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U.S. Policy Toward Lebanon: Obstacles to Dismantling Hezbollah's Grip on Power

Israel's degradation of Hezbollah in late 2024 along with the subsequent election in early 2025 of a new Lebanese President and the naming of a new Government, constituted a rare moment of opportunity for Beirut and the region. For decades, Iran-backed Hezbollah utilized the country as a hub for IRGC operations, murdering opponents, dictating domestic policy, and deciding matters of war and peace for the state. The terrorist militia's military setback and loss of its longstanding leadership weakened the organization's grip over Lebanese politics, allowing a window to stabilize a failing state that has long been a global outpost for crime and terrorism.

On taking office, President Joseph Aoun and Prime Minister Nawaf Salam articulated a novel agenda for a Lebanon no-longer subjugated by Hezbollah and its masters in Tehran: state sovereignty. For the new Administration in Beirut, sovereignty implied not only the disarmament of Hezbollah, but the implementation of rule of law. To emerge from the crippling financial crisis, rebuild Lebanon after the war, and have a successful state, Lebanon would require significant economic and judicial reforms to ensure transparency, accountability, and curb the endemic corruption that had facilitated Hezbollah's operations.

The November 27, 2024 ceasefire agreement that ended Hezbollah's war with Israel provided a framework for Hezbollah disarmament. In that accord—signed prior to Aoun and Salam's mandates—Lebanon committed to implementing UN Security Council Resolutions 1701 and 1559, disarming Hezbollah both south and north of the Litani River (i.e., throughout the entirety of Lebanon). During his inaugural speech, President Aoun affirmed his support for this objective. As supreme commander of the armed forces, he said, he would carry out his duty by “working to ensure the state's right to hold a monopoly on weapons.” Consistent with the ceasefire agreement, Aoun also pledged to secure Lebanon's borders.

Beyond decommissioning Hezbollah weapons, President Aoun pledged to pursue a broader agenda to improve Lebanese governance. He promised to push for an independent judiciary, to prioritize “competence over patronage” in administrative appointments, prevent monopolies in the private sector, and advance transparency. The Prime Minister has been equally adamant in pressing for Hezbollah disarmament and transforming an “all-too-prevalent culture of impunity and corruption.”

The new President and Government articulated an ambitious and positive program, which was largely welcomed in Lebanon and overwhelmingly applauded by the international community. Improbably, at the beginning of 2025—with Hezbollah defanged and a new competent, nationalist Administration in place—it seemed possible that a perennially hapless and dysfunctional Lebanon might finally be turning the corner. Alas, the exuberance was premature. While diminished, Hezbollah remains dangerous. At the same time, entrenched elites and patronage networks disinclined to reform persist, constituting a significant obstacle to systemic change.

Perhaps expectations were too high. Regardless, the first year of the Joseph Aoun era has been disappointing. Despite the new Government's rhetorical embrace of its ceasefire obligations, Beirut vacillated for months before it took the decision in the cabinet to disarm Hezbollah in the south. Since then, Lebanese Armed Forces' progress has been insufficient. Meanwhile, Government efforts to legislate significant economic reform have largely fallen short, the judiciary remains anemic, and electoral reform—a key initiative required to meaningfully enfranchise Lebanon's enormous expatriate electorate which opposes Iranian occupation—languishes in purgatory on the desk of the 87-year old perpetual parliamentary speaker Nabih Berri.

During a December 23 Policy Forum at the Washington Institute for Near East Policy, Lebanon's Minister of Foreign Affairs and Emigrants, H.E. Youssef Raggi concisely summed up the dynamic:

There is some disappointment in Washington that Beirut is not doing enough or moving quickly enough to disarm Hezbollah and exert full sovereignty throughout the country. Those who hold such views might be right.<sup>1</sup>

### **Protracted Disarmament**

The new Lebanese Government was seated in early February 2025, more than a month after the ceasefire was signed. It wasn't until August, however, that the cabinet approved the Lebanese Armed Forces (LAF) plan for disarming Hezbollah south of the Litani. Concerns over Hezbollah violence—the group's repeated threats of “civil war”—paralyzed the Government. Instead of moving forward, President Aoun announced that Beirut would not forcibly disarm the militia. Instead, he said he would try to convince Hezbollah to dispense with its arms through dialogue and negotiations – a strategy that has repeatedly failed over the last two decades. He even floated the controversial idea—reminiscent of the Hashd Popular Mobilization Forces in Iraq, which is replete with US-designated terrorist organizations—that the militia's troops could be integrated into the LAF.

Hezbollah didn't bite. Indeed, it doubled down on its threats against the Government—especially in regard to disarmament north of the Litani. Meanwhile, Israel continued to occupy five hilltop locations in Lebanese territory, and, starting on day one of the ceasefire, itself undertook Lebanon's ceasefire obligations to disarm Hezbollah. On an almost daily basis since then, Israel has been striking Hezbollah arms caches, positions, and key personnel, both south and north of the Litani River. Lately, as Hezbollah reportedly has been focused on rearming, Israel has been focused on targeting personnel involved in arms smuggling.

Since the LAF began operating earnestly in the south, it has made some modest progress. The “Mechanism” established in the US ceasefire agreement provides intelligence information to the LAF to operationalize. (The LAF itself does not appear to be generating its own intelligence as to the whereabouts of Hezbollah weapons). For the most part, this arrangement appears to be working relatively well. To be sure, the LAF is understaffed and under-resourced and is not particularly proactive in its mission. Like the Government, the LAF is also averse to confrontation with Hezbollah, in part because the militia has no compunction about attacking the army. To wit, just days after the cabinet vote to disarm Hezbollah south of the Litani, six LAF soldiers were killed near Tyre while removing militia ordinance, an explosion believed to have been a booby trap. Despite the risks, however, the LAF has been mostly responsive to tasking.

Unfortunately, notwithstanding its relatively good performance to date, incidences of LAF collusion, collaboration, and deconfliction with Hezbollah persist. In December 2025, Israel targeted alleged Hezbollah member Ali Abdullah along with two terrorist colleagues in a drone strike near Sidon. The LAF protested the killing of Abdullah, who concurrently served as a warrant officer in the army, but did not apparently dispute the Hezbollah affiliation of his dead colleagues. During another incident in January 2026, acting on Israeli intelligence provided by the Mechanism, the LAF entered the southern town of Yanuh to seize a Hezbollah arms cache. Prior to the operation, the LAF engaged with a Hezbollah liaison officer, who assembled a crowd that obstructed the military from searching and seizing the weapons. The LAF returned the following day, but only after Hezbollah had removed the arms.<sup>2</sup> Just days ago, it was reported that Lebanese security forces interdicted two shipments of weapons smuggled by Hezbollah from Syria being brought to the southern suburbs of Beirut. When the trucks were

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<sup>1</sup> “Lebanon's Outlook on Sovereignty, Disarmament, and Peace: A Discussion with Lebanese Foreign Minister Youssef Raggi,” *The Washington Institute for Near East Policy*, December 23, 2026, <https://www.washingtoninstitute.org/policy-analysis/lebanons-outlook-sovereignty-disarmament-and-peace-discussion-foreign-minister>

<sup>2</sup> Ido Bar-Nes, “Hezbollah's ‘Rabet’ exposed for the first time. And this is how the IDF is working to thwart it,” *IDF Website*, January 26, 2026, <https://www.idf.il/329003>.

stopped, Hezbollah arrested a LAF soldier, who was subsequently released after LAF negotiations with Hezbollah. The shipments were allowed to proceed to their destination.<sup>3</sup>

While some Lebanese complain about continuous Israeli airstrikes targeting the group, what has emerged is a productive division of labor. Both Washington and Jerusalem believe that Beirut's progress toward has to date been insufficient. In the absence of a more comprehensive and aggressive Lebanese effort, Israel is filling an important gap, preventing Hezbollah from rearming and targeting militia locations and personnel the LAF deems too sensitive to engage. In mid-January, Lebanese Foreign Minister Raggi told *SkyNews Arabia* publicly what many Lebanese, civilians and defense officials alike, say privately: "So long as Hezbollah is not completely disarmed, Israel has the right to continue its attacks."<sup>4</sup>

Given Hezbollah's long track record of murdering its Lebanese opponents, Beirut's reticence to take on Hezbollah is understandable. More than a year after Israel decapitated the group's leadership and severely degraded the organization's capabilities, however, the continued deference afforded to Hezbollah is stunning. Not only has no discernable effort to date been made to hold accountable for the dozens of assassinations it perpetrated, or for the deadly August 2020 Port explosion, in which the group was implicated. This past September, a minister in the Nawaf Salam Government announced it would provide official disability cards and full benefits to thousands of Hezbollah members injured in Israel's September 2024 pager operation. Adding insult to injury, while justifying this Lebanese version of a "pay for slay" social safety net for terrorists, the minister compared wounded Hezbollah fighters to the civilian victims of the massive August 2020 Beirut Port explosion.

Lebanon clearly has a long way to go in terms of Hezbollah. This past fall, the US approved a \$230 million aid package for Lebanese security services including \$190 million for the LAF. The assistance was a downpayment—or an advance—to assist the LAF with its disarmament mission. Future US largess largely depends on how the LAF performs in both the south and the north. It will also determine how much support the LAF receives in March, when the Conference to support the Lebanese Army convenes in Paris with the US, France, Saudi Arabia, Qatar, and Egypt in attendance.

Ultimately, though, Hezbollah disarmament is not dependent solely on LAF capabilities, but on Beirut's continued will—and perhaps risk tolerance. Recently, President Aoun has been criticizing Hezbollah with usually harsh language. It's unclear whether this change of tone will be accompanied by a more robust approach on the ground. The Trump Administration's advocacy at the United Nations in August 2025 to end the forever mandate of the UN Interim Force in Lebanon (UNIFIL) was a positive step to force the action in the south. UNIFIL will end in December 2026, compelling Beirut and the LAF to establish a permanent presence and exert sovereignty in the south. But sovereignty and the process of rebuilding what was destroyed during Hezbollah's war on Israel—will be delayed indefinitely absent the disarmament of Hezbollah throughout the entire state.

### **Stalled and Anemic Reforms**

The heady rhetoric articulated by new president and Government fueled high expectations that significant reforms would be forthcoming in Beirut. As with the Hezbollah disarmament process, however, the pace of economic and judicial reforms has been glacial. While a comprehensive reform process has been launched, replete with committees, and an ambitious "restructuring and renewal plan," few concrete accomplishments have been realized during the Government's first year. The persistence of entrenched

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<sup>3</sup> "Hezbollah yufawad aldawla fil thunknat al Tayouna," *Youtube*, January 27, 2026, <https://www.youtube.com/watch?v=yhHGtyQosh8>.

<sup>4</sup> Tsvi Jasper, " 'Israel has a right to continue its attacks,' Lebanese Foreign Minister " *The Jerusalem Post*, January 15, 2026, <https://www.jpost.com/israel-news/defense-news/article-883433>.

elites and a fractious legislature—led by Hezbollah-adjacent Amal Party leader and speaker Nabih Berri—are at least partly to blame for the lack of progress.

One of the few Government reform successes to date has been the passage of legislation in April 2025 lifting banking secrecy. Based on the new law, Government institutions, including the Central Bank and the Banking Control Commission, will now have access to banking records and account details up to a decade prior. The legislation is a significant step toward transparency and, perhaps, accountability. Lebanese commercial banks will be required if requested to provide the Government with personal account information, enabling authorities to deter, prevent, and/or prosecute illicit financial transactions, money laundering, and ubiquitous tax evasion. Theoretically, this law will also enable Beirut for the first time, to target corruption and actions that contributed to or exacerbated the current financial crisis.

The other ratified reform legislation advanced by the Government was the Bank Resolution Law. Passed in April, this law focuses on assessing the financial health of banks and providing a framework for the restructuring or liquidation of these insolvent financial institutions. The process is overseen by the purportedly independent Higher Banking Commission, but critics of the legislation note that the commission is “heavily influenced by banking interests,” lacking the impartiality necessary to oversee and restructure the banking sector.<sup>5</sup>

Banking secrecy legislation is a notable, but unfortunately a relatively isolated Government accomplishment toward economic reform. It was also a prerequisite for additional legislation. Yet several of these other priority initiatives have since stalled in parliament or enroute. The Financial Stability Law, better known as the “Gap Law,” intended to address the roughly \$80b shortfall in the banking sector and compensate depositors for their losses, is an especially controversial Government effort that has encountered difficulties. Per the draft law, account holders with deposits up to \$100,000—roughly \$20b total—would be re-paid over four years in cash and Government bonds. Higher deposit holders would also be compensated but forced to take a significant haircut. Banks would also bear some of the burden, losing their equity. The state would underwrite an estimated \$10b of the cost.

The draft law is stuck because no one likes it. The International Monetary Fund says the legislation is insufficiently specific in stipulating a hierarchy of claims. Influential financial elites believe banks—who were compelled to loan money to the Central Bank and generated enormous returns from this business for decades—will disproportionately lose out. Depositors feel they will bear the brunt of the losses, and fear that the bankers and other depositors who managed to spirit their funds out of Lebanon during the financial crisis, will avert accountability. To be fair, this is a heavy lift for the Government, but will be necessary to push forward, even if imperfect, to extricate Lebanon from the crisis.

Of course, the success of economic reform in Lebanon depends on the completion of a comprehensive audit of the Central Bank and the Commercial Banking Sector. An audit is essential, not only to ascertain the causes of the 2019 financial crisis, but to assign accountability and track the illegal transfer of funds abroad by elites (when public access to deposits was severely limited). Six years into Lebanon’s man-made economic meltdown, no such audit has been concluded. Absent a thorough systemic and public inspection, impunity will persist, and it will be difficult to re-establish confidence in the banking sector. A normal functioning banking sector is critical. Lacking traditional banking, over the past six years, Lebanon has largely devolved to a cash economy. Today, there are reportedly 57 operating banks and 531 other varieties of financial institutions operating in the state. These institutions include cash transfer

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<sup>5</sup> Fouad Deeb, “Lebanon’s Bank Resolution Law: A Missed Opportunity for Accountability and Reform,” *Tahrir Institute for Middle East Policy*, December 23, 2025, <https://timep.org/2025/12/23/lebanons-bank-resolution-law-a-missed-opportunity-for-accountability-and-reform/#:~:text=The%20bank%20resolution%20law%2C%20officially,state%20and%20the%20broader%20economy.>

service companies, e-wallets, and exchange houses, etc., which have filled the gap left by banks, along with Hezbollah's own *Qard al Hassan* financial services firm. While some punitive and kinetic actions have been taken against Qard al Hassan, the organization still functions, and other entities—many of which are licensed—are less closely monitored, and are believed to facilitate money laundering and illicit activities. In an effort to close loopholes, the Central Bank has limited transfers to \$1000 at a time and has required Know Your Customer (KYC) and currency transaction paperwork to be filed.

On a positive note, the Government has appointed a financial prosecutor, who appears to be reaching out to banks seeking information, trying to obtain evidence of financial crimes. Whether the prosecutor will have the political backing to actually prosecute cases targeting the state's financial and/or political elites remains unclear. The same goes for newly staffed Government committees overseeing the state's long inefficient and corrupt electricity and telecommunications sectors. Lebanon's Banking Control Commission appears to be competent and focused on its supervisory role, and eager to claw back depositor funds that were immorally if not illegally disappeared.

Concerns persist about the Government's willingness and ability to end impunity and impose accountability. Consider that earlier this month, the Government appointed Gracia Azzi as Director-General of Customs—a department long associated with corruption in Lebanon. Azzi was a subject of investigation in the August 2020 Beirut Port explosion, as well as in another corruption case in 2018. At the time of the 2020 blast, she served on the Higher Customs Council, responsible for oversight of customs operations at the port. To be sure, one is innocent until proven guilty, but Azzi's nomination provoked outrage among the families of the more than 200 Lebanese killed in the explosion. Nearly six years after the explosion, not a single person has been held accountable. Despite Government promises of reform, for many Lebanese the Azzi appointment suggests business as usual.

While the reform and Hezbollah disarmament process has been halting, improbably, there are some modest signs of increased confidence and a rebound of economic life in the state. Since 2019, Lebanon's economy has contracted by 40 percent or more. In 2026, though, according to World Bank predictions, the state's GDP will grow by an impressive 4.7 percent. The market price for Lebanon's Eurobonds, which it defaulted on in March 2020 has gone up, as well. In recent months, the cost has shot up from 23 cents to 29 or 30 cents on the dollar, suggesting the market's increased confidence in financial recovery.

### **US Policy Implications**

In May 2026, Lebanon is slated to return to the polls to elect a new parliament and Government. For a host of reasons, these elections may not happen. Absent a change in the electoral law—which seems unlikely—Hezbollah and its allies could obtain even more seats in the next parliament, undermining the chances for a return of Nawaf Salam to the premiership, and impeding hopes for progress on Hezbollah's disarmament and implementation of deep economic reform. Accordingly, there should be more of a sense of urgency for Washington and Beirut. Indeed, in July 2021, I testified before this committee in a hearing called: "Lebanon: Assessing Political Paralysis, Economic Crisis and Challenges for U.S. Policy." This panel could have had the same title. It's critical to start capitalizing on the unprecedented opportunities so the next time the committee convenes to discuss Lebanon, the discussion will be focused on how Washington can build relations with a sovereign Lebanese partner.

The Trump Administration should take several steps to disrupt the inertia and push the ball forward:

**Encourage Electoral Law Modifications.** The Lebanese parliament should reflect the new realities on the ground. As it currently stands, Lebanon's vast expatriate community—a population greater than Lebanon's itself—can vote for just six of 128 parliamentary seats. The reality is that many of these citizens emigrated in search of safety, stability, and opportunity, far away from Hezbollah's dominant culture of death. Washington has not seemingly engaged on this important but largely domestic political

matter. But elections will determine Lebanon's future, and the next balloting is critical to maintain momentum on reform. Parliament Speaker Nabih Berri will alone decide whether changes in the law are even debated, much less voted. Even a small change, such as allowing Shiites displaced from the south to vote not in their destroyed villages but in "mega-centers" in or around Beirut—free from Hezbollah intimidation—could make a difference.

**Target Hezbollah's influence within Lebanese Security Institutions.** Existing US sanctions have largely focused on Hezbollah's own finances. To break the organization's grip on Lebanon's security institutions, however, the Trump administration should consider targeting the key officials within these institutions who collude with Hezbollah. The US and the international community provide the entirety of the LAF's procurement budget and support recurrent salary outlays, providing the leverage to demand the dismissal (or early retirement) of Hezbollah or Hezbollah sympathetic officers and enlisted soldiers in key positions within the military hierarchy. The LAF should not undergo a "de-Baathification," process, but continued incidents of collusion and collaboration undermine the disarmament mission and should not be tolerated. Washington should also press for the LAF and Internal Security Forces (ISF) to finally end their coordination with the militia. While these contacts might help the LAF to avoid confrontation with Hezbollah, they also help the organization evade disarmament.

**Time to Sanction Lebanese Again.** Washington should resume its practice of sanctioning Lebanese political elites, regardless of sect, who obstruct reform and perpetuate the system of endemic corruption that continues to plague the state. It would be helpful if the Administration could also encourage European states to likewise designate deserving Lebanese elites. In many ways, Lebanese elites have closer financial, familial, and recreational relations with Europe than the United States, making European (and particularly French) designations more impactful. Until now, sanctions have been too few and far between to encourage meaningful and sustained changes in behavior.

**Broaden the Coalition Against Hezbollah.** The Administration's Special Envoy Tom Barrack was wrong when he described Hezbollah in July 2025 as a "political party...[that] also has a militant aspect to it." Hezbollah is a terrorist militia established by Iran in the early 1980s to kill Americans and fight Israel. Barrack's understanding of Hezbollah reflects a more traditional European view, albeit one that is changing over time. Hezbollah has demonstrated little interest in becoming a normal Lebanese political party. Indeed, it has progressively over time become more "Iranian." If this wasn't evident in 2008 when Hezbollah attacked the Lebanese state, killing hundreds in a bid for more political power, it became clear when Hezbollah deployed its forces to Assad's Syria on behalf of Iran. Lebanon's new Government would benefit from broader international support in its effort to disarm Hezbollah and roll back the group's political dominance of the state. To help Beirut succeed and hold the organization accountable for its murders, Washington should press states like France to designate the entirety of Hezbollah.

**The Urgency of Accountability.** To convince Lebanese that the new Government is committed to accountability and the end of impunity, heads must roll. In the year since the Salam Government took power, the Lebanese judiciary has only prosecuted, indicted, or convicted a small handful of nationals for financial crimes and/or corruption. Not a single individual has been held to account for the 2020 Port Explosion, nor has the Government indicted a Hezbollah member for any one of the dozens of political murders the group allegedly perpetrated. The lack of justice is having an impact on the Government's credibility. Washington should be encouraging Beirut to finish investigating and to initiate prosecution of some long-delayed politically sensitive high-profile cases. If not now, when? The Port blast is an obvious place to start. Both Lebanon and Washington also have an interest in the pursuit of justice for Lokman Slim, a longtime critic of Hezbollah and a recipient of US development assistance, who was murdered—almost certainly by the militia—in February 2021.

**No Reconstruction Until Hezbollah Disarmed.** Beirut has a lengthy history of deferring or avoiding difficult decisions. This Government has taken the courageous and decisive step toward disarmament and should be commended. Seeing this process thought is going to be difficult, especially north of the Litani, which Hezbollah has threatened to resist. President Aoun and PM Salam appear committed, but experience suggests that Washington should maintain the pressure to avoid backsliding and unproductive compromise to avoid conflict between the LAF and Hezbollah. Accordingly, Washington should continue to oppose the rebuilding of Hezbollah's heartland in south Lebanon until the organization disarms or is disarmed. Qatar's recently reported offer of \$450 million toward the reconstruction of Lebanon should serve as motivation for disarmament. It is premature to rebuild what surely will again be destroyed given the continued presence of Hezbollah arms in the region. Moreover, Hezbollah will exploit reconstruction to embed its military assets in civilian centers as it did after the 2006 war when the group was allowed to play a significant role in the reconstruction process.

**Engage Lebanon's Shia Community.** Hezbollah claims to speak for the entire Shia community while Nabih Berri claims to be the representative of Hezbollah. Notwithstanding some sporadic engagement with other Shiia stakeholders, US and international engagement with the community has been quite limited. At the end of the day, to end Hezbollah's grip on Lebanon, Lebanon's Shiites will require credible alternatives. Without weapons, extensive Iranian funding, and narco-money, other Shiite voices may emerge. In the meanwhile, Washington should be talking to a wider range of Lebanese Shiites. Representation of the community can no longer be reduced to Hezbollah communiqués via Amal intermediaries.

**Don't Perpetuate Corruption During Reconstruction.** In June 2025, the World Bank gave the Council for Development and Construction (CDR) \$250 million to begin the rebuilding of south Lebanon, a region in which Hezbollah has still not been disarmed, despite ceasefire obligations. CDR is widely recognized as a corrupt organization that has been implicated in several scandals involving financial mismanagement, political-patronage contracts, and failed implementation of large projects. The organization, along with the so-called Council of the South, is controlled by Nabih Berri and his family. The Administration should oppose channeling US and international aid in Lebanon for this problematic organization.

**Back the LAF, Based on Performance.** The LAF is imperfect, but it is also a capable national organization that serves a key role at present. Since 2005 and the Cedar Revolution, the US has played a central role in backing the LAF, and largely only expected the force to take on Sunni-counterterrorism. Now, the LAF has been tasked with a Shiite C/T mission, and it is doing the job. It can do more and can do better. Washington should continue to provide support for the LAF, but it should be conditioned on performance. Ultimately, the LAF may have to confront Hezbollah north or south of the Litani. It's willingness to do so, to root out collaboration with the militia, and to work toward state sovereignty, should determine whether and to what degree Washington continues to invest in this force.

**The Division of Labor is Working.** As the Foreign Minister recently told *SkyNews Arabia*, "as long as the weapons are not totally monopolized by the state, Israel will unfortunately retain the right to continue its attacks in accordance with this agreement." While Israeli strikes on Lebanon are jarring and not politically helpful for the Government, the division of labor—Israel hitting targets too sensitive for the LAF—is by in large supported, quietly, by the Lebanese defense establishment. Unless and until the LAF is prepared to do the work, Israel will remain a partner in fulfilling Lebanon's ceasefire obligations to disarm Hezbollah.