



Lebanon

Lebanon, a country of 5.5 million people, faces the worst economic crisis in its history amid ongoing political unrest, the spread of Coronavirus Disease 2019 (COVID-19), and an August 2020 explosion that severely damaged the port of Beirut and surrounding densely populated areas. Lebanon hosts the largest number of refugees in the world per capita (over 1 million, mostly Syrians), which has raised social tensions and strained public services. U.S. policy toward Lebanon has focused on countering the influence of Iran and Hezbollah, and on bolstering the Lebanese state—while calling for reforms to counter corruption and mismanagement. The United States also has worked to broker talks between Lebanon and Israel aimed at delineating the countries' shared maritime border; an issue complicated by potential undiscovered natural oil and gas reserves in the Eastern Mediterranean.

Government

Lebanon's confessional political system divides power among its three largest religious communities (Maronite Christian, Sunni, Shi'a), to which it allocates the posts of president, prime minister, and parliamentary speaker, respectively. Lebanese President Michel Aoun was elected in 2016 by Lebanon's parliament for a six-year term. Aoun is affiliated with the Christian Free Patriotic Movement (FPM), which along with Hezbollah and the Shi'a Amal Movement comprise the major components of the March 8 political bloc. Parliamentary elections in 2018 gave the bloc, which advocates friendly ties with Iran and Syria, a simple majority (68 out of 128 seats). The United States has maintained ties with March 8's political rival, known as the March 14 bloc, which includes the Future Movement (Sunni), the Lebanese Forces, and Kataeb (both Christian).

Political Instability

In October 2019, a nationwide mass protest movement prompted the resignation of then-Prime Minister Saad Hariri. A subsequent government led by Hassan Diab resigned after eight months, following the Beirut port explosion. Prime Minister-designate Mustapha Adib resigned a month after his appointment, after Hezbollah and Amal blocked his efforts to form a Cabinet.

Hariri Seeks to Form New Government

In October 2020, President Aoun re-nominated Saad Hariri as prime minister designate. Hariri seeks to form a "government of specialists" that can negotiate an economic relief package with the International Monetary Fund (IMF). Hariri reportedly has agreed to allow the Finance Ministry to remain in Shi'a control, a key demand of Amal and Hezbollah, and a sticking point in prior negotiations. Lebanon's four "sovereign ministries" (Defense, Interior, Foreign Affairs, and Finance) are not formally allotted to a specific sect, but customarily have been divided among the country's largest sectarian groups: Maronite Christian, Sunni, Shi'a, and Orthodox Christian.

Figure 1. Lebanon



Source: Created by CRS using ESRI, Google Maps, and Good Shepherd Engineering and Computing.

Beirut Port Explosion and Investigation

On August 4, 2020, a massive explosion at the port of Beirut killed over 190 people, and injured and displaced thousands. Lebanese officials linked the explosion to 2,750 tons of ammonium nitrate that had been confiscated from a disabled cargo ship in 2014 and stored in a warehouse at the port. According to the government, the initial cause of the explosion was a welding accident at the port, but many Lebanese blamed the blast on government negligence and mismanagement. Reports have highlighted pervasive corruption and smuggling at the port, reportedly linked to all of Lebanon's major political parties. Authorities named a military judge to lead the investigation into the cause of the blast; some Lebanese have questioned his independence from political elites. U.S. and French investigations have not reached a firm conclusion on what caused the blast.

Hezbollah

Hezbollah, a U.S.-designated Foreign Terrorist Organization (FTO), operates in Lebanon as a militia force, a political party, and a provider of social services. It is closely linked to Iran, which provides it with significant funding and has used it as a proxy or allied force to threaten Israel. While Israel withdrew in 2000 from areas of southern Lebanon it had occupied since 1982, Hezbollah has used the remaining Israeli presence in disputed areas in the Lebanon-Syria-Israel triborder region to justify its ongoing conflict with Israel and its continued existence as an armed militia alongside the Lebanese Armed Forces.

(LAF). In 2006, Hezbollah and Israel fought a 34-day war that killed over 1,200 people, mostly Lebanese.

Hezbollah has participated in Lebanese elections since 1992. The group entered the cabinet for the first time in 2005, and has held 1 to 3 seats in each Lebanese government formed since then. Hezbollah held two ministerial seats (Health and Industry) in the Diab cabinet.

U.N. Interim Force in Lebanon (UNIFIL)

In 1978, UNIFIL deployed to the Lebanon-Israel-Syria tri-border area to confirm the withdrawal of Israeli forces from southern Lebanon and assist the Lebanese government in expanding its authority there. Following the 2006 Israel-Hezbollah war, UNIFIL's mandate was expanded via UNSCR 1701 to include assisting the Lebanese government in establishing "an area free of any armed personnel, assets and weapons other than those of the Government of Lebanon and UNIFIL" between the Blue Line [a 120 km line between the two states used to confirm the Israeli withdrawal] and the Litani River. UNIFIL describes this zone as its area of operations. UNSCR 1701 calls upon Lebanon to secure its borders and requests that UNIFIL "assist the government of Lebanon at its request."

COVID-19

Local transmission of COVID-19 continues to surge, and Lebanese authorities have announced a full lockdown on November 14. From August to November, the rate of new reported cases per day grew from several hundred to over 2,000, according to the World Health Organization. Hospitals have struggled to pay staff and secure imports of medical supplies, and face a shortage of medical personnel.

Economic Crisis

Lebanon in 2020 faces overlapping currency, debt, fiscal, and banking crises. The Lebanese pound, pegged to the dollar, has lost roughly 80% of its value in black-market trading since October 2019. The Economist Intelligence Unit (EIU) estimates that inflation is over 50%, crossing the threshold into hyperinflation. In March 2020, Lebanon defaulted on its foreign debt for the first time in its history; the country's public debt (estimated at 155% of GDP) is among the highest in the world. In June, the EIU forecast that the economy will contract by 12% in 2020, while the budget deficit widens to 14% of GDP.

In May 2020, the Lebanese government formally requested a \$10 billion loan from the IMF. However, talks between the government and the IMF have stalled over questions regarding the exchange rate, government finances, and banking reforms. U.S. and European officials have conditioned their support for an IMF program for Lebanon on the implementation of structural reforms.

Lebanon's economic crisis has had a severe impact on the country's population. Extreme poverty has tripled in the past 12 months, from 8% to 23% of the population. Unemployment has risen to 30%. In April 2020, the government estimated that poverty levels could hit 60% by the end of 2020; the United Nations has cautioned that more than half of the population could face food shortages by the end of 2020. In September, Human Rights Watch officials noted that "Lebanese nationals are now joining Syrian refugees on boats to flee Lebanon and seek asylum."

U.S. Policy

U.S. policy in Lebanon aims to counter the influence of Iran, Syria, and Hezbollah, secure Lebanon's border against the flow of weapons and militant groups, and preserve domestic stability. In pursuit of these goals, the United States has sought to strengthen the LAF, generating debate within Congress between those who view the LAF as key to countering Hezbollah and those who argue that U.S. assistance to the LAF risks falling into the hands of U.S. adversaries. The United States has also used targeted economic sanctions to isolate and degrade Hezbollah.

U.S. Aid to Lebanon

The United States is the largest provider of development, humanitarian, and security assistance to Lebanon. 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. The United States has provided more than \$2 billion worth of assistance and materiel to the LAF since 2006. The United States has provided \$19 million in emergency humanitarian assistance to Lebanon since the August 4 blast. These funds are separate from \$41.6 million in supplemental USAID and State Department funding for Lebanon's COVID-19 response. U.S. officials have emphasized that aid is routed through international and nongovernmental organizations.

Table 1. U.S. Bilateral Aid to Lebanon

allocations by year of appropriation, current U.S. \$ in millions

	FY17 actual	FY18 actual	FY19 actual	FY20 enacted	FY21 request
ESF/ESDF	110.00	117.00	112.50	112.50	62.20
FMF	80.00	105.00	105.00	105.00	50.00
IMET	2.65	3.12	2.97	2.97	3.00
INCLE	10.00	10.00	10.00	10.00	6.20
NADR	5.76	10.82	11.82	11.82	11.76
Total	208.41	245.94	242.29	242.29	133.16

Source: State Department Budget Justifications (FY2017-FY2021), P.L. 116-94, and CRS calculations and rounding.

U.S. Sanctions

In July, Lebanon sought exemptions from the Caesar Syria Civilian Protection Act in order to import electricity and agricultural products from Syria. In September, the United States designated additional Lebanese officials and entities for support to Hezbollah. Some observers noted that the sanctions coincided with increased Hezbollah and Amal intransigence on government formation. In November, the United States designated former minister Gibran Bassil pursuant to Executive Order 13818, which implements the Global Magnitsky Human Rights Accountability Act. Bassil heads the FPM, the largest Christian party in Lebanon, and the largest bloc in Parliament. Bassil also is the son-in-law of President Aoun and a political ally of Hezbollah. Following the designation, Bassil laid out new demands in ongoing negotiations on Cabinet formation.

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