

CRS Report for Congress

Received through the CRS Web

Lebanon: The Israel-Hamas-Hezbollah Conflict

Updated September 15, 2006

Jeremy M. Sharp, Coordinator
Foreign Affairs, Defense, and Trade Division

Christopher Blanchard, Kenneth Katzman, Carol Migdalovitz,
Alfred Prados, Paul Gallis, Dianne Rennack, John Rollins,
Steve Bowman, and Connie Veillette
Foreign Affairs, Defense, and Trade Division

Report Documentation Page				Form Approved OMB No. 0704-0188	
Public reporting burden for the collection of information is estimated to average 1 hour per response, including the time for reviewing instructions, searching existing data sources, gathering and maintaining the data needed, and completing and reviewing the collection of information. Send comments regarding this burden estimate or any other aspect of this collection of information, including suggestions for reducing this burden, to Washington Headquarters Services, Directorate for Information Operations and Reports, 1215 Jefferson Davis Highway, Suite 1204, Arlington VA 22202-4302. Respondents should be aware that notwithstanding any other provision of law, no person shall be subject to a penalty for failing to comply with a collection of information if it does not display a currently valid OMB control number.					
1. REPORT DATE 15 SEP 2006		2. REPORT TYPE		3. DATES COVERED 00-00-2006 to 00-00-2006	
4. TITLE AND SUBTITLE Lebanon: The Israel-Hamas-Hezbollah Conflict				5a. CONTRACT NUMBER	
				5b. GRANT NUMBER	
				5c. PROGRAM ELEMENT NUMBER	
6. AUTHOR(S)				5d. PROJECT NUMBER	
				5e. TASK NUMBER	
				5f. WORK UNIT NUMBER	
7. PERFORMING ORGANIZATION NAME(S) AND ADDRESS(ES) Congressional Research Service, The Library of Congress, 101 Independence Ave SE, Washington, DC, 20540-7500				8. PERFORMING ORGANIZATION REPORT NUMBER	
9. SPONSORING/MONITORING AGENCY NAME(S) AND ADDRESS(ES)				10. SPONSOR/MONITOR'S ACRONYM(S)	
				11. SPONSOR/MONITOR'S REPORT NUMBER(S)	
12. DISTRIBUTION/AVAILABILITY STATEMENT Approved for public release; distribution unlimited					
13. SUPPLEMENTARY NOTES					
14. ABSTRACT					
15. SUBJECT TERMS					
16. SECURITY CLASSIFICATION OF:			17. LIMITATION OF ABSTRACT Same as Report (SAR)	18. NUMBER OF PAGES 48	19a. NAME OF RESPONSIBLE PERSON
a. REPORT unclassified	b. ABSTRACT unclassified	c. THIS PAGE unclassified			

Report Documentation Page				Form Approved OMB No. 0704-0188	
Public reporting burden for the collection of information is estimated to average 1 hour per response, including the time for reviewing instructions, searching existing data sources, gathering and maintaining the data needed, and completing and reviewing the collection of information. Send comments regarding this burden estimate or any other aspect of this collection of information, including suggestions for reducing this burden, to Washington Headquarters Services, Directorate for Information Operations and Reports, 1215 Jefferson Davis Highway, Suite 1204, Arlington VA 22202-4302. Respondents should be aware that notwithstanding any other provision of law, no person shall be subject to a penalty for failing to comply with a collection of information if it does not display a currently valid OMB control number.					
1. REPORT DATE 15 SEP 2006		2. REPORT TYPE N/A		3. DATES COVERED -	
4. TITLE AND SUBTITLE Lebanon: The Israel-Hamas Hezbollah Conflict				5a. CONTRACT NUMBER	
				5b. GRANT NUMBER	
				5c. PROGRAM ELEMENT NUMBER	
6. AUTHOR(S)				5d. PROJECT NUMBER	
				5e. TASK NUMBER	
				5f. WORK UNIT NUMBER	
7. PERFORMING ORGANIZATION NAME(S) AND ADDRESS(ES) Congressional Research Service The Library of Congress 101 Independence Ave SE Washington, DC 20540-7500				8. PERFORMING ORGANIZATION REPORT NUMBER	
9. SPONSORING/MONITORING AGENCY NAME(S) AND ADDRESS(ES)				10. SPONSOR/MONITOR'S ACRONYM(S)	
				11. SPONSOR/MONITOR'S REPORT NUMBER(S)	
12. DISTRIBUTION/AVAILABILITY STATEMENT Approved for public release, distribution unlimited					
13. SUPPLEMENTARY NOTES					
14. ABSTRACT					
15. SUBJECT TERMS					
16. SECURITY CLASSIFICATION OF:			17. LIMITATION OF ABSTRACT SAR	18. NUMBER OF PAGES 47	19a. NAME OF RESPONSIBLE PERSON
a. REPORT unclassified	b. ABSTRACT unclassified	c. THIS PAGE unclassified			

Lebanon: The Israel-Hamas-Hezbollah Conflict

Summary

This report analyzes the conflict between Israel and two U.S. State Department-designated Foreign Terrorist Organizations (FTOs), the Lebanese Shiite Muslim group Hezbollah and the radical Palestinian Hamas organization. On July 12, 2006, what had been a localized conflict between Israel and Palestinian militants in the Gaza Strip instantly became a regional conflagration after Hezbollah captured two Israeli soldiers in a surprise attack along the Israeli-Lebanese 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. In order to push Hezbollah back from its border, Israel launched a full-scale ground operation in Lebanon with the hopes of establishing a security zone free of Hezbollah militants. Meanwhile, Israeli clashes with Hamas and other Palestinian militants have continued in the Gaza Strip.

A United Nations-brokered cease-fire came into effect on August 14, 2006. Based on United Nations Security Council Resolution 1701 passed a few days earlier, the cease-fire is intended to be monitored by the Lebanese Armed Forces in conjunction with an expanded U.N. peacekeeping force in Lebanon. The international community initially hesitated to contribute troops, though it appears now that enough countries have stepped forward to significantly expand the existing U.N. force (UNIFIL).

On July 18, 2006, the Senate passed S.Res. 534, which, among other things, calls for the release of Israeli soldiers who are being held captive by Hezbollah or Hamas; condemns the governments of Iran and Syria for their continued support for Hezbollah and Hamas; urges all sides to protect innocent civilian life and infrastructure; and strongly supports the use of all diplomatic means available to free the captured Israeli soldiers. On July 20, 2006, the House passed H.Res. 921, which also condemns Hezbollah's attack on Israel and urges the President to bring sanctions against the governments of Syria and Iran for their alleged sponsorship of Hezbollah.

The extension of the Israeli-Palestinian conflict into the Lebanese arena created a multifaceted crisis that cut across a number of U.S. policy issues in the Middle East. This report provides an assessment of the month-long war and its implications for regional stability and other key U.S. policy issues. This report will be updated periodically. A number of CRS analysts have contributed to this report. For additional questions, please contact the individual specialist listed under each section of the report. For more information on the major countries in the current conflict, please see CRS Report RL33476, *Israel: Background and Relations with the United States*; CRS Report RL33509, *Lebanon*; CRS Report RL33487, *Syria: U.S. Relations and Bilateral Issues*; CRS Report RL32048, *Iran: U.S. Concerns and Policy Responses*; and CRS Report RL33530, *Israeli-Arab Negotiations: Background, Related Developments, and U.S. Policy*.

Contents

Introduction	1
A Multi-Dimensional Conflict	1
The “Root Causes” of the Conflict	1
 The Cease-Fire	4
U.N. Security Council Resolution 1701	4
An Expanded UNIFIL	4
Lebanese Armed Forces	5
Unresolved Issues	5
The Difficulty of Disarming Hezbollah	5
Release of Prisoners	6
Continued Fighting in Gaza	7
Shib’a (Shebaa) Farms	8
 The War’s Aftermath	10
Assessing Hezbollah	10
Debate within Israel	11
Domestic Political Repercussions in Israel	12
The Race to Rebuild Lebanon	13
The War’s Impact on Lebanese Internal Politics	15
 Issues for U.S. Policy and Congress	18
U.S. Foreign Assistance to the Middle East	18
Israel’s Loan Guarantees	18
Lebanon	19
Humanitarian Issues	19
Condemning Hezbollah	19
Israel’s Use of Cluster Weapons	20
Israeli Reaction	21
Administration Response	21
Congressional Responses	22
U.S. Efforts and Other Efforts to Combat Hezbollah	23
U.S. Terrorism Designations and Related Effects	23
Recent Al-Manar Related Activity in the United States	23
U.S. and Israeli Action Against Hezbollah Finances	24
Al-Manar: Hezbollah’s Satellite Television Station	25
Islam, Al Qaeda, and the Global War on Terrorism	25
 Conclusion	27
 Appendix A: Prelude to the Crisis	30
 Appendix B: Chronology of Conflict on the Israeli-Lebanese-Syrian Border ..	35
 Appendix C: Recent Legislation	37
Congressional Oversight	37
Evacuation Costs for U.S. Citizens	38

Appendix D: U.S. Sanctions	41
Iran	41
Syria	42
Lebanon	43
Hamas and Hezbollah	43

List of Figures

Figure 1. Map of Lebanon, Israel, the Gaza Strip, and the West Bank	3
---	---

Lebanon: The Israel-Hamas-Hezbollah Conflict

Introduction

A Multi-Dimensional Conflict¹

Hezbollah's² July 12, 2006, attack in northern Israel, in which two Israeli soldiers were kidnapped, elicited an Israeli military response that again embroiled the region in a multi-dimensional conflict. The month-long war touched upon an array of critical U.S. foreign policy issues in the Middle East, ranging from the continued instability arising from the lack of a comprehensive settlement to the Arab-Israeli peace process, to the preservation of Lebanon's sovereignty and independence which remains hampered by the inability to disarm Hezbollah. Though the primary combatants were part of a triangular dynamic in which Israel was (and still is) at war with Hezbollah in Lebanon and with Palestinian militants, including Hamas, in the Gaza Strip, there were secondary players who added additional layers of complexity to the conflict, namely Iran and Syria.³ Both countries have played significant roles in arming, training, and financing Hezbollah (and to a lesser extent Hamas) and have used the Lebanese Shiite organization as a proxy to further their own goals in the region. Iran may have aspirations to become the dominant power in the Middle East, and many in the international community are closely focused on its potential weapons of mass destruction capability. In this light, the fighting in southern Lebanon was viewed by some as a contest between two of the Middle East's most bitter rivals and most powerful actors, Israel and Iran (via Hezbollah by proxy), and it could be a harbinger of future indirect confrontations between two possibly nuclear-armed nations.

The "Root Causes" of the Conflict

Hezbollah's July 2006 attack inside Israeli territory and repeated Israeli-Palestinian clashes in the Gaza Strip and West Bank illustrated not only the risk posed by terrorist groups operating along Israel's borders, but more importantly, the risk to regional security in the absence of comprehensive peace agreements between

¹ Prepared by Jeremy M. Sharp, Analyst in Middle East Policy.

² For the purposes of this report, "Hezbollah" is used in referring to the Lebanese Shiite Muslim group. Common alternate spellings include Hizballah, Hizbullah, and Hizb'allah.

³ There also are tertiary actors with an interest in the war in Lebanon. The European Union, other Arab states, and the United Nations all have been closely involved in trying to resolve the crisis.

Israel and the Palestinians, Lebanon, and Syria. Particularly along Israel's northern front, achieving peace between the major parties has been an elusive goal. The task has grown even more complex with the rising influence of non-state political movements/terrorist organizations, such as Hezbollah and Hamas, on Lebanon's southern border. Neither organization recognizes Israel's right to exist as a nation-state.

The 2006 war in Lebanon is the latest manifestation of conflict along the Israeli-Lebanese-Syrian border, the final demarcation of which has long been in dispute and is exacerbated by the technical/formal state of war (not active) that exists between Israel and its two northern neighbors. On the Lebanese side of the border, historically weak, usually Christian/Sunni-led governments paid scant attention to the southern portion of the country, a predominately Shiite area. Without much of an economy or government military presence in the south, the region was prone to penetration by outside groups (mainly Palestinian) opposed to Israel until the Shiites residing there formed their own militias. Since the earliest days of Jewish settlement in what was then the British-controlled Palestine-Mandate, militants could operate with impunity over a porous border. Before Hezbollah came on the scene, the Palestinian Liberation Organization (PLO) used Lebanon as a base to wage a guerrilla war against Israel. Repeated PLO-Israeli clashes in Lebanon helped ignite the 15-year long Lebanese civil war. To eliminate the PLO threat from its border, Israel occupied a buffer zone in southern Lebanon for 18 years, a policy which many observers believe accelerated the politicization of Lebanese Shiites there and, with significant assistance from Iran, led to the creation of Hezbollah.⁴

Today, with the PLO long expelled from Lebanon and the Syrian armed forces no longer in Lebanon and at a major technological disadvantage vis-à-vis Israel's conventional forces, it is Hezbollah that has stepped in to fill the power vacuum in southern Lebanon and continue to threaten Israel with the full support of its foreign patrons - Syria and Iran. Syria seeks the return of the Golan Height which it lost to Israel in the June 1967 Six Day War and finds non-state groups like Hezbollah and other Palestinian terrorist organizations based in Damascus as useful proxies. Most analysts believe the Israeli-Lebanese-Syrian tri-border area will remain a tinderbox that could spark future conflicts so long as territorial disputes remain unresolved. While Syria and Israel have at times come close to an agreement, most recently in 1999, significant differences between the two sides remain, notably control over the shores of the Sea of Galilee, a critical source of fresh water with symbolic importance as well for both countries.

⁴ For an account of the creation of Hezbollah and the role of Iran see, Magnus Ranstorp, *Hizbollah in Lebanon*, St. Martin's Press, 1997, pp. 30-40.

Figure 1. Map of Lebanon, Israel, the Gaza Strip, and the West Bank



Source: Map Resources. Adapted by CRS. (K. Yancey 8/7/06).

The Cease-Fire

U.N. Security Council Resolution 1701⁵

After more than four weeks of fighting between Israel and the Lebanese Shiite Muslim militia Hezbollah, on August 11, 2006 the U.N. Security Council unanimously adopted Resolution 1701, calling for a “full cessation of hostilities based upon, in particular, the immediate cessation by Hezbollah of all attacks and the immediate cessation by Israel of all offensive military operations.” The resolution provides: expansion of the existing U.N. Interim Force in Lebanon (UNIFIL) from 2,000 to a maximum of 15,000; deployment of UNIFIL plus a Lebanese Army force⁶ to southern Lebanon to monitor the cease-fire; withdrawal of Israeli forces in southern Lebanon “in parallel” with the deployment of U.N. and Lebanese forces to the south; a ban on delivery of weapons to “any entity or individual” in Lebanon, except the Lebanese Army. The resolution requested the U.N. Secretary General to develop proposals within 30 days for delineation of Lebanon’s international borders, including the disputed Shib’a Farms enclave located near the Lebanese-Syrian-Israeli tri-border area. The resolution’s preamble also emphasizes the need to address the issue of prisoners on both sides. The resolution also calls upon the international community to extend financial and humanitarian assistance to the Lebanese people, including facilitating safe return of displaced persons.

The agreement entered into force on August 14. Factors critical to the effectiveness of the peacekeeping measures adopted by Resolution 1701 and the likelihood of a sustainable cease-fire include acceptance of the arrangements by Israel, Hezbollah, and the Lebanese population; training and motivation of peacekeeping forces; rules of engagement that allow for a military response to challenges; and cooperation among the various organizations involved in peacekeeping under Resolution 1701.

An Expanded UNIFIL. The U.N. Interim Force in Lebanon (UNIFIL), created in 1978 initially to monitor an earlier Israeli withdrawal, has fluctuated in size over the years, comprising approximately 2,000 military personnel as of mid-2006. As noted above, Resolution 1701 envisions increasing UNIFIL to a maximum of 15,000, of which approximately 7,000 would come from Italy, France, Spain, and other European countries. Turkey and Qatar have agreed to participate, thus providing Arab/Muslim representation and Indonesia has been approached as well. U.N. planners are hopeful that more Arab or at least other Muslim forces may participate as well to broaden support for UNIFIL. There has been talk of deploying the expanded UNIFIL not only in southern Lebanon but also along the Syrian-Lebanese border. Syria objects to this proposal as a hostile act. (See below.)

⁵ Prepared by Alfred Prados, Specialist in Middle Eastern Affairs.

⁶ The Lebanese Prime Minister offered to deploy 15,000 military personnel. (See below.)

International Contributions to UNIFIL Peacekeeping Force

Country	Troop Pledges
Italy	3,000
Germany	2,400 (exclusively for naval patrol)
France	1,800-2,200
Spain	1,000-1,200
Turkey	1,000
Indonesia	500-1,000
Poland	500
Belgium	300
Qatar	250-300
Finland	250
*Others (Sweden, Greece, Denmark, Britain,)	Offered ships, naval assets, engineers, and aircraft
Totals:	11,00-12,150 est.
W/ Existing UNIFIL Force (2,000)	13,000 -14,150 est.

Source: Troop figures are only estimates based on media reports; not all of these are firm commitments.

*Some countries, such as Russia, are sending troops and rebuilding teams to Lebanon independent of the U.N. peacekeeping mission there.

Lebanese Armed Forces. Resolution 1701 also welcomes a decision by the Lebanese Government to deploy 15,000 personnel from the Lebanese Armed Forces to southern Lebanon as the Israeli forces withdraw. There are questions, however, about the likely effectiveness of Lebanese troops in maintaining stability. The 70,000-member Lebanese Armed Forces have limited capabilities and largely obsolescent equipment. Moreover, they are divided along religious sectarian lines, although Lebanon's leaders have tried in recent years to build a professional and more integrated force. Although the government does not release figures on the sectarian composition of the Lebanese Armed Forces, according to former Lebanese army general Elias Hanna, the army's officer corps is predominantly Christian and Sunni Muslim while the rank and file is about 70% Shiite.⁷ Deployment of Lebanese military contingents could help break the deadlock over monitoring the Lebanese-Syrian border, however, since the various parties have not objected to the presence of Lebanese troops.

Unresolved Issues

The Difficulty of Disarming Hezbollah. Some analysts believe that Resolution 1701, while it may succeed in creating a temporary calm and end to the fighting, will probably fail to change the fundamental political and military dynamics on the ground that started the war in the first place — the presence of a well-armed

⁷ "Lebanese Armed Forces May Play Bigger Role in War," *USA Today*, August 2, 2006.

Hezbollah militia on Israel's borders. Although Resolution 1701 calls for an expanded UNIFIL, it will not be operating in accordance with Chapter VII of the UN Charter, which allows the Security Council to "take such action by air, sea, or land forces as may be necessary to maintain or restore international peace and security." According to U.S. Secretary of State Condoleezza Rice, "I don't think there is an expectation that this [UN] force is going to physically disarm Hezbollah.... I think it's a little bit of a misreading about how you disarm a militia. You have to have a plan, first of all, for the disarmament of the militia, and then the hope is that some people lay down their arms voluntarily."

While Israel has demanded that peacekeepers be deployed along the Lebanese-Syrian border to prevent Hezbollah's re-armament by Syria and Iran, Lebanese Prime Minister Fouad Siniora stated on August 28, 2006 that the Lebanese Armed Forces have already been deployed along the border and that there is no need for an international presence there. Syria's President Bashar al-Asad had threatened earlier to close the border should peacekeepers take up positions close to Syria. In an interview with Dubai television, Asad stated that a possible peacekeeping force along the border "is an infringement on Lebanese sovereignty and a hostile position." Most analysts believe that the Lebanese army can do little to prevent the smuggling of arms to Hezbollah.

Release of Prisoners.⁸ International mediators have been working through diplomatic channels to free the Israeli corporal kidnapped by the Hamas military wing and two other groups on June 25 almost from that date. The kidnappers and their supporters have insisted that the Israeli soldier be exchanged for some of the thousands of Palestinian prisoners being held by Israel. Although the kidnappers initially and specifically demanded the release of women and minors in Israeli custody, their subsequent demands have been less precise. The mediators' efforts have been hampered by Hamas's demand (specifically Damascus-based Hamas Political Bureau Chief Khalid al-Mish'al's demand) for a simultaneous prisoner swap and by Israel's reluctance to agree to any actions that would appear to be an exchange or a concession to the "blackmail" of kidnappings. Egyptian officials are said to be mediating and there are unconfirmed reports that a prisoner exchange is in the works. According to these reports, the soldier would be released and, subsequently, Palestinian prisoners would be released in three groups, totaling about 800.⁹ The Egyptians' interlocutor is not known. Neither Palestinian President Mahmud Abbas nor Prime Minister Ismail Haniyah of Hamas is in control of the kidnapped Israeli soldier. The Hamas military wing may answer to Mish'al, who in turn may need the approval of his Syrian hosts or Iranian supporters for any deal.

U.N. Secretary General Kofi Annan announced on September 5 that Israel and Hezbollah had agreed to have him mediate an exchange of prisoners for the release

⁸ Prepared by Carol Migdalovitz, Specialist in Middle Eastern Affairs.

⁹ "Israeli Sources Confirm Prisoner Exchange Contacts, PM Office Denies Knowledge," *Yedi'ot Aharonot*, September 3, 2006, Open Source Center Document GMP20060903741001. Before the kidnapping, Israeli Prime Minister Ehud Olmert reportedly had been considering the release of a substantial number of Palestinian prisoners as a goodwill gesture toward Palestinian President Mahmud Abbas.

of the two Israeli soldiers kidnapped on the northern border of Israel by Hezbollah on July 12 and that he would appoint an envoy to conduct “secret” negotiations. Israeli officials immediately reacted by saying that they would not negotiate a prisoner release, but they have taken actions which contradict their statements and indicate that they expect an exchange. In addition to holding several Lebanese prisoners, one of whom has been in jail as a convicted murderer since 1979, Israeli forces reportedly captured about a dozen Hezbollah fighters and brought the corpses of others to Israel during the recent war specifically in order to exchange them for the captured soldiers after the war.¹⁰ Israel has exchanged many Hezbollah prisoners for a few Israeli captives and corpses via third party mediators on past occasions. While the current Israeli government would prefer not to follow that precedent and apparently launched the recent war partly to end it, the captives’ families and much of the Israeli public demand the return of the abductees, which appears to require an exchange.

Continued Fighting in Gaza.¹¹ While fighting continues in the Gaza Strip, it has abated somewhat in Lebanon since August as rockets have been launched less frequently. The Israeli Defense Forces have taken over some former settlements in Gaza and deployed just beyond the Gaza border in order to make sporadic incursions into Palestinian areas to attack terrorists, rocket launching sites, and tunnels used to smuggle arms into Gaza. However, their use of air and artillery strikes appears to have been curtailed somewhat. This may have been due to a shifting of regular Israeli forces and resources to the northern front against Lebanon and their replacement by reservists. It is not yet clear if hostilities will re-escalate in Gaza with the cessation of hostilities in Lebanon. Some 200 Palestinians have been killed since these operations began after the June 25 kidnapping of an Israeli soldier. A prisoner exchange might continue to constrain the fighting.

Much of the fighting in Gaza is intramural, i.e., between supporters and opponents of the Hamas-led government. The well-armed Palestinian security forces, manned largely by Fatah opponents of the government, have repeatedly confronted the Hamas military wing and other armed groups loyal to government. Crime rates also reportedly have risen.¹² Violence also may be attributed to the dire economic straits into which Gaza has fallen since the international community and Israel cut the transfer of funds to the Palestinian Authority (PA) after Hamas assumed leadership of the PA government in March. Palestinian security forces and other government employees hold the Hamas-led government responsible for the resulting non-payment of salaries. Israel also has sealed off the Gaza Strip, only allowing in sufficient humanitarian aid shipments to stave off a disaster. Thus, the domestic climate is considered chaotic and highly combustible.

As a result, pressure was exerted on Hamas to accept President Mahmud Abbas to form a national unity government in order to allow foreign aid to flow again.

¹⁰ Eliot Jager, “For the Good of the Many,” *Jerusalem Post*, September 5, 2006.

¹¹ Prepared by Carol Migdalovitz, Specialist in Middle Eastern Affairs.

¹² Doug Struck, “Israel Siege Leaves Gaza Isolated and Desperate,” *The Washington Post*, August 28, 2006.

Hamas was reluctant to concede the premiership and insisted that ministries be distributed in proportion to a party's strength in parliament, ensuring continued Hamas domination in the cabinet. It has also firmly resisted the idea of a government of technocrats. Moreover, Hamas will not accede to the January 2006 demand of the "Quartet" (United States, United Nations, European Union, and Russia) that it accept principles of non-violence, recognize Israel, and prior agreements and obligations, including the Road Map to a two-state solution to the Israeli-Palestinian conflict. If Hamas is not in a position to compromise, the conditions which produced the international pressure will not change and violence will likely continue.

Shib'a (Shebaa) Farms.¹³ A small 10-square-mile enclave near the Lebanon-Syria-Israel tri-border area known as the Shib'a Farms continues to exacerbate tensions in southern Lebanon and complicate implementation of cease-fire terms. Earlier, the withdrawal of Israeli forces from southern Lebanon in May 2000 left several small but sensitive border issues unresolved, including the Shib'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, asserted that this territory is part of Lebanon and should have been evacuated by Israel when the latter abandoned its self-declared security zone in southern Lebanon in 2000. On June 16, 2000, the U.N. Secretary General informed the Security Council that the requirement for Israel to withdraw from southern Lebanon had been met, thereby implying that the Shib'a Farms are not part of Lebanon.¹⁴ The Secretary General did point out, however, that the U.N. determination does not prejudice the rights of Syria and Lebanon to agree on an international boundary in the future.

Leaders of Hezbollah immediately seized upon the Shib'a Farms issue as justifying Hezbollah's refusal to relinquish its weapons, arguing that the weapons were needed to confront Israel while the latter continued to occupy the Shib'a Farms. Hizbollah also argued that it was justified in continuing to launch periodic rocket attacks on Israeli military units in or near the Shib'a Farms area to counter alleged threats posed by Israeli forces in the area. For the next half-decade, this area remained a focal point for violence and border violations. Among the more serious incidents was the seizure by Hezbollah guerrillas in October 2000 of three Israeli soldiers, whose bodies were handed over to Israel in return for the release of a group of Hezbollah prisoners in January 2004. This incident, which anticipated the July 2006 kidnapping that triggered the recent Israeli-Hezbollah fighting, was followed by further unrest, including border violations, Hezbollah attacks by fire (e.g., rocket and mortar attacks), occasional Israeli air strikes, and frequent Israeli overflights of Lebanon.

The situation is made more complex by the fact that Syria and Lebanon have never demarcated a common border nor established formal diplomatic relations. The

¹³ Prepared by Alfred Prados, Specialist in Middle Eastern Affairs.

¹⁴ The U.N. Secretary General noted that the Shib'a Farms comes under the mandate of the U.N. Disengagement Observer Force (UNDOF), which monitors the Israeli-occupied Syrian Golan Heights. UNDOF has no role in Lebanon. For more information, see CRS Report RL31078, *The Shib'a Farms Dispute and Its Implications*.

two countries, which were twin protectorates under a French “mandate” (trusteeship) between World Wars I and II, never established diplomatic structures or agreed boundaries upon gaining independence in 1943. This was due in part 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 Shib’a Farms emerged into the limelight once again after political upheavals in Lebanon in 2005 and the fighting that erupted in July 2006. As government leaders and diplomats sought to find ways to end the fighting and pursue more lasting peace efforts, it became obvious that the status of the Shib’a Farms territory would likely arise. At an inconclusive international conference on Lebanon held in Rome on July 26, Lebanese Prime Minister Fouad Siniora presented a seven-point proposal which called, among other things, for placing the Shib’a Farms and some adjacent areas under U.N. jurisdiction “until border delineation and Lebanese sovereignty over them are fully settled.” The proposal also provided that the Shib’a Farms would be open to property owners during the period of U.N. custody.

U.N. Security Council Resolution 1701 of August 11, 2006, which brought about a cessation of active hostilities, did not specifically endorse the seven-point plan and its proposals for dealing with the Shib’a Farms question. However, in preambular language, the resolution referred to “the proposals made in the seven point plan regarding the Shebaa (variant spelling) farms area.” Later on, in paragraph 10, the resolution requested the U.N. Secretary-General to develop proposals to implement terms of various agreements including, “delineation of the international borders of Lebanon, especially in those areas where the border is disputed or uncertain, *including by dealing with the Shebaa farms area* [emphasis added], and to present to the Security Council those proposals within thirty days.” On September 1, 2006, during a follow-on trip to the region, Secretary-General Annan said Syrian President Bashar al-Asad informed him that “Syria is prepared to go ahead with the delineation of its border with Lebanon.” According to the press article that reported the meeting, the process of delineation could include the Shib’a Farms area.¹⁵ At the same time, President Asad ruled out formal *demarcation* (as distinguished from *delineation*) of the Shib’a Farms’ boundaries pending Israeli withdrawal from the area.¹⁶

The status of the Shib’a Farms could be an important factor, not only in the stability of Lebanon but also in any future agreements involving Israel, Lebanon, and Syria. If the Shib’a Farms area forms part of Lebanese territory occupied by Israel in 1982, it would come under the provisions of U.N. Resolutions 425 and 426, which addressed Israeli withdrawal from Lebanon. If it forms a part of the Syrian Golan Heights territory occupied by Israel in 1967, it would come under the provisions of other U.N. resolutions (242 and 338), which address the Golan territory and other broader aspects of the Arab-Israeli conflict. In the latter case, the issue would be moot as long as Israel remains in occupation of the Golan Heights. For more

¹⁵ “Annan says Assad [variant spelling] will respect Hezbollah arms embargo,” AFP News Wire, September 1, 2006.

¹⁶ Interview with Syrian President Bashar al-Asad carried by Dubai TV on August 23, 2006.

background information on the Shib'a Farms issue, see CRS Report RL31078, *The Shib'a Farms Dispute and Its Implications*.

The War's Aftermath

Assessing Hezbollah¹⁷

The relative success of Hezbollah in the recent conflict can be credited to a variety of factors. In the six years since the Israeli withdrawal from southern Lebanon, Hezbollah devoted considerable efforts to constructing an extensive defensive infrastructure, providing substantial training to its personnel, establishing distributed stockpiles of supplies throughout the area, and preparing operational plans. All of these activities are reported to have received a very high level of support from Iran in the form of funds, equipment, and personnel.¹⁸

Perhaps the most significant factor in Hezbollah's ability to withstand the Israeli Defense Forces (IDF) is an the extensive network of fortified sites and underground facilities. These provided protection for both personnel and equipment against repeated Israeli air attacks, forcing the IDF to move to ground operations. Fighting from prepared positions and very well equipped with a range of modern weaponry that included antitank and anti-ship missiles, night vision equipment, and computer assisted targeting, relatively small Hezbollah units were able to maintain stiffer resistance than expected. Hezbollah's stockpiled supplies and local support significantly mitigated the Israeli interdiction efforts. Though isolated by the IDF air and ground offensive, Hezbollah units were often sufficiently provisioned to continue fighting without immediate need for re-supply. Close familiarity with their area of operations, widespread support among the population, and effective communication networks enhanced Hezbollah's ability to slow Israeli advances, often conducting ambushes and rapidly withdrawing in classic guerrilla style warfare.

Though Hezbollah units did attempt limited incursions into Israeli territory, they were all successfully repulsed. Nevertheless, throughout the conflict Hezbollah was able to maintain its campaign of rocket attacks on Israeli territory. An estimated 4,000-5,000 rockets were fired; however, this represents only a third of Hezbollah's estimated rocket/missile arsenal.¹⁹ Though Israeli retaliation against rocket launch

¹⁷ This section was prepared by Steve Bowman, Specialist in National Defense.

¹⁸ "Arming of Hezbollah Reveals U.S. and Israeli Blindspots," *The New York Times*, July 19, 2006; "Best Guerrilla Force in the World," *The Washington Post*, "The Iranian Connection," *Aviation Week and Space Technology*, August 14, 2006. Other sources include Robin Hughes, "Iran answers Hizbullah call for SAM systems," *Jane's Defence Weekly*, August 9, 2006; Alon Ben-David, "Iran 'supplied Zelzal-2 rockets to Hizbullah,'" *Jane's Defence Weekly*, August 16, 2006; *Jane's Terrorism & Security Monitor*, "Hizbullah's Islamic Resistance," September 13, 2006.

¹⁹ "Israeli Commandos Raid Tyre," *USA Today*, August 5, 2006; "Hezbollah Launches Rocket Barrage," *BBC News*, August 6, 2006. More recent source: Interview with Under Secretary of State for Political Affairs Nicholas Burns, "Assessing Hezbollah's Post- (continued...)"

sites came in a matter of minutes in some cases, the mobility of the rocket launchers continued to make them difficult targets. The rockets/missiles supplied to Hezbollah by both Iran and Syria carried a variety of conventional warheads and had ranges of up to 120 miles. Though most are of relatively low accuracy by modern standards, they remain effective terror weapons against urban populations.

Though Hezbollah's military capabilities may have been substantially reduced, and re-supply from Syria and Iran could be hampered by the presence of international peacekeepers in Lebanon, Hezbollah's long-term potential as a guerrilla movement appears to remain intact. Observers note that Hezbollah's leaders have been able to claim a level of "victory" simply by virtue of not having decisively "lost".

Debate within Israel²⁰

Israelis overwhelmingly supported the war as a legitimate response to an attack on sovereign Israeli territory and as a long overdue and decisive reaction to six years of Hezbollah rocket attacks against northern Israel. As the conflict progressed, however, the public and media increasingly questioned the government's and the military commanders' prosecution of the war. After the war, critics noted that the kidnapped soldiers had not been freed and that Hezbollah had retained its arms and may have been strengthened politically; and they found fault with a government that had produced what they viewed as poor results. The charges levied against the government and the military leaders include hesitant decision-making; excessive reliance on air power; delayed launch of a ground offensive, which, once begun, was seen as deficient; launching an unnecessary and costly final ground action during the weekend after the U.N. passed the cease-fire resolution; poor intelligence concerning Hezbollah locations, arms, tactics, and capabilities; deficient training and equipment for mobilized reservists; tactics unsuitable for terrain and enemy; ill-prepared home front defenses, which left many poor and elderly who were unable to escape in the north; an inadequate presentation of the Israeli view to international audiences; and harm to future Israeli deterrence.

The government counters that the war succeeded in forcing Hezbollah from the border and in degrading its arms, particularly in eliminating a substantial number of its long- and mid-range missiles. It also sees success in forcing the Lebanese government, aided by international forces, to assert control over the south, which had been an unfilled demand made by Israel since it withdrew from the region in 2000. Most notably, Israeli officials took Hezbollah leader Sheikh Hassan Nasrallah's admission that he would not have authorized the July 12 action if he had known how strongly Israel would react as confirmation that Hezbollah has been weakened and that Israel's deterrence has been strengthened.²¹

¹⁹ (...continued)

Conflict Power," *National Public Radio: Morning Edition*, August 18, 2006.

²⁰ Prepared by Carol Migdalovitz, Specialist in Middle Eastern Affairs, September 6, 2006.

²¹ Nasrallah's August 27, 2006 interview with Lebanon television, cited by Joshua Mitnick, "Hezbollah Says Its War with Israel Was a Mistake," *Washington Times*, August 28, 2006.

Public opinion polls indicate that support for the government has fallen sharply and that a much of the public favor the resignations of Prime Minister Ehud Olmert, Defense Minister Amir Peretz, and Israeli Defense Forces (IDF) Chief of Staff Gen. Dan Halutz.²² Critics claim that Olmert and Peretz's lack of military command experience make them unqualified to head the state during a war. Both had held only low-level positions during required military service and neither had served beyond that time. Some critics blame Gen. Halutz, a former head of the air force, for having made too many appointments to the general staff from the air force and for ignoring reportedly well-developed plans for a ground campaign. The revelation that Halutz had engaged in personal stock market transactions in the early hours of the war sparked additional questions about his priorities.²³ Reservists and families of those killed in action have been in the forefront of demonstrations demanding accountability.

However, Prime Minister Olmert rejected demands for an independent state commission of inquiry, such as were headed by Supreme Court justices after past controversial conflicts, saying it would take too long and paralyze the military when it needs to attend to more vital tasks. Instead, he at first named former Mossad (Institute for Intelligence and Special Operations) Director Nahum Admoni to head a government investigatory committee to examine wartime decision-making. This move failed to satisfy critics, who charge that a government-appointed committee would lack independence and produce a white-wash; and they continued to demand a state inquiry. Attorney-General Menahem Mazuz then disqualified two of the Admoni committee's five members due to conflicts of interests. Olmert also approved Defense Minister Peretz's appointment of former Chief of Staff Gen. (Res.) Ammon Lipkin-Shahak to head a committee to investigate how the military and the Defense Ministry had performed during the war. Accusations of lack of independence and white-wash also were made against Lipkin-Shahak, who had advised Peretz during the war. Lipkin-Shahak suspended his activities and Peretz later came out in support of a state commission of inquiry. Despite these developments, Olmert persisted in his efforts to avoid a state commission. On September 11, he announced that, instead of Admoni, retired judge Eliahu Winograd would head a committee to examine the conduct of both political and military leaders during the war. It will have two civilian and two retired military members and the power to subpoena witnesses and grant immunity for testimony. In addition, State Comptroller Micha Lindenstrauss will probe failings in home front preparedness.²⁴

Domestic Political Repercussions in Israel. Politically, support for Olmert's Kadima and Peretz's Labor parties, the two main coalition partners, has plummeted, while that for the rightist Likud and Yisrael Beiteinu parties and their respective leaders, Benjamin Netanyahu and Avigdor Lieberman, has increased.

²² Dahaf poll results published in "Israel: Majority Favor Inquiry Commission," *Yedi'ot Aharonot*, August 16, 2006, Open Source Center Document GMP 20060816738001.

²³ Halutz claims that the stock sale was made before he learned of the kidnappings in northern Israel. Halutz interview by Sima Qadmon, "Clipped Wings," *Yedi'ot Aharonot*, August 18, 2006, Open Source Center Document GMP 20060818738004.

²⁴ Aluf Ben and Yuval Yo'az, "Ex-judge Winograd Tapped to Head Government War Probe," *Ha'aretz*, September 12, 2006.

There has been some speculation that the governing coalition might be reconfigured to bring in one or both of these larger opposition parties, although Olmert professes to have no interest in change. Lieberman disavows interest in joining the government, claiming that it will be short-lived. Netanyahu has been less categorical. Few in parliament, save Lieberman, appear to favor bringing down the government immediately and in sparking an early election as they have been in their seats only a few months. Likud has already struck a deal with the government to support the 2007 budget and budget votes have been used as vehicles for producing no-confidence votes and bringing down a government. Netanyahu may not believe that he has sufficiently repaired his public image from that of a Finance Minister whose policies harmed the aged and the poor to contest another election at this time. Such allegations contributed to Likud's poor showing in the March 2006 election.

Many Kadima Members of the Knesset (MKs) know that their political fate is tied to Olmert's and have a vested interest in his political survival. Hence, he does not face an imminent challenge to his party leadership, although polls indicate that Foreign Minister Tzipi Livni is more popular. Kadima had been formed in late 2005 in order to pursue unilateral disengagement from the West Bank. Many Israelis now believe that unilateral withdrawals from south Lebanon in 2000 and from Gaza in 2005 had transformed those regions into terrorist bases, and neither the public nor Kadima still supports disengagement from the West Bank. As a result, some observers say the party lacks a *raison d'être*. Olmert has said that rebuilding a north devastated by the war is his highest priority, but few would consider this goal to be a new platform for the party.

Amir Peretz is facing greater challenges from within Labor. Since the government was formed, a block of party dissidents who did not receive cabinet portfolios have taken every opportunity to criticize their party leader and his actions. They are led by former Ben Gurion University President Avishay Braverman and former head of Shin Bet (Israeli counterintelligence and internal security service) Ami Ayalon, two strong personalities, and their voices have grown louder since the war. At the present time, the budget process is providing them with ammunition. Budget cuts to pay for the war are subordinating Labor's social and economic agenda; and the proposed 2007 budget contains more of the same. Defense Minister Peretz is in the awkward position of having to support the military's demands, while conceding championship of social causes to his intra-party opposition. As a former successful union leader who wrested control of Labor from an entrenched old guard, Peretz's abilities as an infighter should not be underestimated.

Most Israeli governments last less than two years. The current government is not threatened by imminent demise, but many believe that it will not survive two year years.

The Race to Rebuild Lebanon

While fighting has come to a halt, Iran and Hezbollah are vying with the United States and its international and Arab partners over which side can help rebuild southern Lebanon the fastest and win the "hearts and minds" of many distraught Lebanese civilians who have lost homes and businesses due to the war. Hezbollah militants and party members, perhaps as an implicit acknowledgment that the war

they began brought much suffering to Lebanon, reportedly have been handing out \$12,000 in cash payments to anyone who lost their home during the war. The money is meant to pay for rent and furniture while Hezbollah builds new homes for the displaced. Reportedly, the bulk of Hezbollah's largesse comes from Iran, which may have allocated hundreds of millions in aid to be channeled through Hezbollah to Lebanon.²⁵ According to the governor of Lebanon's Central Bank, Hezbollah was distributing banknotes that had not gone through the formal banking system implying that they may have been transported across the border by land. According to *Time*, Hezbollah has pledged to rebuild apartment buildings and entire villages within three years and has sent civil-affairs teams wearing hats that read Jihad For Reconstruction.²⁶ Lebanon's Prime Minister Fouad Siniora is reportedly offering a government compensation package of \$33,000 for Lebanese whose homes were destroyed in the fighting between Hezbollah and Israel. At this time, it is unclear whether the Lebanese government will be able to follow through on such a commitment. Overall, the Lebanese government estimates that damage to the country's infrastructure from the war is approximately \$3.5 - \$4 billion.

To counter Hezbollah's efforts, President Bush announced on August 21, 2006 that the United States would provide \$230 million to Lebanon (an additional \$175 million on top of an earlier pledge of \$55 million). According to the U.S. State Department, the President's initial \$55 million pledge came from various re-programmed FY2006 foreign aid funds, including \$24 million from the International Famine and Disaster Assistance account, \$21 million from the Emergency Refugee and Migration Account (ERMA), \$10 million from the P.L.480 fund (food aid), and \$420,000 from the Non-proliferation, Anti-terrorism, De-mining, and Related Programs account (NADR). At this time, it is unclear where the second tranche of \$175 million will come from.

According to Director of U.S. Foreign Assistance Ambassador Randall Tobias, U.S. aid to Lebanon will be focused on the following projects:

- Reconstructing the Fidar Bridge in Jbeil, a key link in Lebanon's coastal highway between Beirut and the northern city of Tripoli;
- Removing debris from the southern road between Marjeyoun and Nabatyeh;
- Procuring materials and hiring local workers to repair damaged homes;
- Cleaning and repairing schools in preparation for the coming school year;
- Providing new nets, hooks and other trade material to fishermen whose equipment was damaged; and
- Supporting local fishermen working to clean up the oil slick that now pollutes 90 miles of the Lebanese coastline.²⁷

The international community also has recognized Lebanon's urgent need for reconstruction assistance, and on August 31, 2006, donors convened in Stockholm, Sweden for a conference to raise reconstruction funds for Lebanon. A total of \$940

²⁵ David R. Sands, "Hezbollah takes lead in rebuilding," *The New York Times*, August 17, 2006; and Daniel Steinvorth, "The Footrace to Rebuild Lebanon," *The New York Times*, September 4, 2006.

²⁶ "The War for Hearts and Minds, *Time*, August 27, 2006.

²⁷ David Shelby, "United States Extends Loan Guarantees to Israel," *Washington File*, August 31, 2006.

million in early reconstruction aid was committed and earmarked for rebuilding. Some observers contend that countries opposed to Iranian influence in Lebanon have already fallen behind due to the slow pace of international financial and security commitments and the lack of adequate personnel on the ground to dispense aid.

International Contributions to Rebuilding Lebanon

Country	Pledge (Grants only)
Saudi Arabia	\$500 million (also provided \$1 billion in loans to Lebanon's Central Bank)
Kuwait	\$300 million (also provided \$500 million in loans to Lebanon's Central Bank)
Qatar	\$300 million
United States	\$230 million
European Union	\$117 million
International Monetary Fund (IMF)	\$112 million
United Arab Emirates	\$50 million
United Kingdom	\$40 million
Italy	\$38 million
Spain	\$34 million
Germany	\$28 million
France	\$25 million
Canada	\$22 million
Switzerland	\$20 million
Sweden	\$20 million
Australia	\$10.5 million
Turkey	\$10 million
Japan	\$1.9 million
Totals	\$ 1.8584 billion (est.)

Sources: Estimates based on various media reports and U.S. State Department figures.

The War's Impact on Lebanese Internal Politics

For almost 30 years prior to 2005, Lebanon's internal politics were dominated by Syria, which maintained a large military presence in Lebanon ostensibly as part of an Arab League peacekeeping force. Though supported by some Lebanese, including much of the Shiite Muslim community, the Syrian presence was increasingly resented by other elements of the Lebanese population including Maronite Christians, Sunni Muslims, and Druze (followers of a small sect derived from Islam). The assassination in February 2005 of former Lebanese Prime Minister Rafiq Hariri, widely blamed on Syrian agents because of Hariri's opposition to Syrian policies, led to a dramatic chain of events that profoundly altered the Lebanese political scene. Under heavy domestic and international pressure, Syria withdrew its forces from Lebanon in April 2005;

relatively free parliamentary elections were held in May and June without direct Syrian interference in the balloting process; a cabinet headed by a member of the anti-Syrian bloc was installed; and the U.N. Security Council passed Resolution 1595, which established an independent commission to investigate the circumstances of Hariri's murder. Initial reports of the commission seemed to implicate Syria or pro-Syrian Lebanese but findings remain inconclusive so far.

At the time, many observers interpreted Syria's unexpectedly rapid withdrawal and the subsequent election of an anti-Syrian majority in the Lebanese parliament as a major setback for Syria's ambitions in the region, and some even predicted that the regime of Syrian President Bashar al-Asad had been seriously weakened. However, Syria maintained significant assets in Lebanon: a mixed government in Lebanon comprising both pro- and anti-Syrian elements (see below); a possible residual presence of Syrian intelligence assets in Lebanon;²⁸ and Hezbollah, which has refused so far to relinquish its arms and apparently continued to support Syria's agenda by periodically attacking Israeli military positions near the Israeli-Syrian border.

The Lebanese government itself is far from monolithic. On one hand, parliamentary elections gave a majority (72 out of 128 seats) to a large anti-Syrian bloc headed by the late Prime Minister's son; on the other hand, the Lebanese Shiite Hezbollah leads a 33-seat minority bloc, and a third 21-seat bloc headed by an independent former army officer is cooperating with the Hezbollah bloc on some issues. President Emile Lahoud was elected with strong support from Syria and currently enjoys the support of Hezbollah as well; he refuses to retire before his term ends in 2007. Prime Minister Fouad Siniora, though a member of the anti-Syrian bloc, nonetheless heads a mixed cabinet which, for the first time in Lebanese history, contains two members of Hezbollah. Disputes over disarmament of Hezbollah, the status of President Lahoud, and relations with Syria have already created several cabinet crises and severely limited the ability of the government to deal with domestic and regional issues.

The 34-day military confrontation between Hezbollah and the Israeli Defense Force in July and August 2006 greatly enhanced the prestige of Hezbollah at the expense of the Lebanese government. Hezbollah's leader Sheikh Hassan Nasrallah acquired a folk-hero status as his organization was widely hailed both for its military prowess in the conflict with Israel and for its perceived ability to initiate disaster relief projects far more quickly and efficiently than the regular governmental organizations. Even those Lebanese who might be inclined to criticize Hezbollah for precipitating a crisis that devastated much of southern Lebanon have been muted, at least temporarily, by Nasrallah's soaring popularity and Hezbollah's success in

²⁸ In an interview with Lally Weymouth published in the May 1, 2006 edition of *Newsweek*, Prime Minister Siniora "Syria has its men and people in the country: supporters, some politicians and quite a number of Syrian intelligence." According to the U.N. Secretary-General, a U.N. team attempting to verify the withdrawal of all foreign armies from Lebanon under Security Council Resolution 1559 noted that the government of Lebanon "is confident that, by and large, Syrian intelligence has withdrawn," but allegations of "ongoing Syrian intelligence activity in Lebanon have continued to surface on occasion." United Nations Security Council, Document S/2006/248, Letter dated 18 April 2006 from the Secretary-General addressed to the President of the Security Council, Paragraph 19.

delivering aid to large numbers of displaced persons and other homeless or destitute Lebanese.²⁹ Similarly, he finds himself in a strong position to withstand pressures to disarm Hezbollah. Syria too, as a major sponsor of Hezbollah, finds that it has more maneuver room in dealing with Lebanese issues. Notably, the earlier enthusiasm among some Lebanese to pursue investigations designed to uncover a possible Syrian role in the Hariri assassination has dissipated, to a considerable extent.

The inevitable comparisons being drawn between Hezbollah effectiveness and Lebanese government ineptitude raise questions about the future of the Siniora government and its ability to withstand domestic criticism over its leadership during the current crisis. To some extent, the answers to these questions depend on the interaction of Lebanon's diverse religious sectarian and political groups. Lebanon is the most religiously diverse country in the Middle East and its political system is based on a careful distribution of governmental posts by religious sect. Shiite Muslims constitute a plurality, though not a majority, of the population, and in recent years they have increased their influence in the Lebanese body politic as their numbers have continued to grow. While not all Lebanese Shiites support Hezbollah, many observers believe Sheikh Nasrallah is likely to be heeded to a greater degree in the post conflict environment in Lebanon; he benefits from his ability to play multiple roles including military leader, reconstruction czar, and political participant. Despite his currently favorable image, however, Nasrallah may prefer to enhance his role in the present government including participation by Hezbollah (albeit at a junior level) in the cabinet and leadership of a strong parliamentary bloc rather than to mount an uncertain challenge that could galvanize currently dormant opposition to the Shiite leadership in Lebanon.

In the meantime, the interaction of government offices and agencies in Lebanon remains somewhat awkward, complicating the national decision-making process. For example, Prime Minister Siniora, who maintains a dialogue with the United States and the international community, has not had direct dealings with Hezbollah, which the United States lists as a foreign terrorist organization, since the war began. Rather, Siniora and Nasrallah have communicated through the speaker of parliament, Nabih Berri, who is aligned with the Hezbollah-led bloc, but is a member of the more moderate Shiite faction known as Amal.³⁰ At the same time, Siniora has gained some stature by negotiating some of the wording to Lebanon's advantage in the final version of Resolution 1701. Realignment within the three somewhat amorphous blocs in parliament are also possible, if not likely, as the political situation continues to evolve in the aftermath of the July-August fighting.

²⁹ Sharon Behn, "U.S., Hezbollah vie to rebuild for Lebanese; Hope to win public opinion," *The Washington Times*, August 18, 2006; Paul Richter, "Cease-Fire in the Middle East," *Los Angeles Times*, August 17, 2006.

³⁰ Edward Cody, "Italian Troops Land in Southern Lebanon," *The Washington Post*, September 3, 2006, p. A15.

Issues for U.S. Policy and Congress

U.S. Foreign Assistance to the Middle East³¹

As a result of the Israeli-Lebanon/Hezbollah conflict, the United States has pledged \$230 million in humanitarian and reconstruction assistance to Lebanon. While some parts of Israel were also affected by the war, no additional assistance has been announced with the exception of an extension of existing loan guarantees.³² The United States has longstanding aid programs to countries in the Middle East,³³ including both Israel and Lebanon. Foreign assistance has been used to promote the peace process, spur economic development, and in the case of Israel, to strengthen its defense capabilities through military assistance.

Israel's Loan Guarantees. Loan guarantees are a form of indirect U.S. assistance to Israel, since they enable Israel to borrow from commercial sources at lower rates and not from the United States government. Congress directs that appropriated or other funds be set aside in a U.S. Treasury account for possible default. These funds, which are a percentage of the total loan (based in part on the credit rating of the borrowing country), come from the U.S. or the Israeli government. Israel has never defaulted on a U.S.-backed loan guarantee, as it needs to maintain its good credit rating in order to secure financing to offset annual budget deficits.

P.L. 108-11, the FY2003 Emergency Wartime Supplemental Appropriations Act, authorized \$9 billion in loan guarantees over three years for Israel. P.L. 108-11 stated that the proceeds from the loan guarantees could be used only within Israel's pre-June 1967 borders, that the annual loan guarantees could be reduced by an amount equal to the amount Israel spends on settlements in the occupied territories, that Israel would pay all fees and subsidies, and that the President would consider Israel's economic reforms when determining terms and conditions for the loan guarantees. On November 26, 2003, the Department of State announced that the \$3 billion loan guarantees for FY2003 were reduced by \$289.5 million because Israel continued to build settlements in the occupied territories and continued construction of the security barrier separating the Israelis and Palestinians.

The Bush Administration reportedly plans to submit a request to Congress to extend the authorization of Israel's loan guarantees through FY2010³⁴. To date, Israel has \$4.6 billion in U.S.-backed commercial credit left to draw on.

³¹ Prepared by Connie Veillette, Analyst in Foreign Policy.

³² Herb Keinon, "U.S. to Israel: No Financial Aid for War," *The Jerusalem Post*, August 22, 2006, and "Finance Minister: U.S. Loan Guarantee Extension Shows 'Faith' in Israeli Economy," *Tel Aviv Ynetnews*, August 20, 2006.

³³ For more information, see CRS Report RL33222, *U.S. Foreign Aid to Israel*, by Jeremy M. Sharp. And RL32260, *U.S. Foreign Assistance to the Middle East: Historical Background, Recent Trends, and the FY2007 Request*, by Jeremy M. Sharp.

³⁴ "United States Extends Loan Guarantees to Israel," *Jerusalem Post*, August 19, 2006.

Lebanon.³⁵ The United States provides modest amounts of assistance to Lebanon, including economic (ESF) and military assistance (FMF),³⁶ and humanitarian de-mining funds (NADR). Annual funding for Lebanon has been maintained at roughly \$35 to \$40 million since FY2001 with the objectives of promoting economic growth, strengthening democracy and good governance, and protecting the environment.

In addition, Lebanon may be eligible for \$10 million in Department of Defense funds under Section 1206 of the FY2006 National Defense Authorization Act (PL 109-163), which authorizes funds for the training and equipping of foreign military forces conducting counter-terrorist operations. Reportedly, this aid would help modernize the Lebanese Armed forces (LAF) by providing funds for the procurement of spare parts to upgrade and repair the LAF's 5-ton military trucks, M113 armored personnel carriers, and UH-1H utility helicopters. The Pentagon may attach conditions to the \$10 million aid package if appropriated, requiring the LAF to use the equipment provided to contain Hezbollah's militia.³⁷

As stated earlier, the United States has pledged \$230 million in aid to Lebanon for reconstruction. Of the total U.S. pledge, \$55 million has been committed and re-programmed from various FY2006 foreign operations accounts. The makeup of the remaining \$175 million pledge had not been announced as of September 2006, but it is expected that the Administration will send a request to Congress to reprogram existing FY2006 funds for at least part of the total.

On September 14, 2006, the *Washington Post* reported that Representative Tom Lantos, ranking Minority Member of the House International Relations Committee, put a hold on any assistance to Lebanon until the Lebanese Armed Forces and international peacekeepers deploy along the Lebanese-Syrian border. At this point, it is unclear how long the delivery of aid will be suspended.

Humanitarian Issues³⁸

During the war, partisans on both sides of the conflict and some independent human rights activists alleged that the warring parties were targeting each other's civilian populations by employing inaccurate munitions that are designed to saturate wide areas with shrapnel or explosive sub-munitions.

Condemning Hezbollah. Observers have condemned Hezbollah's indiscriminate firing of rockets into northern Israeli towns and cities in order to

³⁵ See also CRS Report RL33509, *Lebanon*, by Alfred B. Prados.

³⁶ FMF to Lebanon has moderately increased since the withdrawal of Syrian troops from Lebanon. U.S. officials would like to improve the capabilities of Lebanon's Internal Security Forces and the Lebanese Armed Forces which protect the country from external threats. See, "U.S. Pledges More Aid to Lebanon in '07," *DefenseNews.com*, July 10, 2006.

³⁷ "Pentagon Aid Package For Lebanon Designed To Counter Hezbollah," *Inside the Pentagon*, August 31, 2006.

³⁸ Prepared by Christopher M. Blanchard, Middle East Policy Analyst.

terrorize the population and cause extensive damage to infrastructure. According to the *Jerusalem Post*, many of the rockets fired contained anti-personnel munitions such as steel ball bearings.³⁹ Israeli civil defense agencies continue to identify, disarm, and remove unexploded ordnance (UXO) fired by Hezbollah into northern Israel during the conflict.

On September 14, 2006, Amnesty International accused Hezbollah militants of war crimes and “serious violations of international humanitarian law” during the Lebanon war. In a report that attempted to balance earlier accusations against Israel’s bombing of civilian areas in Lebanon, Amnesty noted that Hezbollah’s Katyusha rockets “cannot be aimed with accuracy, especially at long distances, and are therefore indiscriminate.”⁴⁰

Israel’s Use of Cluster Weapons. Observers have decried Israel’s use of cluster weapons to counter Hezbollah’s rockets attacks. Since the United States is a major provider of military aid to Israel, the cluster weapons issue received media attention during and since the war and has reportedly become the subject of an Administration investigation.

Field and press reports suggest that large numbers of cluster weapon sub-munitions (commonly referred to as “cluster bombs”) remain scattered across areas of southern Lebanon in the aftermath of fighting between Hezbollah and the Israel Defense Forces (IDF). The sub-munitions in southern Lebanon are the unexploded remnants of a range of Israeli ground- and air-launched cluster weapons, including bombs, artillery shells, and rockets. The United States apparently supplied some of the cluster weapons that Israel used in the conflict.⁴¹ Officials from the United Nations, non-governmental organizations, and foreign governments have criticized Israel for its use of cluster weapons in populated areas because of the known high rate of failure for the cluster weapons’ sub-munitions and the potential for these so-called “bomblets” to kill and injure civilians. Israel reportedly fired many of the cluster weapons in question during the final days of the conflict.⁴² As of September 7, the United Nations had catalogued 12 deaths and 61 reported injuries from UXO in Lebanon, all but five of which were linked to cluster sub-munitions. Up to 448

³⁹ “Expert Views Effect, Breakdown of Hizballah Rocket Attacks on Northern Israel,” *Jerusalem Post*, September 6, 2006.

⁴⁰ “Amnesty International Says Hezbollah Committed War Crimes,” *New York Times*, September 14, 2006.

⁴¹ David S. Cloud, “Inquiry Opened Into Israeli Use Of U.S. Bombs,” *New York Times* August 25, 2006. An August 26, 2006, presentation by United Nations Mine Action Coordination Center (UNMAS) South Lebanon office catalogued the following numbers of U.S.-manufactured cluster weapon sub-munitions during surveys in southern Lebanon (source weapons in parentheses): 715 M-42’s (105-millimeter artillery shells), 820 M-77’s (M-26 rockets), and 5 BLU-63’s (CBU-26 cluster bombs). The UNMAS teams also reported 631 M-85 Israeli-produced sub-munitions had been found. See, UNMAS South Lebanon, “Cluster Bomb Situation - South Lebanon July/August 2006,” August 26, 2006. Available at [<http://www.stopclustermunitions.org/files/CB%20South%20Lebanon.pdf>]

⁴² *Agence France Presse*, “Israel Spewed Cluster Bombs over Lebanon in Last Days of War: UN,” August 30, 2006.

cluster weapon strike sites from the recent conflict have been identified, and U.N. experts estimated that 12 to 15 months will be needed to clear the sites of cluster sub-munitions.⁴³ According to Human Rights Watch, 57 countries maintain stockpiles of cluster weapons, and nine countries have used them in combat, including the United States in Iraq and Afghanistan.⁴⁴

Israeli Reaction. Israeli officials maintain that the IDF carefully considered the potential for civilian casualties both during and following their military operations, and that IDF use of cluster weapons, as well as the IDF's broader methods during the southern Lebanon campaign, "are legal under international law and their use conforms with international standards."⁴⁵ Israel has identified Hezbollah's use of civilian homes for rocket launching and munitions storage as the primary explanation for IDF targeting of some populated areas during the conflict. IDF sources reported during the conflict that the predominant targets for their cluster weapons were Hezbollah-manned Katyusha rocket launch sites in open areas. Following the conclusion of the cease-fire agreement, the IDF transferred maps to UNIFIL forces showing likely locations for UXO and distributed warning notices to residents in conflict zones advising them to delay their return to their villages and homes until UXO had been cleared.⁴⁶

Administration Response. The U.S. Department of State's Office of Weapons Removal and Abatement has announced plans to expand an ongoing landmine and unexploded ordnance (UXO) humanitarian clearance program in Lebanon in the aftermath of the Israel-Hezbollah conflict. The expansion of the program will consist of an emergency grant of \$420,000 in reprogrammed FY2006 funds to a non-governmental UXO removal organization and greater support for the United Nations Joint Logistics Center UXO data collection and mapping operations

⁴³ UNMAS, "Lebanon Unexploded Ordnance Fact Sheet, September 7, 2006." Response to CRS Inquiry.

⁴⁴ See, Human Rights Watch, "Memorandum to Delegates to the Convention on Conventional Weapons Group of Governmental Experts On Explosive Remnants of War," March 2003; and, Paul Wiseman, "Cluster Bombs Kill in Iraq, Even After Shooting Ends," *USA Today*, December 11, 2003. According to the U.S. Defense Department, the U.S. military used air and ground launched cluster weapons during Operation Enduring Freedom in Afghanistan and Operation Iraqi Freedom, including in urban combat during the fall of Baghdad. Civilian casualties have been reported from unexploded U.S. cluster weapon sub-munitions in both countries.

⁴⁵ *Agence France Presse*, "Israel Says Arms Used in Lebanon Keep by International Law," August 31, 2006. No treaty or international convention specifically governs the deployment or use of cluster munitions in war. However, unexploded ordnance (UXO) removal specialists and advocates for moratoria and bans on the use of cluster munitions argue that the articles of the Geneva Conventions relating to the differentiation and protection of civilian populations prohibit the use of cluster munitions in civilian areas. For example, this view is advanced by the Cluster Munition Coalition, an anti-cluster weapon network that advocates on behalf of sub-munition victims and campaigns to ban use of the weapons.

⁴⁶ See Israel Ministry of Foreign Affairs, "Behind the Headlines: Legal and operational aspects of the use of cluster bombs," September 5, 2006; and, Meron Rapoport, "IDF: No Prohibition on Cluster Bombs," *Ha'aretz* (Tel Aviv), September 8, 2006.

in Lebanon.⁴⁷ The Department of State also is seeking congressional approval for the allocation of up to \$2 million to continue UXO clearing activity in Lebanon during FY2007.⁴⁸

Munitions Shipment Hold and Investigation. According to press reports citing unnamed Administration officials, the Department of State has held up a shipment of M-26 cluster munitions to Israel and initiated an investigation of the Israel Defense Force's use of cluster munitions during the recent fighting. In early August, Israel reportedly requested that a pre-ordered shipment of U.S. M-26 rockets be expedited for IDF use in Multiple Launch Rocket System (MLRS) counterfire strikes against Hezbollah rocket launch sites in southern Lebanon. Initial reports suggested the shipment was delayed out of concern over the weapons' potential use, and subsequent press reports suggest the shipment has been placed on hold.⁴⁹ In addition to this reported hold, the Department of State's Directorate of Defense Trade Controls also reportedly is conducting an investigation focused on whether Israel violated confidential agreements with the United States that restrict Israel's use of U.S.-supplied cluster munitions to certain military targets in non-civilian areas.⁵⁰ Administration officials have declined to comment specifically on these reports. President Bush repeatedly characterized Israel's military actions as "self-defense" during the conflict. The Arms Export Control Act requires that U.S.-supplied weapons can be used only in "legitimate self-defense."

Congressional Responses. In Congress, Senators Feinstein and Leahy introduced an amendment to the FY2007 Department of Defense Appropriations bill (S.Amdt.4882 to H.R.5631) that would have prevented FY2007 funds from being spent "to acquire, utilize, sell, or transfer any cluster munition unless the rules of engagement applicable to the cluster munition ensure that the cluster munition will not be used in or near any concentrated population of civilians, whether permanent or temporary, including inhabited parts of cities or villages, camps or columns of refugees or evacuees, or camps or groups of nomads."⁵¹ The amendment failed to pass during Senate floor consideration on September 6, 2006 by a vote of 30 to 70 (Vote No. 232). Some opponents of the amendment argued that its language would

⁴⁷ The United Nations Joint Logistics Center (UNJLC) works in partnership with the Vietnam Veterans of America Foundation. For more information, see UNJLC, "Mine-UXO in Lebanon," August 2006. Available at [http://www.unjlc.org/lebanon/infosheets/mine/index_html/view]

⁴⁸ The grants will support the activities of the Mines Advisory Group (MAG). U.S. Department of State - Office of the Spokesman, Fact sheet: "United States Emergency Aid to Lebanon to Clear Explosive Remnants of War," August 23, 2006. Available at [<http://www.state.gov/r/pa/prs/ps/2006/71047.htm>]

⁴⁹ David S. Cloud, "Israel Asks U.S. to Ship Rockets With Wide Blast," *New York Times*, August 11, 2006.

⁵⁰ David S. Cloud, "Inquiry Opened Into Israeli Use Of U.S. Bombs," *New York Times* August 25, 2006.

⁵¹ S.Amdt.4882 to H.R.5631; and, Office of Senator Dianne Feinstein, Press Release: "Senators Feinstein and Leahy Call for New Policy on Use of Cluster Bombs," September 5, 2006.

unduly restrict the options available to U.S. military commanders in battle. Others called for hearings to further discuss the subject.⁵²

U.S. Efforts and Other Efforts to Combat Hezbollah

U.S. Terrorism Designations and Related Effects. In December 2004, the U.S. State Department added Al-Manar to the Terrorist Exclusion List (TEL). Applicable criteria for adding Al-Manar to the TEL included inciting to commit a terrorist act and providing material support to further terrorist activity. The effects of an entity being placed on the TEL could include the possible deportation and exclusion from the United States of individuals found belonging to or supporting the TEL designated organization. Concurrent with the State Department's placement of Al-Manar on the TEL, the organization was no longer allowed a satellite feed into the United States. Though Al-Manar is banned from broadcasting its satellite signal into the United States, the station does upload its television programs and other like material on its website, which is accessible to any individual with an internet connection.⁵³

On March 23, 2006, the Department of the Treasury designated Al-Manar as a Specially Designated Global Terrorist (SDGT) entity. In making this designation, Stuart Levey, Treasury Under Secretary for Terrorism and Financial Intelligence, stated, "Any entity maintained by a terrorist group — whether masquerading as a charity, a business, or a media outlet — is as culpable as the terrorist group itself."⁵⁴ The effects of an entity being designated as a SDGT include the blocking of access to all assets under U.S. jurisdiction by the organization, its parent companies, and individuals who have materially supported the entity's terrorist activities. Future transactions between U.S. persons or corporations and Al-Manar are also prohibited consistent with the provisions of the SDGT.

Recent Al-Manar Related Activity in the United States. In December 2002, Salim Boughader, an owner of a Lebanese restaurant in Mexico, was arrested by Mexican authorities on human-smuggling charges, as he is suspected of trafficking up to 200 Lebanese nationals into the United States. During post arrest questioning, Mr. Boughader reportedly admitted to knowingly providing assistance to an employee of Al-Manar in gaining unlawful entrance into the United States. Mr. Boughader also stated that he assisted individuals with ties to Hezbollah, as he and other Lebanese people "did not see Hezbollah as terrorists."⁵⁵

⁵² See Congressional Record, Senate, September 6, 2006, Department of Defense Appropriations Act, 2007 pp. S8992-S8996.

⁵³ Lebanese Communications Group - Al-Manar TV
Available online at [<http://www.manartv.com.lb/NewsSite/News.aspx?language=en>].

⁵⁴ U.S. Designates Al-Manar as a Specially Designated Global Terrorist Entity Television Station is Arm of Hizballah Terrorist Network, 23 March, 2006, The Department of Treasury website [<http://www.treas.gov/press/releases/js4134.htm>].

⁵⁵ "Terror Linked Migrants Channeled Into U.S.," *Fox News*, July 03, 2005, [<http://www.foxnews.com/story/0,2933,161473,00.html>].

On August 23, 2006, Javed Iqbal was arrested on charges of offering live broadcasts of Al-Manar programming to potential customers in New York. Through selling equipment from his home and his Brooklyn-based company, HDTV Ltd., Mr. Iqbal is suspected of offering customers access to the Al-Manar signal. It is reported that in the instances Mr. Iqbal installed the necessary equipment and attempted to retrieve the Al-Manar transmission, he ultimately was not successful in obtaining the desired signal.⁵⁶

U.S. and Israeli Action Against Hezbollah Finances.⁵⁷ On August 29, 2006, the U.S. Department of the Treasury designated the Islamic Resistance Support Organization (IRSO) of Lebanon as a Specially Designated Global Terrorist entity for serving as “a key Hezbollah fund-raising organization.”⁵⁸ According to Treasury officials, the organization openly raised funds for Hezbollah via direct solicitation and advertisements on Hezbollah’s Al Manar television network. The IRSO reportedly allowed its donors to specify whether or not they wished their funds to be used for military equipment or weapons purchases, in addition to a range of other services. As a result of the designation, the IRSO is prohibited from operating in the United States, and any of its assets under U.S. jurisdiction were frozen.

The action against IRSO has been followed by two actions against Lebanese and Iranian financial entities suspected of providing support to Hezbollah. On September 7, 2006, Treasury’s Under Secretary for Terrorism and Financial Intelligence (TFI) Stuart Levey announced the designation of Bayt al-Mal and the Yousser Company for Finance and Investment of Lebanon for serving “as Hezbollah’s unofficial treasury, holding and investing its assets and serving as intermediaries between the terrorist group and mainstream banks.” Bayt al-Mal director Husayn al-Shami also was designated.⁵⁹ On September 8, 2006, Treasury officials announced that Iran’s Bank Saderat would be prohibited from conducting direct or indirect financial transactions with the U.S. financial system, in part because the Government of Iran has used the bank to fund Hezbollah and other terrorist organizations.⁶⁰ Prior to the U.S. legal action, Israel reportedly conducted a series of military strikes during July 2006 on Hezbollah financial centers and banks in Lebanon alleged to conduct business for Hezbollah operatives. Brigadier General Dani Arditi, advisor to the Israeli Prime Minister for Counterterrorism, confirmed that the strikes were meant to serve as a message “for all the Lebanese banks.... Assistance to Hezbollah is direct assistance to terrorist organizations.”⁶¹

⁵⁶ Walter Pincus, “New Yorker Arrested for Providing Hezbollah TV Channel,” *The Washington Post*, August 25, 2006.

⁵⁷ Prepared by Christopher M. Blanchard, Middle East Policy Analyst.

⁵⁸ U.S. Department of the Treasury, “HP-73: Treasury Designates Key Hizballah Fundraising Organization,” August 29, 2006.

⁵⁹ U.S. Department of the Treasury, “HP-83: Treasury Designation Targets Hizballah’s Bank,” September 7, 2006.

⁶⁰ U.S. Department of the Treasury, “HP-87: Treasury Cuts Iran’s Bank Saderat Off From U.S. Financial System,” September 8, 2006.

⁶¹ Adam Ciralsky and Lisa Myers, “Hezbollah Banks Under Attack in Lebanon” *MSNBC* (continued...)

Al-Manar: Hezbollah's Satellite Television Station.⁶² Al-Manar, a satellite television station controlled by Hezbollah, broadcasts into most areas of the world. Al-Manar refers to itself as the “station of resistance” and has a stated mission of conducting “psychological warfare against the Zionist enemy.”⁶³ The station, with a reported budget of \$20 million,⁶⁴ started transmitting limited programming in June 1991.

On two occasions during the recent conflict, Israel bombed the main Al-Manar facility located in southern Beirut. Though buildings on the complex caught fire, transmission satellite antennas were destroyed, and the station's signal went through brief periods of intermittent transmission, the network returned to broadcasting at full capacity shortly after these attacks.⁶⁵ Al-Manar's public relations chief Ibrahim Farhat stated that the organization developed contingency plans to allow for broadcasting from remote locations after the U.S. designated it a terrorist organization in December 2004.⁶⁶

Islam, Al Qaeda, and the Global War on Terrorism⁶⁷

The conflict in Lebanon challenged many Sunni Islamists, including jihadist Al Qaeda leaders such as Ayman Al Zawahiri, to reconcile their documented animosity toward Shiite Muslims with their desire to appear to be in solidarity with anti-Israeli and anti-American sentiment and activity that emerged around the Islamic world in response to the crisis. During the fighting, debate over the legitimacy of providing support for Hezbollah, a Shiite Lebanese militia, was particularly pointed on many extremist Internet fora and in a series of public statements issued by conservative Sunni Islamic leaders. Some condemned Hezbollah's actions as part of a Shiite conspiracy to gain regional power or a leadership bid by Hezbollah leader Hassan Nasrallah, while others argued that Sunni and Shiite Muslims should have united to confront Israel and its supporters.⁶⁸ To the extent that these debates may have inspired unity or division within and across religious and political communities in the Arab world and beyond, they may have important implications for the success of U.S. foreign policy initiatives in the region, and for U.S. counterterrorism policy objectives in particular.

⁶¹ (...continued)
News, July 25, 2006.

⁶² This section was prepared by John Rollins, Specialist in Terrorism and International Crime.

⁶³ Al-Manar TV on the web at [<http://web.manartv.org/html/about.html>].

⁶⁴ “Hizbullah's Al Manar TV Budget More than Israel's PR Outlay,” *Arutz Sheeva*, 28 August, 2006.

⁶⁵ “Hizbollah Rockets Hit Haifa”, *Reuters UK*, July 16, 2006.

⁶⁶ “Hezbollah's al-Manar TV survived attacks”, *Examiner*, August 25, 2006.

⁶⁷ This section was prepared by Christopher Blanchard, Middle East Policy Analyst.

⁶⁸ For discussions of these competing views, see Bernard Haykel, “The Enemy of My Enemy Is Still My Enemy,” *New York Times*, July 26, 2006; and, Annia Ciezadlo, “Sheikh Up,” *New Republic*, August 7, 2006.

The airing of diverse perspectives toward the crisis across the Arab and wider Islamic worlds brought the competing religious and political priorities of some important figures and groups into contrast and conflict. Conservative Sunni Islamic leaders, such as Qatar-based cleric and international Muslim Brotherhood figure Yusuf Al Qaradawi argued that Muslims should support the activities of Hezbollah and Hamas as legitimate “resistance” activities, based on Quranic injunctions to defend Muslim territory invaded by outsiders.⁶⁹ Similarly, Egypt’s Grand Mufti Ali Gomaa stated that Hezbollah was “defending its country” and its actions were “not terrorism.”⁷⁰ Saudi sheikh Salman Al Awda called for Sunnis to set aside their “fundamental and deep disagreement” with Hezbollah and Shiites in order to confront “the criminal Jews and Zionists.”⁷¹ While many of the strongest statements that were issued appeared to primarily serve rhetorical purposes, they may have continuing political implications: many religious figures sought to distance themselves from the more nuanced positions of Arab political leaders during the crisis, some of whom have otherwise been characterized as detached from public opinion and vulnerable to revolt. Moreover, groups or individuals may utilize religious figures’ judgments and statements to justify future attacks on the interests or personnel of Israel, the United States, or their own governments should the crisis flare up again.

Disagreements also emerged among violent Sunni Islamist extremists, including Al Qaeda and its affiliates. In a July 31 Internet posting, an Al Qaeda in the Arabian Peninsula representative seemingly rejected any unitarian sentiment between violent Sunni groups and Hezbollah by characterizing Hezbollah as “the head of the Iranian spear in the Arab region,” and arguing that “any support to Hezbollah in Lebanon is indirect support for the Iranian objectives.”⁷² The view of Al Qaeda leadership figures, as expressed by Ayman Al Zawahiri first in a video released on July 27, and again on September 11, remains somewhat ambiguous with regard to sectarian issues. On July 27, Al Zawahiri stated that “our nation will get together to fight [Israel and its allies],” but he refrained from directly urging Sunni-Shiite unity or advocating direct Sunni support for Hezbollah.⁷³ A Hezbollah official interviewed on Al Jazeera television following the release of Al Zawahiri’s July tape stated that Al Zawahiri’s statement should have been “clearer in its reference to the ideological and political dimensions of unity among Muslims, and that, in the future, “there should be clear

⁶⁹ “Islamic Cleric Al-Qaradawi Supports Hizballah, HAMAS,” *Al-Jazirah Television* (Doha), OSC Document GMP20060730638004, July 30, 2006.

⁷⁰ Reuters, “Egypt’s Mufti Defends Hizballah Operations,” July 28, 2006.

⁷¹ Sheikh Abdallah Bin-Jibrin, “Is It Permissible to Support the So-Called Rafidi [Shiite] Hizballah?” *Nur al-Islam* (website), OSC Document GMP20060721827005, July 19, 2006; and, Abdallah al-Rashid, “Al-Awdah: We Disagree with Hizballah, But We Reject Israel’s Aggression,” *Islam Today* (Riyadh), OSC Document GMP20060724837002, July 24, 2006.

⁷² “Al-Qa’ida in Saudi Arabia Urges Countering Hizballah,” OSC Document - FEA20060802025964 August 2, 2006.

⁷³ “Al-Zawahiri Comments on Lebanon, Gaza” OSC Document - FEA20060727025705, July 27, 2006.

and direct references to Hizballah and Shiites in a positive sense.”⁷⁴ In September, Zawahiri addressed his advice and urgings to “Muslims” around the world and in Lebanon rather than addressing the sectarian questions raised by Hezbollah and others. He specifically called on “the Muslim nation” to aid “its Muslim brothers in Lebanon and Gaza,” and urged Lebanese Muslims “to reject international resolutions, particularly the recent Security Council Resolution 1701.”⁷⁵ Any resolution of the ongoing Sunni jihadist debate regarding the appropriate stance toward Shiites will likely have broader implications for any potential intervention in future conflict involving Shiites by Sunni jihadist cells and others who look to Al Qaeda leaders for guidance.

Conclusion

There are many divergent interpretations of the July-August war in Lebanon and its implications for U.S. policy in the Middle East. On the one hand, some consider this conflict to be just the latest battle in a global war on terror pitting the democracies of the West and Israel against terrorist organizations backed by radical regimes. Others view the war less in terms of an overall effort against Islamic extremism and more of a battle between powerful nation-states, seeing Lebanon as the battleground in an “opening round” of an Iranian-Israeli struggle for regional preeminence. Still, some observers assert that the war is simply another chapter in a long history of localized Arab-Israeli violence spurred by the lack of any discernable progress in a peace process. In reality, there may be elements of truth within all of these perspectives.

The conflict has posed its own set of challenges for U.S. policy toward Lebanon. In a broader sense, the war has jeopardized not only the long-term stability of Lebanon but has presented the Bush Administration with a basic dilemma. On one hand, the Administration is sympathetic to Israeli military action against a terrorist organization; President Bush has spoken in favor of Israel’s right of self-defense. On the other hand, the fighting dealt a setback to Administration efforts to support the rebuilding of democratic institutions in Lebanon. One commentator suggested “the two major agendas of his [Bush’s] presidency — anti-terrorism and the promotion of democracy — are in danger of colliding with each other in Lebanon.”⁷⁶

If Lebanon disintegrates through a return to communal civil strife or becomes closely aligned with Syria or Iran, U.S. goals could be seriously affected. The United States would lose a promising example of a modernizing pluralist state moving toward a resumption of democratic life and economic reform and quite possibly face a return to the chaos that prevailed in Lebanon during the 15-year civil war. Such

⁷⁴ Interview with Hezbollah Political Council member, Hasan Hudruj, “Al-Jazirah TV: Hizballah Official Comments on Al-Zawahiri’s New Videotape,” *Al-Jazirah Television (Doha)*, OSC Document - GMP20060727648002, July 27, 2006.

⁷⁵ “Jihadist Website Posts Al-Zawahiri 9/11 Anniversary Video,” OSC Document - FEA20060912027565, September 11, 2006.

⁷⁶ Michael Hirsh, “The Legacy On the Line,” *Newsweek*, July 24, 2006, p. 30.

conditions would be likely to foster terrorism, unrest on Israel's border, and other forms of regional instability. Moreover, the growth of Syrian or Iranian influence or some combination of the two could strengthen regional voices supporting extremist and likely anti-Western views associated with clerical regimes (Iran), totalitarian models (Syria), or a militant stance toward Israel. A viable cease-fire, on the other hand, could be an initial step toward further progress in the long quest for regional peace.

With Hezbollah deeply ingrained in Lebanese Shiite society, the movement has become a fixture in the political system, though whether or not its militia and terrorist wings can be disarmed remains to be seen. Many Israelis remain deeply skeptical over international efforts to disarm Hezbollah, as the real work of preventing re-armament over land, sea, and air will take place behind the scenes in the months ahead. Israeli sources are already reporting the renewal of Syrian and Iranian shipments to Hezbollah though such reports are difficult to confirm.

A key aspect of Hezbollah's possible re-armament is the role of Syria. Many questions remain concerning Syria: the willingness of the United States and Israel to bring Syria into the diplomatic mix, Syria's influence over Hezbollah in a Lebanon free of Syria's military occupation, and what demands Syria may make in exchange for its possible cooperation. Some observers suggest a variety of theoretical incentives that the West could provide Syria, including the end of its isolation by the United States and the removal of Syria from the State Department's terrorism list and the relaxation of economic sanctions; the tacit recognition of its influence in Lebanese politics; the ratification of the EU Association Agreement with Syria that provides it with certain trade benefits; diminished international pressure regarding the U.N.-led investigation into the murder of former Lebanese Prime Minister Rafiq Hariri; increased financial support, possibly from Arab Gulf states; and finally (though less likely), a resumption of negotiations over the Israeli-occupied Golan Heights - a longstanding Syrian goal since its defeat in the June 1967 Six-Day War. Others believe that U.S. refusal to reward Syria for its intransigence should continue and that any U.S. engagement would undermine Western efforts to strengthen Lebanese independence and sovereignty, even if the unspoken reality is one in which Syria's special role in Lebanese affairs is widely recognized. After the recent attack on the U.S. embassy in Damascus, some observers have asserted that the United States and Syria share an interest in combating Islamic extremism and should renew limited security cooperation and intelligence sharing.

Finally, speculation over the winners and losers of the war will most likely be debated for some time. Israeli officials believe that their overwhelming response to Hezbollah's provocation caught it and Iran off-guard and that Israel's subsequent operations have eroded its opponents' deterrent capabilities along the Israeli-Lebanese borders. Nevertheless, there are many Israelis both in and out of the government who believe that the war was poorly managed, did not achieve its goals, or was simply ill-conceived. Hezbollah claimed that by merely surviving, it gained a symbolic victory over the more powerful Israeli army and that it continued to threaten Israel with rocket attacks after weeks of Israeli attempts to destroy its arsenal. Iran may believe that it achieved an ideological victory against Israel, seeing the conflict as producing increased Arab and Muslim support for Lebanese Shiites and for overall Iranian opposition to Israel. Analysts caution that increased Arab and

Muslim support for Hezbollah may simply be a temporary phenomenon in response to solidarity with the Lebanese people and sympathy for Lebanese civilian casualties. Others see increasing domestic political pressure in moderate Arab states and elsewhere, such as Egypt, Jordan, Saudi Arabia, and even Turkey to condemn Israel and hold the United States partially responsible for civilian casualties in Lebanon as a way to deal with popular anger and their own Islamists.

Appendix A: Prelude to the Crisis

The following was originally the opening section of this report and has been included in the Appendix for use as a resource on background to the July-August war. It will not be updated.

Although Hezbollah's July 12, 2006, kidnapping of two Israeli soldiers initiated the conflict in southern Lebanon, tensions in the region had grown since the Hamas electoral victory in Palestinian legislative elections in January 2006. Over the course of the next six months, Israeli-Palestinian relations deteriorated rapidly, culminating in renewed fighting in the Gaza Strip, only months after Israel withdrew entirely from the territory and evacuated its settlements. Most observers assert that Hezbollah used the clashes between Hamas and Israel as a pretext and justification for its July 12 attack. The following sections provide background on how the region was transformed over six months from one of relative calm to full-scale war.

Palestinian Elections and the Hamas-led PA Government⁷⁷

On January 25, 2006, candidates of the "Change and Reform" party associated with the Islamic Resistance Movement (Hamas)⁷⁸ won a majority in Palestinian Legislative Council (PLC) elections, defeating Fatah, the prior ruling party of the PLC and of Palestinian Authority President (PA) Mahmoud Abbas. In response, the Quartet (i.e., the United States, European Union, United Nations, and Russia) stated that "there is a fundamental contradiction between armed group and militia activities and the building of a democratic state."⁷⁹ Subsequent Quartet statements established clear principles for reviewing further engagement and assistance with the Hamas-led Palestinian government, namely "that all members of a future Palestinian government must be committed to non-violence, recognition of Israel, and acceptance of previous agreements and obligations, including the Roadmap."⁸⁰ President Abbas endorsed Hamas' platform and cabinet candidates while expressing his demand that Hamas comply with the Quartet's principles and support his efforts to achieve a two-state solution to the Israeli-Palestinian conflict.⁸¹ Since January 2006, Hamas leaders have largely rejected and refused to discuss the Quartet principles, arguing that while President Abbas may decide to negotiate with Israel, ultimately the Palestinian people would decide what to accept.

⁷⁷ The following sections were prepared by Christopher Blanchard, Middle East Policy Analyst.

⁷⁸ Hamas is an acronym for its full name in Arabic, *Harakat al-Muqawamah al-Islamiyyah* (the Islamic Resistance Movement).

⁷⁹ Quartet Statement on Palestinian Legislative Council Elections, January 26, 2006.

⁸⁰ Quartet Statements released January 30, 2006, and March 30, 2006. "The Roadmap" refers to the Performance-Based Roadmap to a Permanent Two-State Solution to the Israeli-Palestinian Conflict, which was presented to Israel and the Palestinian Authority on April 30, 2003, by the Quartet as a plan to achieve a comprehensive settlement of the conflict in three phases by 2005.

⁸¹ The PLC approved the majority Hamas-bloc on March 28, 2006.

The Isolation of Hamas and Internecine Palestinian Violence

The electoral victory of Hamas surprised many outside observers and created a series of policy challenges for the Bush Administration, which had supported the election process as part of its efforts to reform the Palestinian Authority and its broader Middle East democracy promotion agenda. Israel and members of the Quartet took steps to limit the provision of non-humanitarian aid and financial resources to the Hamas-controlled Palestinian Authority based on Hamas leaders' refusal to accept the Quartet principles. Israel ceased its monthly transfers of approximately \$55 million in taxes and customs revenue collected monthly on behalf of the PA, and two leading Israeli banks announced plans to sever their commercial relationships with financial institutions in the West Bank and Gaza Strip.⁸² The Bush Administration suspended U.S.-funded development projects in the Palestinian territories and prohibited any and all U.S. persons from engaging in any unauthorized transactions with the Palestinian Authority because of its control by Hamas, a designated terrorist entity.⁸³ The European Union — the PA's largest donor — also suspended its direct aid to the Palestinian Authority and, at the Quartet's behest, has subsequently spearheaded efforts to develop an international mechanism to deliver assistance to the Palestinian people without transfers to or through Hamas or the elements of the PA under its control.

The loss of customs revenue and direct foreign aid created crippling budgetary shortfalls for the PA and significant derivative economic hardship for many Palestinian citizens. President Abbas referred to the steps as a "siege," and throughout April, May, and June 2006, tensions over unpaid salaries and disagreements over command responsibilities flared between the Hamas-led government and armed security force personnel loyal to Fatah. Palestinian leaders, including President Abbas, engaged in several efforts to end the intra-Palestinian violence and bring closure to open questions of official Palestinian support for the Quartet principles (see discussion of the National Accord Document below). However, before these efforts could bear fruit, fresh violence between Israel and Hamas erupted in the Gaza Strip and has escalated.

Israeli-Palestinian Fighting⁸⁴

For many months prior to the late spring/summer 2006 outbreak of fighting, violence had been somewhat subdued due to some self-imposed restraint by the major players involved. In March 2005, Hamas and 12 other Palestinian groups agreed to extend an informal truce or "calm" (referred to in Arabic as a *hudna*) with Israel for one year. Some call the agreement a cease-fire even though it was a

⁸² Press reports suggested that Israel's Bank Discount and Bank Hapoalim have agreed to postpone their plans until August 15, 2006. The proposals would directly affect Palestinian civilians by severely complicating or preventing most Palestinian commercial financial transactions in Israeli shekels, the principal currency used in the West Bank and Gaza Strip.

⁸³ For more information see CRS Report RS22370, *U.S. Foreign Aid to the Palestinians*.

⁸⁴ The following sections were prepared by Carol Migdalovitz, Specialist in Middle Eastern Affairs, on August 3, 2006.

unilateral Palestinian declaration to which Israel was not a party. Palestine Islamic Jihad (PIJ) did not agree to the calm and was responsible for several suicide bombings within Israel in the period that followed. Hamas, which had been responsible for many suicide bombings during the second *intifadah* (Palestinian uprising against Israeli occupation) that had begun in September 2000, refrained from such attacks after declaring the *hudna*. It did, however, continue to fire mortars and rockets against Israeli settlements in the Gaza Strip before Israel's summer 2005 withdrawal from the region and into southern Israel after Israel's withdrawal. Israel usually responded with air and artillery strikes, but it also carried out what it terms targeted killings of terrorists.

On June 9, 2006, a Palestinian family was killed on a Gaza beach. The Palestinians claimed that the victims had been struck by Israeli artillery fire, but Israel denied responsibility for the deaths. Nonetheless, the incident provoked Hamas to call off its truce and intensify rocket fire into southern Israel.

Also in June, Palestinian factions held an intense national dialogue in the West Bank and Gaza in which they ultimately agreed on a National Accord Document (also known as the Prisoners' Document because Hamas and Fatah leaders imprisoned by Israel had collaborated on the first draft) to reconcile their positions and goals. Hamas leaders in Damascus, notably political bureau chief Khalid Mish'al, reportedly did not agree with the National Accord Document because it might be seen as suggesting that Hamas had moderated its views regarding Israel and the peace process. On June 25, members of the Hamas military wing (Izz ad-Din al-Qassam Brigades) and two other groups attacked Israeli forces in Israel, just outside of Gaza, killing two Israeli soldiers, wounding four, and kidnapping one. The perpetrators demanded the release of Palestinian women and minors from Israeli prisons. Some analysts suggest that Mish'al was behind the attack in order to assert his power over more "moderate" Hamas officials in the territories and to undermine the National Accord.

On June 27, after unsuccessful diplomatic efforts to secure the kidnapped soldier's release, Israeli forces began a major operation which Israel explained as an effort to rescue the soldier, to deter future Hamas attacks including rocket launches from Gaza into southern Israel, and to weaken, bring down, or change the conduct of the Hamas-led Palestinian Authority government. Israeli officials claimed that Hamas had crossed a "red line" with the kidnapping and attack within pre-1967 Israel, but said that Israel did not intend to reoccupy Gaza.

On June 28, Hamas officials in the Palestinian Authority allied themselves with the kidnappers by adopting their demands. Israeli officials responded by insisting on the unconditional release of the soldier. On June 29, Israel forces arrested 64 Palestinian (Hamas) cabinet ministers, parliamentarians, and other Hamas officials in the West Bank and Jerusalem in what the Foreign Ministry described the action as a "normal legal procedure" targeting suspected terrorists.

In early military operations, Israeli planes bombed offices of PA ministries headed by Hamas, weapons depots, training sites, and access roads; ground forces entered Gaza to locate tunnels and explosives near the border and targeted Hamas offices in the West Bank. After Hamas militants fired an upgraded rocket at the

Israeli port city of Ashkelon on July 4, the Israeli cabinet approved “prolonged” activities against Hamas; air and artillery strikes and ground incursions are still occurring. Meanwhile, Palestinian militants continue to fire rockets into southern Israel.

International mediators have tried to calm the recent upsurge in violence. The Egyptians have reportedly proposed a resolution in which Hamas would release the soldier in exchange for an Israeli promise to release prisoners at a later date. On July 10, however, Khalid Mish'al insisted on the mutual release or “swap” of prisoners. On the same day, Israeli Prime Minister Ehud Olmert reportedly said that trading prisoners with Hamas would cause a lot of damage to the future of the State of Israel, perhaps because it would continue a precedent that he seeks to break.⁸⁵ He later observed that negotiating with Hamas also would signal that moderates such as Palestinian Authority (PA) President Mahmud Abbas are not needed.

Abbas told a visiting U.N. team that he wanted to “de-link” the crisis in the Palestinian areas from the crisis that developed subsequently between Israel and Hezbollah in Lebanon in order to prevent non-Palestinian extremists (Hezbollah) from hijacking the leadership of the Palestinian issue.⁸⁶ Yet, neither President Abbas nor the Hamas-led PA government officials represent the kidnappers and can bring about a resolution. Hamas leader Mish'al appears to be in control of key elements in Hamas and emphasizes the importance of cooperation between Hamas and Hezbollah and specifically calls for not separating the Palestinian and Lebanese issues.⁸⁷

Enter Hezbollah

On July 12, under cover of massive shelling of a town in northern Israel, Hezbollah forces crossed the international border from Lebanon into northwestern Israel and attacked two Israeli vehicles, killing three soldiers and kidnapping two. Hezbollah thereby opened a second front against Israel ostensibly in support of Hamas. Sheikh Hassan Nasrallah, Hezbollah's leader, suggested that the Hezbollah operation might provide a way out of the crisis in Gaza because Israel had negotiated with Hezbollah indirectly in the past even though it refuses to negotiate with Hamas now. He said that the only way the soldiers would be returned would be through a prisoner exchange.⁸⁸ Although Hezbollah and Hamas are not organizationally linked, Hezbollah provides military training as well as financial and moral support to the Palestinian group and has acted in some ways as a mentor or role model for Hamas, which has sought to emulate the Lebanese group's political and media success. Hamas's kidnapping of the Israeli soldier follows a different Hezbollah example. Moreover, two groups share the goal of driving Israel from occupied territories and ultimately eliminating it; both maintain close ties with Iran.

⁸⁵ “Olmert Says No Deal With ‘Bloody’ Hamas,” *FoxNews.com*, July 10, 2006.

⁸⁶ As reported to the U.N. Security Council, July 21, 2006, meeting record S/PV.5493.

⁸⁷ Reported on Al-Jazirah Satellite Channel Television, July 31, 2006, Open Source Center Document GMP20060731635002.

⁸⁸ “Lebanon: Hezbollah Leader Holds News Conference on Captured Israeli Soldiers,” *Al-Manar Television*, July 12, 2006, Open Source Center Document, GMP 20060712617001.

Possible Explanations for Hezbollah's Attack. Nasrallah has publicly espoused an intention to kidnap Israelis to effectuate a prisoner exchange. Hezbollah, however, has the capacity to decide to act on its own and could have done so in the spirit of "Shi'a triumphalism" spurred by the Iraqi Shiites' ascension to power and Iran's pursuit of nuclear weapons. It also may have acted in solidarity with the besieged Palestinians or with its Syrian and Iranian supporters. Another explanation is that Hezbollah may have wanted to prevent a resolution of the Gaza crisis. Egyptian President Hosni Mubarak and Palestinian Authority President Mahmud Abbas have claimed that an agreement for a prisoner exchange had almost been reached, immediately before the Hezbollah attack, but Hezbollah's action complicated or prevented it.⁸⁹

Some observers question Hezbollah's autonomy and offer other explanations for the July 12 action. Much speculation focuses on whether Hezbollah acted at the behest of or with the approval of Iran, its main sponsor, because Iran also supports Hamas or may have wanted to divert international attention from the impasse over its nuclear program. If the latter is the case, it gained only a limited time when the U.N. Security Council postponed consideration of the nuclear issue due to the Lebanon situation because, on July 31, the Council approved a resolution demanding that Iran suspend its uranium enrichment program by August 31 or face sanctions. Others suggest that Syria may be using its Hezbollah allies to resurrect its influence in Lebanon, from which it had been forced to withdraw in 2005.⁹⁰

Other experts give a more nuanced appraisal. U.S. CENTCOM Commander General John Abizaid observed that it is more likely that Syria and Iran are exploiting the situation created by the kidnaping than that they ordered it.⁹¹ U.S. State Department Coordinator for Counterterrorism Henry Crumpton reportedly asserted that Syria and Iran do not control Hezbollah, but added that Hezbollah asks Iranian permission if its actions have broader international implications.⁹² In this case, Hezbollah may not have foreseen the implications of its July 12 operation and expected "the usual, limited" Israeli response characteristic of the period since 2000.⁹³ Therefore, it may not have asked permission from Teheran.

⁸⁹ "PA's Abbas Speaks to Journalists on Palestinian, Lebanese Developments," *Al-Hayah al-Jadidah*, July 16, 2006, Open Source Center Document, GMP 200607116620002.

⁹⁰ Syria already has benefitted somewhat from the conflict as the U.N. envoy investigating the assassination of former Lebanese Rafiq Hariri, and possible Syrian involvement in that killing, was evacuated from Beirut.

⁹¹ Greg Myre and Jad Mouawad, "Israel: Build up at Lebanese Lines as Fight Rages," *The New York Times*, July 22, 2006.

⁹² Sarah Baxter and Uzi Mahnaimi, "Iran's President Recruits Terror Master," *Sunday Times (London)*, April 23, 2006.

⁹³ Observation of Mahmoud Komati, an Hezbollah political official, quoted by Greg Myre and Helene Cooper, "Israel to Occupy Area of Lebanon as a Security Zone," *New York Times*, July 26, 2006.

Appendix B: Chronology of Conflict on the Israeli-Lebanese-Syrian Border

December 1968	Israeli commandos destroy 13 passenger planes at the Beirut airport, in reprisal for attack by Palestinian terrorists trained in Lebanon on an Israeli airliner in Athens.
March 1978	Israel invades south Lebanon and sets up a roughly 10-km (6-mile) occupation zone. Most troops withdraw within weeks, leaving a security area held by Israel's Lebanese largely Christian allies, the South Lebanon Army (SLA).
January 1979	Israeli agents detonate a car bomb in west Beirut, killing Ali Hassan Salameh, security chief of the Black September group. Salameh, known as Abu Hassan, was one of the plotters of the Munich Olympics attack against Israeli athletes in 1972.
June 1982	Terrorist and rocket attacks by Lebanon-based Palestinian groups and Israeli counter-strikes culminate in Israeli invasion of Lebanon. Syrian army ousted from Beirut and thousands of Palestinian guerrillas under Yasser Arafat depart for Tunisia by sea.
September 1982	Israel captures Beirut after pro-Israel Christian leader Bashir Gemayel, who had been elected president, is assassinated. Hundreds of civilians in Palestinian refugee camps of Sabra and Shatila are killed by Christian militiamen allied with Israel.
May 1983	Israel and Lebanon sign peace agreement under U.S. patronage. Syria opposes it, and it is never ratified.
March 1984	Peace agreement with Israel is cancelled and Lebanese President Amin Gemayel breaks with Israel under Syrian pressure.
June 1985	Israel pulls back to a self-declared 15-km (9-mile) border security zone in south Lebanon controlled by Israeli forces and their Lebanese militia allies.
February 1992	Israeli helicopter gunships rocket car convoy in south Lebanon, killing Hezbollah leader Sheikh Abbas Musawi, his wife and six-year-old son.
July 1993	Hezbollah launches rocket attacks on northern Israel. Israel unleashes "Operation Accountability," a week-long air, artillery and naval operation.
April 1996	After Hezbollah began shelling towns in northern Israel, Israel launched "Operation Grapes of Wrath," a 17-day campaign against Hezbollah positions in south Lebanon. On April 18, Israeli artillery fire targeting Hezbollah rocket crews falls in and around a U.N. refugee camp near the village of Qana, killing 91 civilians and sparking international calls for an immediate ceasefire, achieved on April 26.
June 1999	The South Lebanon Army retreats from the Jezzine enclave north of the Israeli zone it held for 14 years.

May 2000	Israel ends 18-year occupation of south Lebanon. On June 18, 2000, the U.N. Security Council certifies Israel's withdrawal in accordance with U.N. Security Council Resolution 425 (1978). Lebanon and Syrian governments maintain that withdrawal is not complete since it did not include the disputed Shib'a Farms enclave.
October 2003	After a suicide bombing in Haifa killed 20 Israelis, Israel launches air strikes against an alleged terrorist training camp at Ain Saheb, northwest of Damascus, Syria.
September 2004	Months before the assassination of former Lebanese Prime Minister Rafiq Hariri, which was widely blamed on Syrian agents, the U.N. Security Council passed Resolution 1559 calling for withdrawal of "foreign forces" from Lebanon (Syria) and disarming of militia, such as Hezbollah.

Source: Reuters, "Chronology - Israel's interventions in Lebanon," July 19, 2006.

Appendix C: Recent Legislation

Congressional Oversight

In response to the current crisis, Congress took swift steps to express its support of Israel and that country's "right to take appropriate action to deter aggression by terrorist groups and their state sponsors," and to urge "the President to continue fully supporting Israel as Israel exercises its right of self-defense in Lebanon and Gaza." Some Members of Congress called on the President to appeal to all parties for an immediate cessation of violence, to commit to multi-party negotiations, and expressed support for an international peacekeeping mission in southern Lebanon. Others called for "the cessation of targeting...of infrastructure vital to non-combatants"; establishment of "a secure humanitarian corridor" for purposes of evacuation and transporting of food and medicine to the civilian population; an immediate cease-fire; and a "comprehensive and just solution". House Resolution 954 called on the President to appoint a Special Envoy for Middle East Peace. A Senate resolution, SRes 548, called on Syria and Iran to end their support for Hezbollah, for the warring parties to reach a cessation of hostilities, and for reconstruction to find international support.⁹⁴

Legislation providing oversight (in order of introduction)				
S./H.	Primary Sponsor	Introduced /Referred	Intent	Status
S. Res. 534 ⁹⁵	Sen. Frist	July 18, 2006 directly to floor	Congress' support of Israel, support of the President	Agreed to by voice vote, July 18, 2006
H.Res. 921	Rep. Boehner	July 18, 2006 directly to floor	Similar to S. Res. 534	Agreed to by vote of 410 — 8 (with 4 voting "present"). July 20, 2006

⁹⁴ The following section was prepared by Dianne Rennack, Specialist in Foreign Policy Legislation.

⁹⁵ It was reported that some Members drafted a resolution that would have cast Lebanon's responsibility differently than those resolutions agreed to, and would have called for restraint from all sides. See Flaherty, Anne Plummer. "House on Track to Voice Support for Israel's Military Campaign in Lebanon," *Associated Press*, July 20, 2006. By contrast, S.Res. 534 "urges all sides to protect innocent civilian life and infrastructure...". H.Res. 921 "recognizes Israel's longstanding commitment to minimizing civilian loss and welcomes Israel's continued efforts to prevent civilian casualties".

Legislation providing oversight (in order of introduction)				
S./H.	Primary Sponsor	Introduced /Referred	Intent	Status
H.Res. 922	Rep. Ackerman	July 18, 2006 HIRC	Similar to S. Res. 534	No further action
H.Res. 923	Rep. Shaw	July 18, 2006 HIRC	Similar to S. Res. 534	No further action
H.Res. 926	Rep. Issa	July 19, 2006 HIRC	Similar to S. Res. 534	No further action
H.Con.Res. 450	Rep. Kucinich	July 19, 2006 HIRC	Support international peacekeeping mission in Lebanon	No further action
H.Res. 945	Rep. Jackson-Lee	July 25, 2006 HIRC	Cease targeting infrastructure, establish humanitarian corridor, cease-fire	No further action
H.Res. 954	Rep. Leach	July 26, 2006 HIRC	Establish envoy for Middle East Peace	No further action
H. Res. 955	Rep. Farr	July 26, 2006 HIRC	Cease-fire, and recognize Israel's right to exist	No further action
S. Res. 548	Sen. Dodd	Aug. 3, 2006 directly to floor	Calls on Syria and Iran to end support to Hezbollah; international community to support lasting solution and reconstruction	Agreed to by Unanimous Consent, Aug. 3, 2006

Evacuation Costs for U.S. Citizens

In the early stages of U.S. government-supported evacuations of Americans from Lebanon, the State Department required evacuees to sign promissory notes to assume financial liability of the costs of their evacuation. Several Members of Congress objected to this, noting that the law is ambiguous at best, and called on the

U.S. Secretary of State to waive the statutory requirements for reimbursement.⁹⁶ On July 18, 2006, after the Secretary of State consulted with some Members, the State Department announced that such fees would be waived. Congress adopted two measures increase funding available to the Social Security Administration to provide temporary assistance to U.S. citizens returned from foreign countries (Public Law 109-250), to authorize the Secretary of State to redistribute funds within the State Department's budget to cover the costs of evacuations, and to increase funding available to the State Department for such evacuations (Public Law 109-268). Other legislation, as yet not enacted, proposed to change permanently the statutory basis under which the State Department requests reimbursements, or replenish funds in the budget of the Department of Health and Human Services that are expended once evacuees have returned to the United States.

Legislation relating to evacuations (in order of introduction)				
S./H.	Primary Sponsor	Introduced /Referred	Intent	Status
H.R. 5828	Rep. Dingell	July 18, 2006 HIRC	Amends the State Department Basic Authorities Act of 1956 to remove the reimbursement requirement from permanent law.	No further action
S. 3690	Sen. Stabenow	July 19, 2006 SFRC	Authorizes the Secretary of State to cover the costs of evacuation related to the Israel-Hezbollah crisis without amending the underlying statute.	No further action
H.R. 5865	Rep. Thomas	July 24, 2006 Ways and Means	Amends the Social Security Act to increase near-term funding for assistance to newly evacuated U.S. citizens.	P.L. 109-250 July 27, 2006
H.R. 5873	Rep. Smith	July 24, 2006 HIRC	Seeks to enact an amendment similar to that in H.R. 5828.	No further action

⁹⁶ § 4(b)(2)(A) of the State Department Basic Authorities Act of 1956, as amended (22 U.S.C. 2671), authorizes the Secretary of State to expend funds to evacuate "U.S. citizens or third-country nationals, on a reimbursable basis to the maximum extent practicable" "when their lives are endangered by war, civil unrest, or natural disaster".

Legislation relating to evacuations (in order of introduction)				
S./H.	Primary Sponsor	Introduced /Referred	Intent	Status
H.R. 5869	Rep. McDermott	July 24, 2006 Ways and Means	Similar to H.R. 5865.	No further action
S. 3741	Sen. Lugar	July 26, 2006	Authorizes the Secretary of State to move funds from one account to another to cover the costs of evacuations. Increases funding available to the State Department for evacuation expenses (Wolf amendment).	P.L. 109-268 Aug. 4, 2006
H. Res. 972	Rep. Hastings	July 28, 2006 HIRC	Expresses the House's appreciation to Cyprus and Turkey for the roles each played in sheltering evacuees.	No further action

Appendix D: U.S. Sanctions⁹⁷

Syria, Iran, Hamas, and Hezbollah — the states and entities that Congress has noted for aggression against Israel, support for terrorism, or terrorist activities in the current crises — are currently subject to fairly comprehensive U.S. economic sanctions. The Secretary of State designated Syria and Iran as state sponsors of acts of international terrorism, in 1979 and 1984 respectively, thus triggering a myriad of statutorily required restrictions and prohibitions on aid, non-emergency agricultural aid, trade, support in the international banks, and other economic transactions.⁹⁸ Such a designation generally triggers a prohibition on all but the most basic of humanitarian exchanges.⁹⁹

Iran. Iran is also denied investment dollars intended for development of its petroleum industry under the Iran and Libya Sanctions Act of 1996.¹⁰⁰ Sanctions available under this Act, to be imposed on those who engage in unlawful investment in Iran, include a prohibition on Export-Import Bank funds, prohibition on exports, denial of loans from U.S. financial institutions, denial of rights to financial

⁹⁷ Prepared by Dianne Rennack, Specialist in Foreign Policy Legislation. For more on U.S. economic sanctions imposed on Iran, see CRS Report RL32048, *Iran: U.S. Concerns and Policy Responses*, by Kenneth Katzman. For Syria, see CRS Report RL33487, *Syria: U.S. Relations and Bilateral Issues*, by Alfred B. Prados.

⁹⁸ § 6(j) of the Export Administration Act of 1979 (P.L. 96-72; 50 U.S.C. 2405(j)), under which the state sponsor of acts of international terrorism designation is made, authorizes the curtailment of commercial trade in dual-use goods and technology to named countries. § 620A of the Foreign Assistance Act of 1961 (P.L. 87-195; 22 U.S.C. 2371) prohibits most foreign aid, non-emergency agricultural aid, Peace Corps programs, or Export-Import Bank funding to designated countries. § 40 of the Arms Export Control Act (P.L. 90-629; 22 U.S.C. 2780) prohibits government sales or leases of defense goods or defense services to named countries. § 505 of the International Security and Development Cooperation Act of 1985 (P.L. 99-83; 22 U.S.C. 2349aa-9) authorizes the President to ban the importation of goods and services from any state found to support acts of international terrorism. § 1621 of the International Financial Institutions Act (P.L. 95-118; 22 U.S.C. 262p-4q), § 6 of the Bretton Woods Agreements Act amendments, 1978 (P.L. 95-435; 22 U.S.C. 286e-11) each state similar prohibitions relating to international bank programs. § 502(b)(2)(F) of the Trade Act of 1974 (P.L. 93-618; 19 U.S.C. 2462) requires the withholding of favorable trade terms with cited countries. Annual foreign operations appropriations measures usually restrict or prohibit most forms of aid to designated countries. Other legislation prohibits certain transactions with countries found to be not cooperating with U.S. antiterrorism efforts, and still other legislation prohibits or curtails economic relations with third countries that aid terrorist-designated states.

⁹⁹ Some trade, albeit highly restricted, is allowed with Iran and Syria. U.S. exporters may, for example, market agricultural commodities, medicines, and medical supplies to countries designated as supporters of international terrorism under terms of the Trade Sanctions Reform Act of 2000 (P.L. 106-387; 22 U.S.C. 7201 *et seq.*). Suppliers may provide spare parts related to civil air safety. U.S. persons may import and export informational material and propaganda. And since 2000, in an attempt through trade diplomacy to open relations with Iran, one may import nuts, dried fruit, caviar, and carpets from that country.

¹⁰⁰ P.L. 104-172 (50 U.S.C. 1701 note). This Act no longer applies to Libya, following the President's determination that the country was in compliance with terms of the Act (Presidential Determination No. 2004-30; 69 F.R. 24907; May 5, 2004).

institutions to participate as a dealer in U.S. debt instruments, denial of procurement contracts, and any other transaction the President wishes to restrict if the authority to do so also is stated under the International Emergency Economic Powers Act (IEEPA). Petroleum-related investments are restricted also by Executive Order, and all new investments, regardless of the industry, are also restricted under the IEEPA.¹⁰¹

Syria. Although Syria has been identified as a state sponsor of acts of international terrorism since 1979, regulations that implement restrictions on trade and transactions with that country are less restrictive than those that pertain to other designated countries, reportedly because Syria is considered instrumental in the Middle East peace process. Congress took this into account when it sent the Syria Accountability and Lebanese Sovereignty Restoration Act of 2003 to the President.¹⁰² The act, triggered by increasingly organized and forceful efforts in Lebanon to shed itself of foreign forces, and reflecting recent statements from the Bush Administration targeting Syria's involvement with terrorism, development and trade of weapons of mass destruction, and support of the insurgency in Iraq, requires the President to curtail trade and transactions until certain conditions are met. The act requires the denial of export licenses for any item on the U.S. Munitions List (USML) or Commerce Control List (CCL). The act also requires the President to impose two or more of the following restrictions:¹⁰³

- prohibit export of all products (except food and medicine, as made exempt by the Trade Sanctions Reform Act of 2000);
- prohibit investment in Syria;
- restrict travel of Syrian diplomats to only the environs of Washington, DC and the United Nations in New York;
- prohibit Syrian-owned air traffic in or over the United States;
- reduce diplomatic contact; and
- block transactions in property.

The President implemented terms of the Syria Accountability and Lebanese Sovereignty Restoration Act on May 11, 2004, by complying with the mandatory restrictions on USML and CCL exports, and by prohibiting U.S. exports and restricting Syrian air traffic.¹⁰⁴

¹⁰¹ Petroleum-related investments in Executive Order 12957 (March 15, 1995; 60 F.R. 14615; 50 U.S.C. 1701 note); other new investments in Executive Order 12959 (May 6, 1995; 60 F.R. 24757; 50 U.S.C. 1701 note); and a consolidation of earlier orders in Executive Order 13059 (August 19, 1997; 62 F.R. 44531; 50 U.S.C. 1701 note).

¹⁰² P.L. 108-175 (22 U.S.C. 2151 note).

¹⁰³ The act provides the President the authority to waive the application of sanctions if he finds it in the national security interest of the United States to do so (§ 5(b)).

¹⁰⁴ Executive Order 13338 (69 F.R. 26751; May 13, 2004). The Order also cited the (continued...)

Lebanon. For FY2003 and each fiscal year thereafter, of any Economic Support Funds allocated or obligated to Lebanon, \$10 million shall be withheld:

unless and until the President certifies...that

(1) the armed forces of Lebanon have been deployed to the international recognized border between Lebanon and Israel; and

(2) the Government of Lebanon is effectively asserting its authority in the area in which such armed forces have been deployed.¹⁰⁵

To date, the President has not certified that these conditions have been met. Congress, however, has ensured that the \$10 million would be made available each year by overriding the restriction. Annual foreign operations appropriations measures have provided assistance to Lebanon “notwithstanding any other provision of law.”¹⁰⁶

Hamas and Hezbollah. In 1995, the President identified Hamas and Hezbollah as Specially Designated Terrorists (SDT) that threaten to disrupt the Middle East peace process and authorized the blocking of all assets and of transactions with persons associated with either organization.¹⁰⁷ Subsequent legislative and executive initiatives led to the creation of several other lists. Enactment of the Anti-Terrorism and Effective Death Penalty Act of 1996, which also authorizes deportation or exclusion from entry into the United States, generated the Foreign Terrorist Organization (FTO) list.¹⁰⁸ The President issued an executive order to create the Specially Designated Global Terrorists (SDGT) list in the wake of events of September 11, 2001.¹⁰⁹ All these lists were subsequently consolidated into one Specially Designated Nationals and Blocked Persons list (the “SDN list”), administered by the Department of the Treasury’s Office of Foreign Assets Control in 2002.¹¹⁰ Hamas and Hezbollah, or individuals associated with each, are on each of the lists.

¹⁰⁴ (...continued)

National Emergencies Act and the International Emergency Economic Powers Act as its underlying statutory basis.

¹⁰⁵ § 1224 of the Security Assistance Act of 2002 (division B of the Foreign Relations Authorization Act, Fiscal Year 2003; P.L. 107-228; 22 U.S.C. 2346 note).

¹⁰⁶ Most recently, in sec. 534(a) of the Foreign Operations, Export Financing, and Related Programs Appropriations Act, 2006 (P.L. 109-102).

¹⁰⁷ Executive Order 12947 (January 23, 1995; 60 F.R. 5079; 50 U.S.C. 1701 note). Each of the executive orders cited in this paragraph are issued under the authority vested in the President in the National Emergencies Act (P.L. 94-412; 50 U.S.C. 1601 *et seq.*), and § 203 of the International Emergency Economic Powers Act (P.L. 95-223; 50 U.S.C. 1702).

¹⁰⁸ Anti-Terrorism and Effective Death Penalty Act of 1996 (P.L. 104-132), particularly as it amends the Immigration and Nationality Act at § 219 (8 U.S.C. 1189).

¹⁰⁹ Executive Order 13224 (September 23, 2001; 66 F.R. 49079).

¹¹⁰ Office of Foreign Assets Control SDN list: [<http://www.treas.gov/offices/enforcement/ofac/sdn/index.shtml>]