As a result of the targeting of Shia areas, Hezbollah has worked in parallel to the Lebanese Armed Forces to counter the Nusra Front and the Islamic State in Lebanon. In 2016, U.S. defense officials described the relationship between Hezbollah and the LAF as one of "de-confliction."¹⁸

Islamic State infiltration into Lebanon has highlighted challenges facing the LAF. In 2013, fighting in the Qalamoun mountain region between Syria and Lebanon transformed the Lebanese border town of Aarsal into a rear base for Syrian armed groups.¹⁹ In August 2014, clashes broke out between the LAF and Islamic State/Nusra Front militants in Aarsal. Nineteen LAF personnel and 40 to 45 Lebanese and Syrians were killed, and 29 LAF and Internal Security Forces were taken hostage.²⁰ Nine of the hostages are still being held by the Islamic State. U.S. officials described the August 2014 clashes between the Islamic State and the LAF in Aarsal as a watershed moment for U.S. policy towards Lebanon, accelerating the provision of equipment and training to the LAF.²¹ The situation in Aarsal is compounded by the refugee crisis—the border town hosts more than 40,000 refugees, exceeding the Lebanese host population by more than 15%.²²

Some existing extremist groups in Lebanon who previously targeted Israel have refocused on Hezbollah and Shia communities since the onset of the conflict. The Al Qaeda-linked Abdallah Azzam Brigades (AAB), formed in 2009, initially targeted Israel with rocket attacks. However, the group began targeting Hezbollah in 2013 and is believed to be responsible for a series of bombings in Hezbollah controlled areas of Beirut, including a November 2013 attack against the Iranian Embassy that killed 23 and wounded at least 150.²³

In addition to the AAB, there are numerous Sunni extremist groups based in Lebanon that predate the Syria conflict. These include Hamas, the Popular Front for the Liberation of Palestine (PFLP), Palestinian Islamic Jihad, Fatah al Islam, and Jund al Sham. These groups operate primarily out of Lebanon's 12 Palestinian refugee camps. Due to an agreement between the Lebanese government and the late Palestine Liberation Organization (PLO) chairman Yasser Arafat,

¹⁵ OSC Report TRN2013072225034533, "Syria: ... Audio by Al-Nusra Front Leader Al-Jawlani," July 23, 2013.

¹⁶ "Jabhat al-Nusra claims deadly Lebanon bombing," *Al Jazeera*, February 1, 2014;

¹⁷ "ISIS claims responsibility for blasts that killed dozens in Beirut," *New York Times*, November 12, 2015.

¹⁸ Andrew Exum, Deputy Assistant Defense Secretary for Middle East Policy, at a hearing entitled "U.S. Policy Towards Lebanon," before the House Foreign Affairs Subcommittee on Middle East and North Africa, April 28, 2016.

¹⁹ "Aarsal in the Crosshairs: The Predicament of a Small Lebanese Border Town," International Crisis Group, February 23, 2016.

²⁰ "Lebanon," State Department Annual Report on Human Rights, 2015.

²¹ CRS conversation with State Department official, October 2016.

²² "Humanitarian Bulletin, Lebanon," Issue 25, 1-30 November 2016, United Nations Office for the Coordination of Humanitarian Affairs (OCHA).

²³ "Abdallah Azzam Brigades," State Department Country Reports on Terrorism 2015, Chapter 6.

Lebanese forces generally do not enter Palestinian camps in Lebanon, instead maintaining checkpoints outside them. These camps operate as self-governed entities, and maintain their own security and militia forces outside of government control.²⁴

Some Lebanese have described the country's growing Syrian refugee population as a risk to Lebanon's security. In June 2016, eight suicide bombers attacked the Christian town of Al Qaa near the Syrian border, killing five and wounding dozens. The attack heightened anti-refugee sentiment, as the attackers were initially suspected to be Syrians living in informal refugee settlements inside the town. Lebanese authorities arrested hundreds of Syrians following the attack, although Lebanon's interior minister later stated that 7 out of the eight bombers had traveled to Lebanon from the Islamic State's self-declared capital in Raqqa, Syria, and were not residing in Lebanon.²⁵

Some Lebanese politicians continue to call for the return of Syrians to their home country.²⁶ Lebanese President Aoun has expressed support for the establishment of safe zones in coordination with the Syrian government, to facilitate the return of Syrian refugees.²⁷

Hezbollah

Lebanese Hezbollah, a Shia Islamist movement, is Iran's most significant non-state ally. Iran's support for Hezbollah, including providing thousands of rockets and short-range missiles, helps Iran acquire leverage against key regional adversaries such as Israel and Saudi Arabia. It also facilitates Iran's intervention on behalf of a key ally, the Assad regime in Syria. The Assad regime has been pivotal to Iran and Hezbollah by providing Iran a secure route to deliver weapons to Hezbollah. Iran has supported Hezbollah through the provision of "hundreds of millions of dollars" to the group, in addition to training "thousands" of Hezbollah fighters inside Iran.²⁸

Figure 3. Palestinian Refugee Camps in Lebanon



Source: United Nations Relief Works Agency/Congressional Research Service.

²⁴ "Lebanon," State Department Annual Country Reports on Human Rights, 2015.

²⁵ "Lebanon's tough options as backlash against Syrian refugees grows," *Christian Science Monitor*, July 1, 2016.

²⁶ "Incitement, tensions rise over Syrian refugees in Lebanon," *Al Monitor*, September 28, 2016.

²⁷ "Lebanon backs returning Syrian refugees to 'safe zones'," *Associated Press*, February 3, 2017.

²⁸ Department of State Country Reports on Terrorism 2015, p. 300. The Obama Administration's 2010 report on Iran's military power stated that Iran provides "roughly \$100-200 million per year in funding to support Hizballah." (U.S. Department of Defense, Annual Unclassified Report on Military Power of Iran, Required by Section 1245 of the FY2010 National Defense Authorization Act (P.L. 111-84), April 2010.)

Clashes with Israel

Hezbollah's last major clash with Israel occurred in 2006—a 34 day war that resulted in the deaths of approximately 1,190 Lebanese and 163 Israelis,²⁹ and the destruction of large parts of Lebanon's civilian infrastructure. The war began in July 2006, when Hezbollah captured two members of the Israeli Defense Forces (IDF) along the Lebanese-Israeli border. Israel responded by carrying out air strikes against suspected Hezbollah targets in Lebanon, and Hezbollah countered with rocket attacks against cities and towns in northern Israel. Israel subsequently launched a full-scale ground operation in Lebanon with the stated goal of establishing a security zone free of Hezbollah militants. Hostilities ended following the issuance of U.N. Security Council Resolution (UNSCR) 1701, which imposed a ceasefire.

In the years since the 2006 war, Israeli officials have sought to draw attention to Hezbollah's weapons buildup—including reported upgrades to the range and precision of its projectiles—and its alleged use of Lebanese civilian areas as strongholds.³⁰ In addition, Israel has reportedly struck targets in Syria or Lebanon in attempts to prevent arms transfers to Hezbollah in Lebanon.³¹ In February 2016, Israeli Prime Minister Netanyahu said:

We will not agree to the supply of advanced weaponry to Hezbollah from Syria and Lebanon. We will not agree to the creation of a second terror front on the Golan Heights. These are the red lines that we have set and they remain the red lines of the State of Israel.³²

Since 1978, the United Nations Force in Lebanon (UNIFIL) has been deployed in the Lebanon-Israel-Syria tri-border area (the formal boundaries dividing the three countries remain disputed.) In 2000, the United Nations demarcated a border between Lebanon and Israel for the purposes of confirming Israel's withdrawal from Lebanon. Known as the "Blue Line," it is not the internationally recognized border between Israel and Lebanon. UNSCR 1701, which ended the 2006 Israel-Hezbollah war, authorized UNIFIL to assist the Lebanese government in the establishment of "an area free of any armed personnel, assets and weapons other than those of the Government of Lebanon and of UNIFIL" between the Blue Line and the Litani River. UNIFIL was also tasked with accompanying the LAF as it deployed in southern Lebanon, a traditional Hezbollah stronghold. UNIFIL continues to monitor violations of UNSCR 1701 by all sides.³³ As of early 2017, UNIFIL maintained 10,500 peacekeepers drawn from 40 countries.³⁴

²⁹ See "Lebanon"—Amnesty International Report 2007, and "Israel-Hizbullah conflict: Victims of rocket attacks and IDF casualties," Israel Ministry of Foreign Affairs.

³⁰ William Booth, "Ten years after last Lebanon war, Israel warns next one will be far worse," *washingtonpost.com*, July 23, 2016.

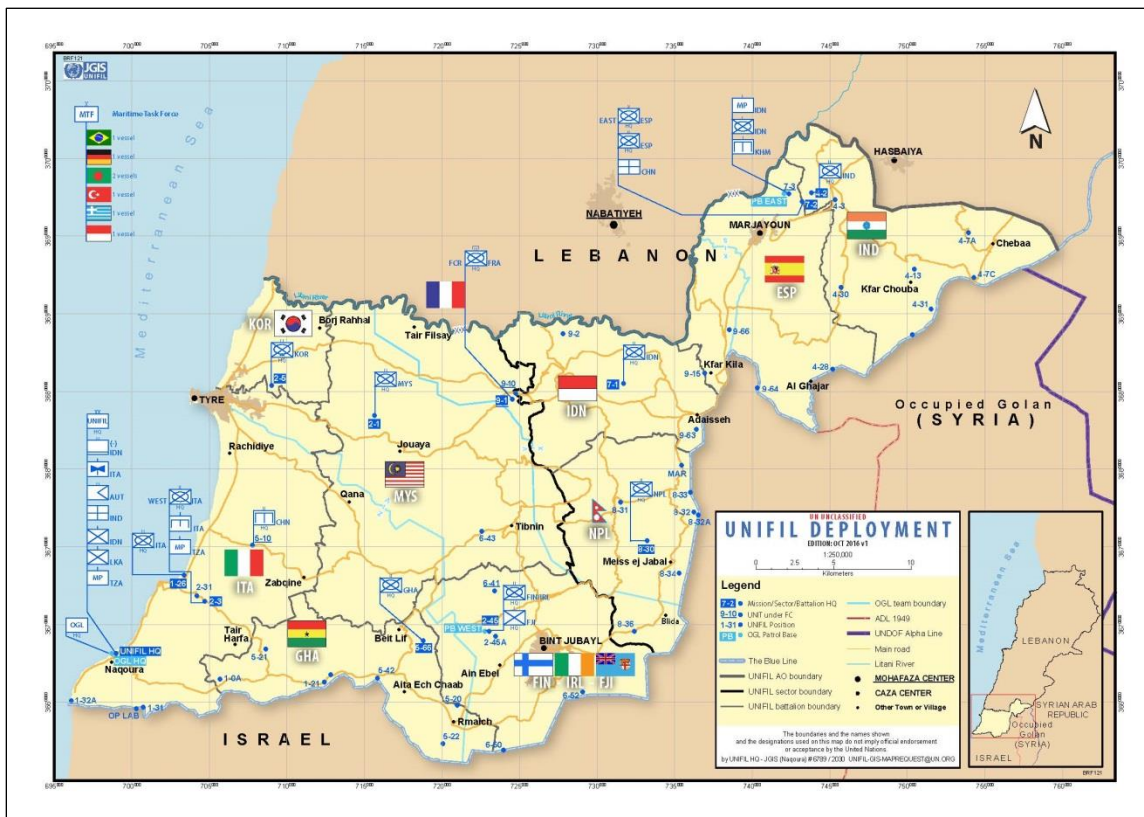
³¹ See, e.g., "Israel has hit 'dozens' of Hezbollah arms transfers, Netanyahu says," *Times of Israel*, April 11, 2016; Anne Barnard, "Lebanon: New Skirmish Between Israel and Hezbollah in Disputed Territory," *New York Times*, January 5, 2016.

³² Isabel Kershner, "Netanyahu Welcomes Cease-Fire in Syria, but Adds a Warning," *New York Times*, February 29, 2016.

³³ For details, see United Nations Security Council, *Report of the Secretary General on the implementation of Security Council resolution 1701 (2006) S/2016/931*, November 4, 2016.

³⁴ "Interview: Major General Michael Beary, Force Commander, United Nations Interim Force in Lebanon," *Jane's Defence Weekly*, January 31, 2017.

Figure 4. United Nations Force in Lebanon (UNIFIL) Deployment and Lebanon-Syria-Israel Tri-border Area



Source: UNIFIL, October 2016.

Hezbollah's animosity towards Israel dates back to the group's formation in the early 1980s during the Israeli occupation of southern Lebanon. Israel invaded Lebanon in 1978 and again in 1982, with the goal of expelling the leadership and fighters of the Palestinian Liberation Organization—which used Lebanon as a base to wage a guerilla war against Israel. In 1985 Israel withdrew from Beirut and its environs to southern Lebanon—a predominantly Shia area. Shia leaders split in response to the Israeli occupation, and those favoring a military response gradually coalesced into what would become Hezbollah. The group launched attacks against IDF and U.S. military and diplomatic targets, portraying itself as the leaders of resistance to foreign military occupation.

In May 2000 Israel withdrew its forces from southern Lebanon, but Hezbollah has used the remaining Israeli presence in the Sheb'a Farms (see below) and other disputed areas in the Lebanon-Syria-Israel tri-border region to justify its ongoing conflict with Israel—and its continued existence as an armed militia alongside the Lebanese Armed Forces.

The Sheb'a Farms Dispute

When Israel withdrew from southern Lebanon in 2000, several small but sensitive territorial issues were left unresolved, notably, a roughly 10 square mile enclave at the southern edge of the Lebanese-Syrian border known as the Sheb'a Farms. Israel did not evacuate this enclave, arguing that it is not Lebanese territory but rather is part of the Syrian Golan Heights, which Israel occupied in 1967. Lebanon, supported by Syria, asserts that this territory is part of Lebanon and should have been evacuated by Israel when the latter abandoned its self-declared security zone in May 2000.

Ambiguity surrounding the demarcation of the Lebanese-Syria border has complicated the task of determining ownership over the area. France, which held mandates for both Lebanon and Syria, did not define a formal boundary between the two, although it did separate them by administrative divisions. Nor did Lebanon and Syria establish a formal boundary after gaining independence from France in the aftermath of World War II—in part due to the influence of some factions in both Syria and Lebanon who regarded the two as properly constituting a single country. Advocates of a "Greater Syria" in particular were reluctant to establish diplomatic relations and boundaries, fearing that such steps would imply formal recognition of the separate status of the two states. The U.N. Secretary General noted in May 2000 that "there seems to be no official record of a formal international boundary agreement between Lebanon and the Syrian Arab Republic."³⁵ Syria and Lebanon did not establish full diplomatic relations until 2008.³⁶

Since the discovery in 2009 of large offshore gas fields in the Mediterranean, unresolved issues over the demarcation of Lebanon's land border with Israel have translated into disputes over maritime boundaries, and in 2011 Lebanese authorities called on the U.N. to establish a maritime equivalent of the Blue Line. UNIFIL has maintained a Maritime Task Force since 2006, which assists the Lebanese Navy in preventing the entry of unauthorized arms or other materials to Lebanon. However, U.N. officials have stated that UNIFIL does not have the authority to establish a maritime boundary.³⁷ (For more information, see "Eastern Mediterranean Energy Resources and Disputed Boundaries," below.)

Domestic Politics

Hezbollah was widely credited for forcing the withdrawal of Israeli troops from southern Lebanon in 2000, and this elevated the group into the primary political party among Lebanese Shia.³⁸ In addition, Hezbollah—like other Lebanese confessional groups—vies for the loyalties of its constituents by operating a vast network of schools, clinics, youth programs, private business, and local security. These services contribute significantly to the group's popular support base, although some Lebanese criticize Hezbollah's vast apparatus as "a state within the state." The legitimacy that this popular support provides compounds the challenges of limiting Hezbollah's influence.

Hezbollah has participated in elections since 1992, and it has achieved a modest but steady degree of electoral success. Hezbollah won 10 parliament seats in 2009 and now holds two cabinet posts: Minister of State for Parliamentary Affairs Mohammed Fneish and Industry Minister Hussein Hajj Hassan. In recent years, Hezbollah candidates have fared well in municipal elections, winning seats in conjunction with allied Amal party representatives in many areas of southern and eastern Lebanon.

Hezbollah has at times served as a destabilizing political force, despite its willingness to engage in electoral politics. In 2008, Hezbollah-led fighters took over areas of Beirut after the March 14 government attempted to shut down the group's private telecommunications network. Hezbollah has also withdrawn its ministers from the cabinet to protest steps taken by the government (in 2008 when the government sought to debate the issue of Hezbollah's weapons, and in 2011 to protest the expected indictments of Hezbollah members for the Hariri assassination.) The withdrawal of Hezbollah from the cabinet caused the government to collapse. At other times,

³⁵ United Nations Security Council, Report of the Secretary-General on the implementation of Security Council resolutions 425 (1978) and 426 (1978), S/2000/460, May 22, 2000.

³⁶ Syrian Government, Presidential Decree No. 358, October 14, 2008.

³⁷ United Nations Security Council, Fifteenth report of the Secretary-General on the implementation of Security Council Resolution 1701 (2006) S/2011/91, February 28, 2011.

³⁸ Lina Khatib and Maxwell Gardiner, "Lebanon: Situation Report," Carnegie Middle East Center, April 17, 2015.

Hezbollah leaders have avoided conflict with other domestic actors, possibly in order to focus its resources elsewhere—such as on activities in Syria.

Intervention in Syria

Syria is important to Hezbollah because it serves as a key transshipment point for Iranian weapons. Following Hezbollah's 2006 war with Israel, the group worked to rebuild its weapons cache with Iranian assistance, a process facilitated or at minimum tolerated by the Syrian regime. While Hezbollah's relationship with Syria is more pragmatic than ideological, it is likely that Hezbollah views the prospect of regime change in Damascus as a fundamental threat to its interests—particularly if the change empowers Sunni groups allied with Saudi Arabia.

Hezbollah has played a key role in helping to suppress the Syrian uprising, in part by “advising the Syrian Government and training its personnel in how to prosecute a counter insurgency.”³⁹ Hezbollah fighters in Syria have worked with the Syrian military to protect regime supply lines, and to monitor and target rebel positions. They also have facilitated the training of Syrian forces by the IRGC-QF.⁴⁰ The involvement of Hezbollah in the Syrian conflict has evolved since 2011 from an advisory to an operational role, with forces fighting alongside Syrian troops—most recently around Aleppo.⁴¹ The International Institute for Strategic Studies estimates that Hezbollah maintains between 4,000 and 8,000 fighters in Syria.⁴²

Syrian Refugees and Lebanese Policy

Refugees began to stream into Lebanon in 2011, following the outbreak of conflict in neighboring Syria. Initially, Lebanon maintained an open-border policy, permitting refugees to enter without a visa and to renew their residency for a nominal fee. By 2014, Lebanon had the highest per capita refugee population in the world, with refugees equaling one quarter of the resident population.⁴³ (See **Figure 5**.) In May 2015, UNHCR suspended new registration of refugees in response to the government's request. Thus, while roughly 1 million Syrian refugees were registered with UNHCR in late 2016, officials estimate that the actual refugee presence is closer to 1.2 to 1.5 million (Lebanon's pre-war population was only about 4.3 million).

In addition, there are 450,000 Palestinian refugees registered with UNRWA in Lebanon, although not all of those registered reside in Lebanon. The number of actual Palestinian residents is estimated to be closer to 300,000.⁴⁴ About 20,725 other refugees and asylum seekers are registered in Lebanon; 84% of these are Iraqi refugees.⁴⁵

As the number of refugees continued to increase, it severely strained Lebanon's infrastructure, which was still being rebuilt following the 2006 war between Hezbollah and Israel. It also created

³⁹ “Briefing on the designation of Hezbollah for supporting the Syrian regime,” Department of State Press Release, August 10, 2012.

⁴⁰ Ibid.

⁴¹ “In Syria's Aleppo, Shiite militias point to Iran's unparalleled influence,” *Washington Post*, November 20, 2016.

⁴² The Military Balance 2016, International Institute for Strategic Studies.

⁴³ United Nations High Commissioner for Refugees (UNHCR), “Syrian refugees in Lebanon surpass 1 million,” April 3, 2014.

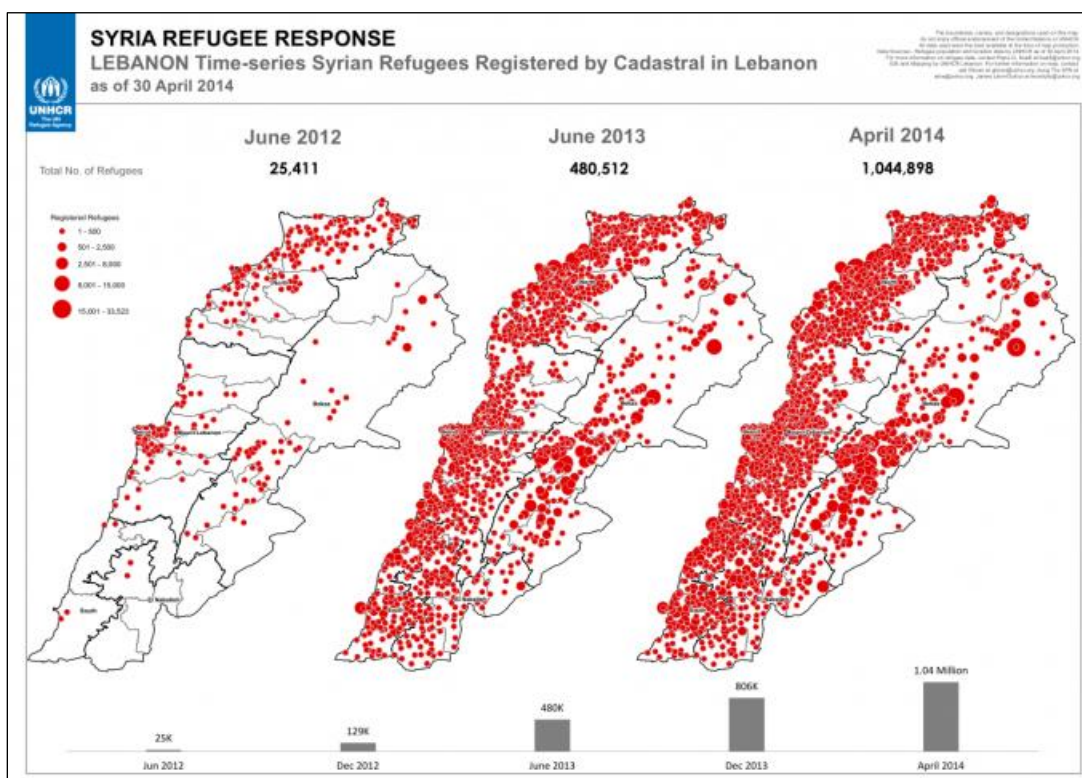
⁴⁴ “Lebanon,” 2015 Country Reports on Human Rights Practices, State Department Bureau of Democracy, Human Rights, and Labor, April 13, 2016.

⁴⁵ “Refugees and Asylum-Seekers,” *Lebanon: Global Focus*, UNHCR.

growing resentment among Lebanese residents, as housing prices increased and some felt as though an influx of cheap Syrian labor was displacing Lebanese from their jobs. The influx has also affected the Lebanese education system, as roughly half a million of the Syrian refugees in Lebanon are estimated to be school-age children.⁴⁶

The Lebanese government has been unwilling to take steps that it sees as enabling Syrians to become a permanent refugee population akin to the Palestinians—whose militarization in the 1970s was one of the drivers of Lebanon’s 15-year civil war. Some Christian leaders also fear that the influx of largely Sunni refugees could upset the country’s sectarian balance. To prevent Syrian refugees from settling in Lebanon permanently, the government has blocked the construction of refugee camps like those built to house Syrian refugees in Jordan and Turkey. As a result, most Syrian refugees in Lebanon have settled in urban areas, in what UNCHR describes as “sub-standard shelters” (garages, worksites, unfinished buildings) or apartments. Less than 20% live in informal tented settlements.

Figure 5. Registered Syrian Refugees in Lebanon



Source: UNHCR, accessed through reliefweb.int.

In May 2014, the government enacted entry restrictions effectively closing the border to Palestinian refugees from Syria.⁴⁷ In January 2015, the Lebanese government began to implement new visa requirements for all Syrians entering Lebanon, raising concerns among U.S. officials.⁴⁸

⁴⁶ Human Rights Watch, *Growing Up Without an Education: Barriers to Education for Syrian Refugee Children in Lebanon*, July 2016.

⁴⁷ Amnesty International, *Lebanon: Denied refuge: Palestinians from Syria seeking safety in Lebanon*, July 1, 2014.

⁴⁸ See for example, State Department Daily Press Briefing, January 5, 2015.

Under the new requirements, Syrians can only be admitted if they are able to provide documentation proving that they fit into one of the seven approved categories for entry, which do not include fleeing violence.⁴⁹ While there is an entry category for displaced persons, the criteria specifically apply to: “unaccompanied and/or separated children with a parent already registered in Lebanon; persons living with disabilities with a relative already registered in Lebanon; persons with urgent medical needs for whom treatment in Syria is unavailable; persons who will be resettled to third countries.”⁵⁰

Refugees registered with UNHCR are required to provide a notarized pledge not to work, as a condition of renewing their residency. Nevertheless, the January 2015 regulations also increased the costs of residency renewal to an annual fee of \$200 per person over 15 years of age, beyond the means of the 70% of Syrian refugee households living below the poverty line. The new regulations have resulted in most Syrian refugees in Lebanon losing their legal status as they can no longer afford the costs of renewal. To survive, many seek employment in the informal labor market. According to a Human Rights Watch report, the loss of legal status for refugees in Lebanon has made them vulnerable to labor and sexual exploitation by employers.⁵¹

Palestinian refugees have been present in Lebanon for more than 60 years, as a result of displacements stemming from various Arab-Israeli wars. Like Syrian refugees, Palestinian refugees and their Lebanese-born children cannot obtain Lebanese citizenship.⁵² Unlike Syrian refugees, Palestinian refugees are prohibited from accessing public health or other social services, and Palestinian children cannot attend Lebanese public schools.⁵³ Palestinian refugees and their descendants cannot purchase or inherit property in Lebanon, and are barred from most skilled professions, including medicine, engineering, and law.

The long-standing presence of Palestinians in Lebanon has shaped the approach of Lebanese authorities to the influx of Syrian refugees. It is unclear whether Lebanese authorities will take a comparable approach to the Syrian population over the long-term, particularly as a new generation of Syrian children comes to share Palestinian refugees’ status as stateless persons. Some observers worry that government policies limiting nationality, mobility, and employment for refugees and their descendants risk creating a permanent underclass vulnerable to recruitment by terrorist groups.

Economy

Lebanon’s economy is service-oriented (69.5% of GDP), and primary sectors include banking and financial services as well as tourism. The country faces a number of economic challenges,

⁴⁹ According to Amnesty International, “Category one is for tourism, shopping, business, landlords, and tenants; category two is for studying, category three is for transiting to a third country, category four is for those displaced; category five for medical treatment; category six for an embassy appointment; and category seven for those entering with a pledge of responsibility (a Lebanese sponsor).” See, *Pushed to the Edge: Syrian Refugees Face Increased Restrictions in Lebanon*, Amnesty International, June 2015.

⁵⁰ Ibid.

⁵¹ ““I Just Wanted to be Treated Like a Person” How Lebanon’s Residency Rules Facilitate Abuse of Syrian Refugees,” Human Rights Watch, January 2016.

⁵² Citizenship in Lebanon is derived exclusively from the father. Thus, a child born to a Palestinian refugee woman and a Lebanese father could obtain Lebanese citizenship. However, a Palestinian refugee man would transmit his stateless status to his children, even if the mother was a Lebanese citizen.

⁵³ “Lebanon,” State Department Annual Country Reports on Human Rights, 2015.

including high unemployment and the fourth highest debt-to-GDP ratio in the world.⁵⁴ In addition, the war in neighboring Syria has significantly affected Lebanon's traditional growth sectors—tourism, real estate, and construction. Economic growth has slowed from an average of 8% between 2007 and 2009, to 1 to 2% since the outbreak of the Syrian conflict in 2011.⁵⁵ Foreign direct investment fell 68% from 2011 to 2012,⁵⁶ and public debt has reached over 140% of GDP.⁵⁷

The Lebanese government is unable to consistently provide basic services such as electricity, water, and waste treatment, and the World Bank notes that the quality and availability of basic public services is significantly worse in Lebanon than both regional and world averages.⁵⁸ As a result, citizens rely on private providers, many of whom are affiliated with political parties. The retreat of the state from these basic functions has enabled a patronage network whereby citizens support political parties—including Hezbollah—in return for basic services.

Unresolved political dynamics have exacerbated Lebanon's economic struggles. Lebanon has not passed a state budget since 2005 due to political and sectarian divisions, and runs a chronic fiscal deficit. Between 2014 and 2016, when the office of presidency remained unfilled, Lebanon also lost some international donor funding, because parliamentary boycotts prevented the body from voting on key matters, including the ratification of loan agreements.

Lebanon's economy is also affected by fluctuations in the country's relationship to the Gulf states, which are a key source of tourism, foreign investment, and aid. In early 2016, Saudi Arabia suspended \$3 billion in pledged aid to Lebanon's military after Lebanon's foreign minister declined to endorse an otherwise unanimous Arab League statement condemning attacks against Saudi diplomatic missions in Iran.⁵⁹ Saudi Arabia and other Gulf states instituted a travel warning to Lebanon and urged their citizens to leave the country—impacting Lebanon's real estate and tourism sectors, which depend on spending by wealthy Gulf visitors. In January 2017, President Aoun visited Saudi Arabia—his first foreign visit as president—in an effort to rebuild bilateral ties and resume military assistance.

Despite these numerous challenges, the Central Bank of Lebanon under the leadership of long-serving Governor Riad Salameh has played a stabilizing role. The Central Bank maintains roughly \$41 billion in foreign reserves, and the Lebanese pound, which is pegged to the dollar, has remained stable. Despite sporadic violence targeting Lebanese banks, Salameh has supported the implementation of Hezbollah International Financing Prevention Act, which seeks to bar from the U.S. financial system any bank that knowingly engages with Hezbollah. (See “Recent Legislation,” below.)

⁵⁴ “Lebanon,” CIA World Factbook, December 20, 2016.

⁵⁵ “Lebanon,” CIA World Factbook, December 20, 2016.

⁵⁶ “FDI Declines by 68Pct in 2012 to \$1.1 billion,” *The Daily Star*, March 19, 2013.

⁵⁷ “Lebanon: Government finances come to the fore,” Economist Intelligence Unit, July 15, 2016.

⁵⁸ World Bank, *Lebanon Economic Monitor*, Fall 2015, pp. 24-29.

⁵⁹ “Saudis Cut Off Funding for Military Aid to Lebanon,” *New York Times*, February 19, 2016.

Eastern Mediterranean Energy Resources and Disputed Boundaries

In 2010, the U.S. Geological Survey estimated that there are considerable undiscovered oil and gas resources that may be technically recoverable in the Levant Basin, an area that encompasses coastal areas of Syria, Lebanon, Israel, Gaza, and Egypt and adjacent offshore waters.⁶⁰

Figure 6. Eastern Mediterranean Maritime Territory Disputes and Energy Resources



Source: The Economist.

Notes: Boundaries and locations are approximate and not necessarily authoritative.

approach has sought to allow Lebanon to begin exploration and production activities in areas not subject to dispute while Lebanese differences with Israel regarding disputed areas are more fully addressed. After a three year delay, Lebanon's Energy Ministry in January 2017 announced that it would auction energy-development rights to five offshore areas. The announcement followed the approval by the Lebanese cabinet of two decrees defining the exploration blocks and setting out conditions for tenders and contracts.

For additional information, see CRS Report R44591, *Natural Gas Discoveries in the Eastern Mediterranean*, by Michael Ratner.

U.S. officials believe that the eventual production of gas resources in Lebanese waters could be a “great boon” to the Lebanese economy,⁶¹ and are working with Lebanese and Israeli leaders to resolve maritime boundary disagreements. Israel and Lebanon hold differing views of the correct delineation points for their joint maritime boundary relative to the Israel-Lebanon 1949 Armistice Line that serves as the de facto border between the two countries.⁶² Lebanon objects to an Israeli-Cypriot agreement that draws a specific maritime border delineation point relative to the 1949 Israel-Lebanon Armistice Line and claims roughly 330 square miles of waters that overlap with areas claimed by Israel.

The discovery of resources by Israel near the maritime boundary and the presumption that there are Lebanese resources close to the disputed area has amplified controversy over the disagreement. Both Israeli and Lebanese officials have taken steps to assert and protect their respective claims. The Obama Administration sought to mediate the dispute privately, and press reports suggest the U.S.

⁶⁰ USGS, Assessment of Undiscovered Oil and Gas Resources of the Levant Basin Province, Eastern Mediterranean, March 2010.

⁶¹ Testimony of Acting Deputy Assistant Secretary of State for Near Eastern Affairs Lawrence Silverman before the Senate Foreign Relations Subcommittee on Near Eastern and South and Central Asian Affairs, February 25, 2014.

⁶² The Armistice Line is not the final agreed border between Lebanon and Israel, but coastal points on the line appear likely to be incorporated into any future Lebanon-Israel border agreement.

U.S. Policy⁶³

Military Aid

Current U.S. security assistance priorities reflect increased concern about the potential for Sunni jihadist groups such as the Islamic State to target Lebanon, as well as long-standing U.S. concerns about Hezbollah and preserving Israel's qualitative military edge (QME). Over time, these concerns have led the United States to equip Lebanese security forces with types and quantities of weapons that provide them with advantages over potential non-state actor adversaries, but would not seriously threaten Israel's armed forces in the event of their seizure or misuse. Congress places several certification requirements on U.S. assistance funds for Lebanon annually in an effort to prevent their misuse or the transfer of U.S. equipment to Hezbollah or other designated terrorists.

U.S. security assistance to the Lebanese Armed Forces increased after the 2006 war between Hezbollah and Israel, and was aimed at supporting the Lebanese government in its efforts to implement UNSCR 1701. This resolution calls for the LAF to deploy throughout southern Lebanon—an area where Israeli and Hezbollah forces had previously been the predominant armed presence. UNSCR 1701 states that, within Lebanese territory, “there will be no weapons without the consent of the Government of Lebanon and no authority other than that of the Government of Lebanon.”

A series of terrorist attacks in Lebanon by Syria-based extremist groups beginning in 2012 also intensified the pace and scale of U.S. aid. In October 2015, then-U.S. Ambassador David Hale said in Lebanon that “we are more than doubling the baseline amount of U.S. military assistance we are providing to the Lebanese Armed Forces this year compared to last.”⁶⁴ In a November 2015 hearing, Assistant Secretary of State for Near East Affairs Anne Patterson identified the expedited and expanded U.S. assistance efforts to the Lebanese Armed Forces that are now underway as an “extremely high priority.”

In August 2016, U.S. Ambassador to Lebanon Elizabeth Richard announced the delivery of \$50 million in U.S. military equipment to the LAF, and stated that Lebanon was the fifth largest recipient of U.S. FMF in the world.⁶⁵ She also said that the United States had provided \$221 million in equipment and training to the LAF in 2016 alone. CENTCOM Commander General Votel stated that the United States has provided more than \$1.4 billion dollars in security assistance to the LAF since 2005.⁶⁶

Since late 2014, the United States (in some cases using grants from Saudi Arabia) has delivered Hellfire air-to-ground missiles, precision artillery, TOW-II missiles, M198 howitzers, small arms and ammunition to Lebanon. Congress also has been notified of a proposed sale of light ground attack aircraft with precision targeting capabilities. In March 2016, U.S. officials delivered three Huey II helicopters to the LAF. Related U.S. training and advisory support is ongoing. The

⁶³ This section was prepared with the assistance of Christopher Blanchard.

⁶⁴ This amount is reflected in the FMF-OCO allocations noted below. It is in addition to the \$59 million CTPF Border Security Program funding also described below. U.S. Embassy Beirut, “Ambassador Hale Highlights Doubling of U.S. Military Assistance to Army,” October 2, 2015.

⁶⁵ “America Delivers \$50 Million in Humvees, Weapons, and Ammunition to the Lebanese Army,” Embassy Beirut press release, August 9, 2016.

⁶⁶ “CENTCOM Commander General Votel Visits Lebanon,” Embassy Beirut press release, August 23, 2016.

United States conducts annual bilateral military exercises with the LAF. Known as Resolute Response, these exercises include participants from the U.S. Navy, Coast Guard, and Army.

The expansion of U.S. assistance has been funded in part through the allocation of Overseas Contingency Operation-designated Foreign Military Financing (FMF) funds from the State Department and Department of Defense-administered Counterterrorism Partnerships Fund (CTPF) monies under Section 1206/2282 authorities. In engagements with Congress, the State Department notes the multi-purpose nature of U.S. assistance to the LAF and makes specific reference to U.N. Security Council Resolution 1701, which “calls upon the Government of Lebanon to secure its borders and other entry points to prevent the entry into Lebanon without its consent of arms or related material.”

U.S. assistance for border security improvements in Lebanon have drawn particular attention from Congress because of threats stemming from the conflict in Syria. As noted above, both Hezbollah and the LAF have deployed forces to the mountainous border area separating Lebanon and Syria in a bid to halt infiltrations. Longer-standing U.S. concerns about improving Lebanon’s border control and security capabilities focus on stemming flows of weapons to Hezbollah and other armed groups in Lebanon, as called for by Resolution 1701.

In late 2016, photos of a Hezbollah parade showed what appeared to be U.S. M113 armored personnel carriers, raising questions of whether they had been transferred to Hezbollah by the LAF. A State Department spokesperson stated that the department was investigating the reports, but noted that the vehicles are extremely common in the region, suggesting that Hezbollah could have acquired them from other sources.⁶⁷ Defense Department officials have previously stated that, “the Lebanese Armed Forces have consistently had the best end-use monitoring reporting of any military that we work with, meaning that the equipment that we provide to the Lebanese Armed Forces, we can account for it at any given time.”⁶⁸ In December 2016, an Israel official stated that Hezbollah had seized the vehicles from the LAF, a claim disputed by U.S. officials.⁶⁹

Table I. Select U.S. Assistance Funding for Lebanon-Related Programs

\$, millions, Fiscal Year of Appropriation unless noted

Account/Program	FY2015 Actual	FY2016 Appropriation ^a	FY2017 Request
Lebanon			
FMF-OCO	84.1	TBD	105
ESF-OCO	65	110 authorized	110
IMET	2.22	TBD	2.75
INCLE	10	TBD	-
INCLE-OCO	-	TBD	10
NADR	4.96	TBD	-
NADR-OCO	-	TBD	5.76

⁶⁷ State Department Daily Press Briefing, November 15, 2016.

⁶⁸ Andrew Exum, Deputy Assistant Defense Secretary for Middle East Policy, at a hearing entitled “U.S. Policy Towards Lebanon,” before the House Foreign Affairs Subcommittee on Middle East and North Africa, April 28, 2016.

⁶⁹ “Hezbollah is using U.S. weaponry in Syria, according to senior Israeli military officer,” *Reuters*, December 21, 2016; “U.S. refutes Israeli claims of Lebanese APC transfers to Hezbollah,” *Defense News*, December 22, 2016.

DOD Reimbursement – O&M, Defense-Wide	-	Authorized ^b 40 YTD	-
DOD Counterterrorism Partnerships Fund (CTPF)	1300	1100	1000
Greater Levant	*	315 planned	470
Global Humanitarian Accounts (State Department)^c			
IDA			
Syria	872.9	TBD	898
MRA			
Syria	752.2	TBD	825

Source: U.S. State Department and Defense Department FY2017 Budget Request Materials, February 2016; FY2016 National Defense Authorization Act (P.L. 114-92); FY2016 Consolidated Appropriations Act (P.L. 114-113) and its accompanying explanatory statement; CRS correspondence with State Department and Defense Department officials, February 2016.

Notes: Table does not reflect all funds or programs related to Lebanon. Does not account for all reprogramming actions of prior year funds or obligation notices provided to congressional committees of jurisdiction. Some programs may be designed and implemented in ways that also meet non-IS related objectives. Asterisks denote items where request categories did not match year to year.

- Administration officials and congressional appropriations staff are determining final allocations for FY2016. Some FY2016 funds were not specifically allocated in the FY2016 Consolidated Appropriations Act (P.L. 114-113) and its accompanying explanatory statements, Funds that were specified may be adjusted under the rules of the Act.
- Division C of P.L. 114-113 authorizes the use of this \$5.6 billion fund “to reimburse key cooperating nations for logistical, military, and other support, including access, provided to United States military and stability operations in Afghanistan and to counter the Islamic State of Iraq and the Levant.” The funds may be used “to support the Governments of Jordan and Lebanon, in such amounts as the Secretary of Defense may determine, to enhance the ability of the armed forces of Jordan to increase or sustain security along its borders and the ability of the armed forces of Lebanon to increase or sustain security along its borders, upon 15 days prior written notification to the congressional defense committees outlining the amounts intended to be provided and the nature of the expenses incurred.”
- Figures for Global Humanitarian Accounts are organized by fiscal year of obligation, not fiscal year of appropriation. OCO and Base Accounts are combined.

Recent Legislation

Hizballah International Financing Prevention Act of 2015

In December 2015, the 114th Congress enacted a sanctions bill targeting parties that facilitate financial transactions for Hezbollah’s benefit (H.R. 2297, P.L. 114-102). The Hizballah International Financing Prevention Act of 2015 requires, inter alia, that the President, subject to a waiver authority, prohibit or impose strict conditions on the opening or maintaining in the United States of a correspondent account or a payable-through account by a foreign financial institution that knowingly:

- facilitates a transaction or transactions for Hezbollah;
- facilitates a significant transaction or transactions of a person on specified lists of specially designated nationals and blocked persons, property, and property interests for acting on behalf of or at the direction of, or being owned or controlled by, Hezbollah;
- engages in money laundering to carry out such an activity; or

- facilitates a significant transaction or provides significant financial services to carry out such an activity.

Some Lebanese observers have expressed concern that the legislation could inadvertently damage Lebanon's economy or banking sector if regulations written or actions taken to implement the law broadly target Lebanese financial institutions or lead other jurisdictions to forgo business in Lebanon because of difficulties associated with distinguishing between legitimate and illegitimate institutions and activities.⁷⁰ Items of particular interest to Lebanese parties, as U.S. Treasury officials craft implementing regulations for the law, include whether or not the United States will consider Lebanese government payments of salaries to Hezbollah members who hold public office to be activities of terrorist financing or money laundering concern.

Hezbollah's leader, Hassan Nasrallah, has sought to downplay the effects of this law, stating in a June 2016 speech:

Hizballah's budget, salaries, expenses, arms and missiles are coming from the Islamic Republic of Iran. Is this clear? This is no one's business. As long as Iran has money, we have money. Can we be any more frank about that? Our allocated money is coming to us, not through the banks. Just as we receive rockets with which we threaten Israel, our money is coming to us. No law can prevent this money from reaching us.⁷¹

At the same time, Nasrallah also criticized Lebanese banks for what he described as over-compliance with the legislation, saying, "[...] there are banks in Lebanon that went too far. They were American more than the Americans. They did some things that the Americans did not even ask them to do."⁷²

Outlook

Lebanon's election of a president in October 2016 after a presidential vacuum lasting over two years has brought a measure of stability to the country's internal politics. Hezbollah in recent years has appeared disinclined to foment domestic unrest that could draw key manpower and resources away from its activities in neighboring Syria. In turn, Hezbollah's superiority to other armed militias in Lebanon could dissuade other Lebanese groups from seeking to resolve disputes through violence.⁷³ External patrons of Lebanon's political blocs—Iran and Saudi Arabia—are also tied up in conflicts in Syria and Yemen, likely reducing their interest in (or their capacity to support) a new conflict in Lebanon.⁷⁴

At the same time, there are a number of factors which could undermine stability. While Lebanon's border with Israel has recently been quiet, a border skirmish could rapidly escalate tensions between Hezbollah and Israel, leading to another damaging war—and both sides are likely preparing for anticipated future conflict. Lebanon's border with Syria is another potential flashpoint, as seen in the 2014 clashes following the infiltration of Sunni jihadists into the border town of Aarsal. In addition, Iran's influence in Lebanon gives Tehran the option to destabilize

⁷⁰ Hassan Al-Qishawi, "Assessing financial sanctions on Hizbullah," *Al Ahram Weekly* (Egypt), February 18, 2016; and, Jean Aziz, "How Lebanese banks are handling US sanctions on Hezbollah," *Al Monitor* (Washington), January 12, 2016.

⁷¹ Open Source Enterprise, IMR2016062563060930, June 24, 2016.

⁷² *Ibid.*

⁷³ Paul Salem, "Seven Reasons Why Lebanon Survives—and Three Reasons Why It Might Not," *Lawfare* blog, August 28, 2016.

⁷⁴ *Ibid.*

Lebanon in retaliation for developments elsewhere—such as a renewal of sanctions or the unraveling of the JCPOA.

Domestically, tensions between refugees and Lebanese residents could escalate if there is an uptick in terror attacks attributed to Syrian refugees, or if refugee communities are perceived as harboring militants. Over the long-term, the presence of over a million refugees without adequate access to education, health care, or employment opportunities increases the vulnerability of this population to recruitment by militant groups, whether for ideological or economic reasons.

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