

Can the US Starve Hezbollah of Funds?

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Over the years, researchers have copied and parroted inaccurate declassified US intelligence reports on Hezbollah's sources of income around the world. These documents claim Hezbollah lives off selling smuggled cigarettes and illegally copied CDs or on income generated by selling drugs in Latin America and around the world. The US also accuses Hezbollah of profiting from commercial or business projects abroad and of having bank accounts worldwide. These claims were pretexts for the US to impose sanctions on the group and confiscate foreign accounts that, in reality, did not belong to Hezbollah. When all attempts to curb Hezbollah's finances failed, a few options remained to the US government.

One was to prevent Khums (tithes, a religious obligation referring to one fifth, or 20%, of acquired wealth at the end of a fiscal year) paid by Shia immigrants from reaching Hezbollah. Another was to impose heavy sanctions on Iran, Hezbollah's main ally and financial provider. And the last was to impose sanctions on Shia individuals and banks in Lebanon dealing with Hezbollah ministers or members of parliament or other wealthy Shia with close ties to the organisation.

The objective was to push Shia society -which represents a third of the entire Lebanese population - to distance itself from Hezbollah. The US aims to break the policy of unity approved by the parliament, the council of ministers and the President, which calls for the solidarity of "the Army, the People and the Resistance" against any Israeli aggression on Lebanon. Can the US succeed in undermining the status of Hezbollah in Lebanese society, and in neutralising its finances?

Lebanese Hezbollah is a quasi-state actor, with 73 members of parliament and 18 members of the council of ministers in its camp. Its legitimacy is ensured by the legislative and executive authorities, along with a significant part of the security forces and the majority of the Shia that represent a bit less than a third of the population. Both President Michel Aoun and the pro-US Prime Minister, the dual nationality holder (Lebanese and Saudi) Saad Hariri, reasserted very recently Lebanon's right to retaliate against Israel for sending two suicide drones into a suburb of Beirut, violating the cessation of hostilities agreed within the UN resolution 1701 following the Israeli war on Lebanon in 2006. The Lebanese officials referred to Hezbollah when expressing "Lebanon's right to retaliate" and waved this card in the face of international community representatives who were trying to convince the Lebanese of the validity and effectiveness of a "soft response" to Israel.

Notwithstanding the domestic legitimacy that protects Hezbollah's existence and operation, is it possible for the US to impoverish Hezbollah, and how?

According to the latest visitor to Lebanon, Israeli-born US Treasury Under-Secretary for Terrorism and Financial Intelligence **Sigal Mandelker**, Iran "[provides](#) \$700 million a year to

Hezbollah”, that is around \$60 million monthly. If we assume this figure is correct, the quasi-state actor families and militants are spending tens of millions of dollars monthly in Lebanon, boosting its economy. Hezbollah pays “Huquq” (a term indicating payment of salaries) to its tens of thousands of members and provides full medical coverage to its members and their families. It invests money locally on artificial wells – to combat the scarcity of drinking water – and on other basic infrastructure needs the local government has failed to provide for decades. Lack of government attention, services and lack of protection for its population have given Hezbollah fertile ground to replace the Lebanese government role in many areas.

Hezbollah’s budget has been provided by Iranian crude oil for months. Iran considers Hezbollah not only as part of its national security but as an inseparable member of its body. Therefore, the US will need to close the tap of every single oil well in Iran to stop income from reaching Hezbollah in Lebanon.

Iran has managed to sell hundreds of thousands of barrels of oil daily despite the harsh US sanctions. Hezbollah takes its share of oil and sells it in the market at low prices. If Hezbollah receives \$700 million yearly, it needs between 1.2 million barrels of oil per month to cover all expenses. That is an easy task to undertake since Hezbollah is present in Syria and Iraq, enjoying support among officials and among the population.

Even if falling short, the money Hezbollah is bringing to Lebanon – slightly less than one billion dollars per year – is contributing to the Lebanese economy. The country is suffering an acute financial crisis due to decades of corruption and the turbulent domestic economic system, which does not protect local industry and agriculture. Lebanon over-relies on tourism, a limited sector, and one that is easily affected by rumours of war in the region.

The US is now targeting the Lebanese banking system, one of the rare systems still working in the country. It has closed two major banks so far and imposed harsh measures on internal procedures and money transfers and has requested the closure of accounts related to individuals connected to Hezbollah in any way. The US administration is actually running the Lebanese banking system from Washington. The Central Bank of Lebanon is totally obedient to any US request, fearing a devaluation of the local currency or the collapse of Lebanese banks if targeted by the US.

Regardless of this grim picture, since the declaration of Hezbollah’s first memorandum in 1985 and its first unification in 1992, the Huquq has reached Hezbollah regularly, and never missed one single payment even if sometimes delayed for between four to six months. Hezbollah continues to increase the number of recruits among its ranks. It is still paying Huquq (salaries) even if in some months these payments are divided into several instalments throughout the month or even delayed for a month or two.

The members of the organisation are not considered as employees in a bank or in any other civilian company to regulate payment of salaries. On the other hand, many Lebanese companies, including the ones owned by the Prime Minister, have closed their doors, refrained from paying their employees and dismissed their employees for lack of job opportunities in the country.

Hezbollah is a group fighting for its survival and for the protection of a society that would otherwise be unable to defend itself, its family members, and its wealth in the face of Israel’s many wars and the violation of its sovereignty. Hezbollah found fertile ground

because it operates in the absence of any action by the Lebanese authorities against the Israeli occupation.

Since the liberation of Lebanon's territory from Israeli occupation, Lebanese officials have relied on Hezbollah's military capability in negotiations with US officials when defending the land and water rights of Lebanon. Hezbollah's sophisticated military apparatus is also a deterrent to prevent Israel from further attacking Lebanon and to discourage a fourth war against the country.

It is inevitable that both Iran and Hezbollah be suffering the consequences of the US's aggressive sanctions. Hezbollah used to get around 70% of its financial needs from Iran and the remaining 30% from Lebanese immigrants who volunteered to transfer their Khums to Lebanon.

Today, Hezbollah has taken its distance from these immigrants and rejected their donations in order to prevent any US aggressive action against them. The US administration considers any donor or any affluent Shia who transfers money to his family back in Lebanon as a potential Hezbollah member, eligible for prison. With the Lebanese family composition, most Shia families have relatives – a brother, a cousin or a family member – within the organisation. That doesn't mean every single family member is a Hezbollah operative – but the West refuses to accept the complexity of the issue, apparently, “as a matter of convenience”.

The US administration is attempting to create a split between Hezbollah and Lebanese society. The first measure was to try to strangle the Shia community in Lebanon and turn it against Hezbollah: to no avail. The bond is too strong to be seriously affected by such meddling. The US seems unaware that Hezbollah members and their families are not a foreign body but represent almost a third of the local population. Many of these depend today on Hezbollah, financially.

The US aims to teach the Lebanese a lesson for standing behind Hezbollah, particularly in the Lebanese-Israeli territorial and water dispute. The US administration would lift all sanctions on Lebanon if an agreement were reached with Israel whereby Lebanon gives up part of its oil-rich blocks on the borders.

The US administration tried to blame Syria for the current Lebanese financial crisis, accusing the Levant of absorbing the region's dollars to the detriment of Lebanon. But Washington is unaware that Syria has an excess of foreign currency due to the billions of dollars its Gulf allies (Saudi Arabia and Qatar) and Israel have spent to destabilise the country. Jihadists and rebels exchanged their dollars for the Syrian Lira, boosting the Syrian Central Bank's wealth in dollars. Notwithstanding the fact that the Americans are exerting all sorts of pressure on Jordan and Iraq to keep their borders closed to Syrian goods, in consequence of the Lebanese production Syria supports Hezbollah financially, advancing dollars to its strategic ally in cash when in need. This is another obstacle to the US's efforts to impoverish Hezbollah.

Lebanon has received visits from Marshall Billingslea, the US assistant secretary of the Treasury, head of the office of terrorism and financial crimes, David Schenker, US assistant secretary for near eastern affairs, David Hill, the under-secretary for political affairs, Ambassador David Satterfield, acting assistant secretary of state for near eastern affairs, and Mike Pompeo, the Secretary of State. They all apparently advocated “fighting Hezbollah

and its influence on Lebanon". In reality, they all discussed first and foremost the security of Israel and how a solution can be reached to meet Israel's demands in the disputed maritime area. There are between 500 to 600 square kilometres Israel claims as its own maritime borders that Lebanon controls and considers its own. The US is ready to disregard Hezbollah's activities and lift all sanctions if a satisfactory deal is reached with Israel, said sources within the group of Lebanese decision makers and negotiators who met US officials over recent months.

Billingslea said recently that "Hezbollah is a cancer and therefore should be starved[of energy]. It is the duty of the Lebanese political system to unite against Hezbollah and the threat it represents to democracy and to the safety of the Lebanese government". The US official overlooks the fact that Hezbollah is part of the Lebanese government and the political system!

The US official said that "the US and its allies are not responsible for taking upon themselves the responsibility for stopping Hezbollah; it is up to the Lebanese people to protect democracy in their country".

Billingslea may well be unaware that the vast majority of the Lebanese population stands by Hezbollah. There is no doubt there are Lebanese within the political system who are powerless but loyal to the US. Hezbollah speaks and acts in the name of those who voted for it during the last Parliamentary democratic elections.

No ruler among Trump's allies in the Middle East represents a true democracy. Perhaps the US official aims to transform Lebanon into a system more comparable to its neighbours. US pressure on Lebanon to bow to Israel's interests is far from democratic. Billingslea's incoherent narrative betrays even more of the US's fragile aims and objectives in Lebanon.

Washington is showing little creativity in trying to curb Lebanon and many of its wealthy people, rather than attacking Hezbollah directly or even Iran, its financier.

Hezbollah is aware that the US and its allies are trying to win in a time of relative peace what they failed to achieve in their war on Lebanon (2006) and on Syria (from 2011 to date), in order to curb the "Axis of the Resistance". The strength of this Axis has been demonstrated in Palestine, Lebanon, Syria, Iraq and Yemen. US pressure on Lebanon may well backfire and spark an ugly and unexpected situation that even Washington may not be ready or willing to face. **Hezbollah is contemplating ways to respond to the US and its allies. How can it defend the Shia Lebanese, however unrelated to Hezbollah, who pay the price for US interference?**

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