

*Analysis Paper*

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# The Impact of Hezbollah Designation as a Terrorist Organization on Economic Ties and Humanitarian Aid to Lebanon

Daniel Cohen

Assisted in research and writing: Liron Shilo, Leora Lupkin,  
Jacob Weiss, Jack Steinberg and Orly Silverstein

## *Acknowledgements*

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*Daniel Cohen<sup>1</sup>*

Assisted in research and writing: Liron Shilo,<sup>2</sup> Leora Lupkin,<sup>3</sup>  
Jacob Weiss,<sup>4</sup> Jack Steinberg<sup>5</sup> and Orly Silverstein.<sup>6</sup>

## ***Background***

Hezbollah's criminal financing and efforts to implement its radical ideology have violated a myriad of local and international norms. Its criminal network has established deep roots on every continent and generated hundreds of millions of dollars in illegal trade to support its destructive agenda. Hezbollah's connection with Iran and its support of the organization receives through training, weapons, and explosives, as well as political, diplomatic, monetary, and organizational aid also serves as a point of concern for the international community. Designation of a terrorist organization allows for countries to eradicate that groups activities within their borders. By outlawing Hezbollah in its entirety as a terrorist organization, these countries have considerably damaged Hezbollah's core operational capacity through asset seizures, bank account freezes, and arrests of the organization's operatives and supporters. Designating Hezbollah as a terrorist organization has become twofold in respect to the separate designations of the military and political wings. This distinction between Hezbollah's military and political wings not

only impedes the global effort to stop its expansion. Without full designation of both military and political wings, Hezbollah continues its illicit and deadly activities under legal cover.

## ***Case Study***

The Abba Eban Institute for International Diplomacy (AEI) analyzed several data sets dated 1997 - 2017, evaluating the bilateral ties Lebanon has with countries that have either partially or fully designated Hezbollah as a terrorist organization. The countries on which the analysis was made were the United States, the Netherlands, Australia, New Zealand, the European Union (EU), United Kingdom, and Canada (the Participating Countries). Argentina and the Gulf States have also designated Hezbollah as a terrorist in some capacity but are not part of this analysis.<sup>7</sup> Argentina designated Hezbollah in 2019, which is beyond the scope of this analysis; Data from the Gulf States could not be obtained. A follow up analysis would be conducted in the future to include any new data obtained.

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<sup>1</sup> Daniel Cohen is the Head of the Diplomatic Counterterrorism program, the Abba Eban Institute of International Diplomacy at the IDC Herzliya.

<sup>2</sup> Liron Shilo is a Visiting Researcher at the Abba Eban Institute and Doctoral Candidate at Georgetown University Law Center.

<sup>3</sup> Leora Lupkin is an intern at The Abba Eban Institute.

<sup>4</sup> Jacob Weiss was a summer intern at The Abba Eban Institute.

<sup>5</sup> Jack Steinberg was a summer intern at The Abba Eban Institute.

<sup>6</sup> Orly Silverstein is an intern at The Abba Eban Institute.

<sup>7</sup> Israel has also fully designated Hezbollah as a terrorist organization but was not added to this analysis as it does not conduct diplomatic relations with Lebanon.

## *Study Implementation*

For each of the Participating Countries, the research examined three different parameters of bilateral ties between countries, namely, the disbursement of humanitarian aid, official development assistance (ODA), and whether the designation had any effect on import/export values to Lebanon. Bilateral ties between countries consist of various parameters that can affect the political, cultural, and economic interactions between two countries.<sup>8</sup> This study isolates humanitarian aid and ODA as well as import and export values as they are predominant and imperative parameters necessary for the rehabilitation of Lebanon, and as the main beneficiaries of such ties, the Lebanese people and their quality of life. This is an impartial survey based on quantitative research from governmental reports.

Official developmental assistance (ODA) and humanitarian aid are both directed at benefiting the common people and enabling the development of the country for future growth. They differ by virtue of distribution. ODA is defined as “government aid designed to promote the economic development and welfare of developing countries. Aid may be provided bilaterally, from donor to recipient, or channeled through a multilateral development agency such as the United Nations or World Bank.”<sup>9</sup> The money given between governments as ODA is then distributed to the people by the government. Humanitarian aid differs from ODA in that money is distributed through Non-governmental organizations to “provide emergency relief to people in need during natural disasters, armed conflicts, and other emergencies.”<sup>10</sup>

This study examines a twenty-year period, between 1997 and 2017, which encompasses the years of designation as well as the 2006 second Lebanese War<sup>11</sup> and the start of the refugee crisis in 2013. The refugee crisis of 2013 in Lebanon is attributed to the civil war in Syria and the refugees fleeing Syria into neighboring countries. Over 6.6 million Syrian refugees have been forced to leave their homes since the start of the crisis with a majority fleeing to Lebanon and Turkey therefore adding strain to their local economies and socio-political structures.<sup>12</sup> These situations were answered by the international community with a vast amount of financial assistance and humanitarian aid. Due to these crises the aid was necessary for the development of the country and the livelihood of the people regardless of political opinion. It is important to note these pivotal events as some data fluctuates as a result of their occurrence.

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<sup>8</sup> <https://www.state.gov/wp-content/uploads/2019/05/2019-TIF-Bilaterals-web-version.pdf> (accessed December 5, 2019);

[http://www.commonwealthofnations.org/sectors/government/bilateral\\_and\\_multilateral\\_co\\_operation/](http://www.commonwealthofnations.org/sectors/government/bilateral_and_multilateral_co_operation/) (accessed December 7, 2019).

<sup>9</sup> [https://www.oecd-ilibrary.org/development/official-development-assistance-oda/indicator-group/english\\_5136f9ba-en](https://www.oecd-ilibrary.org/development/official-development-assistance-oda/indicator-group/english_5136f9ba-en) (accessed December 5, 2019).

<sup>10</sup> <https://redcross.org/themes/humanitarian-aid> (accessed December 5, 2019).

<sup>11</sup> The second Lebanese War was a military conflict between the Israeli Defense Forces and Hezbollah in the summer of 2006.

<sup>12</sup> <https://www.unrefugees.org/news/syria-refugee-crisis-explained/>.

# *The Effect of Designating Hezbollah as a Terrorist Organization on ODA/Humanitarian Aid and Import/Export to Lebanon by Country Between 1997-2017*

## *United Kingdom:*

### *Humanitarian Aid and ODA*

UK ODA and Humanitarian Aid to Lebanon (1997-2017)  
Pre/Post Partial Designations in 2001 (Military), 2008 (ESO), and 2019 (Political)

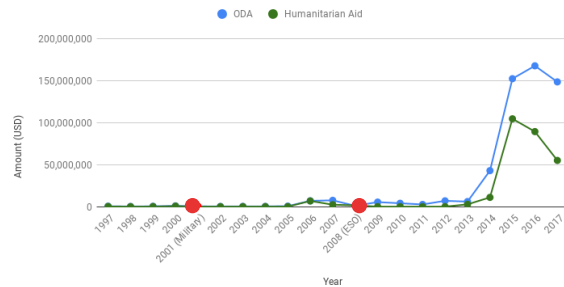


Figure 1. UK ODA and Humanitarian Aid to Lebanon Pre/Post Partial Designation in 2001 (Military), 2008 (ESO), and 2019 (Political) (1997-2017), Adapted from

The UK partially designated Hezbollah as a terrorist organization at two separate points, with the designation of the military branch as a terrorist organization in 2001, and of Hezbollah's External Security Organization (ESO) in 2008.<sup>13</sup> In the four years before and after the UK's designation of Hezbollah's military wing in 2001, as well as the year of the designation, the amount of ODA and humanitarian aid that the UK provided to Lebanon remained under \$1 million. Furthermore, the data shows that between the period of 2013 - 2017, the UK provided more than \$500 million worth of ODA and humanitarian aid to Lebanon.

### *Import and Export*

UK Export/Import to Lebanon (1997-2017)

Pre/Post Partial Designations in 2001 (Military), 2008 (ESO), and 2019 (Political)

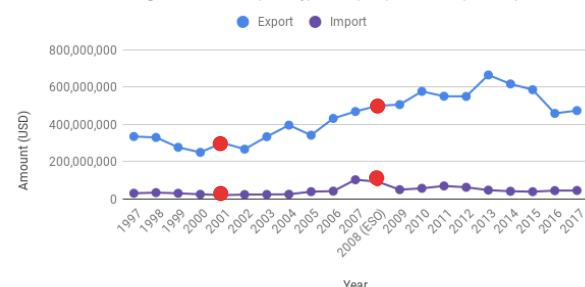


Figure 2. UK Export/Import to Lebanon Pre/Post Designation in 2001 (Military), 2008 (ESO), and 2019 (Political) (1997-2017), Adapted from [https://atlas.media.mit.edu/en/visualize/tree\\_map/hs92/import/gbr/show/all/2017/](https://atlas.media.mit.edu/en/visualize/tree_map/hs92/import/gbr/show/all/2017/), Accessed June 19, 2019

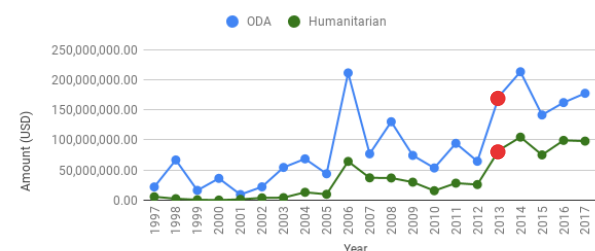
The overall trend from 2002 and continuing until 2013 is an increase in the amount of UK exports to Lebanon. Following the 2001 partial designation, the amount of imports did not experience large fluctuations. The years between 2004 and 2007 saw an overall 310.4% increase in imports from Lebanon after which, besides for a slight decrease in 2009, there was little fluctuation through 2017. Further research is in the process to see if the 2019 designation of the political branch of Hezbollah has affected the economic ties between the two countries.

## *European Union*

### *Humanitarian Aid and ODA*

EU ODA and Humanitarian Aid to Lebanon (1997-2017)

Pre/Post Partial Designation in 2013 (Military)



FFigure 3. EU ODA and Humanitarian Aid to Lebanon Pre/Post Partial Designation of Hezbollah as a Terrorist Organization in 2013 (Military) (1997-2017), Adapted from <https://stats.oecd.org/Index.aspx?DataSetCode=TABLE1#>, Accessed June 24, 2019

In 2013, in response to the 2012 Burgas bus bombing, the EU designated the military arm of Hezbollah as a terrorist organization.<sup>14</sup> Between 2005 - 2007 there was an increase in both humanitarian aid and ODA likely due to the

<sup>13</sup> In February 2019, the House of Commons approved the designation of the political branch of Hezbollah as a terrorist organization under the Terrorism Act 2000 making this their third designation.

<sup>14</sup> <https://eur-lex.europa.eu/legal-content/en/TXT/HTML/?uri=CELEX:32019D0025&from=EN>, <https://www.reuters.com/article/us-eu-hezbollah/cu-adds-hezbollahs-military-wing-to-terrorism-list-idUSBRE96KoDA20190722>.

Second Lebanese War. Soon after the designation there was a major increase in both humanitarian aid and ODA in response to the severe refugee crisis in the region.

## Import and Export

EU Export/Import to Lebanon (2000-2017)

Pre/Post Partial Designation in 2013 (Military)

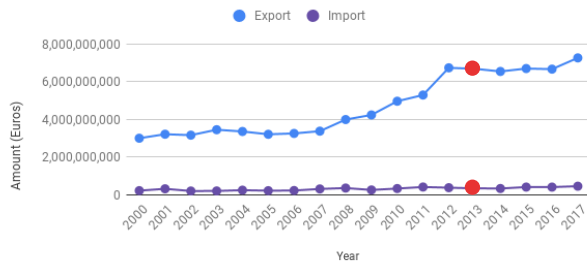


Figure 4. EU Export/Import to Lebanon Pre/Post Partial Designation of Hezbollah as a Terrorist Organization in 2013 (Military) (2000-2017), Adapted from [https://atlas.media.mit.edu/en/visualize/tree\\_map/hs92/export/lbn/show/all/2017/](https://atlas.media.mit.edu/en/visualize/tree_map/hs92/export/lbn/show/all/2017/), Accessed June 24, 2019

The partial designation has not adversely affected the EU's economic relationship with Lebanon, as illustrated by stable increases in export and import values over time. There was a slight downtick immediately after the partial designation in 2013, but by the following year, the upwards trend continued.

## The Netherlands:

### Humanitarian Aid and ODA

Netherlands ODA and Humanitarian Aid to Lebanon (1997-2017)

Pre/Post Partial Designations in 2003 (ESO) and 2004 (Full)

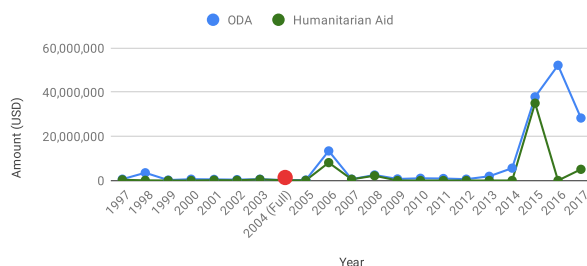


Figure 4. EU Export/Import to Lebanon Pre/Post Partial Designation of Hezbollah as a Terrorist Organization in 2013 (Military) (2000-2017), Adapted from [https://atlas.media.mit.edu/en/visualize/tree\\_map/hs92/export/lbn/show/all/2017/](https://atlas.media.mit.edu/en/visualize/tree_map/hs92/export/lbn/show/all/2017/), Accessed June 24, 2019

After the Netherlands General Intelligence and Security Service concluded that there was substantial evidence of a link between the two

wings, Hezbollah's External Security Organization (ESO) and its political wing, the House of Representatives voted to place Hezbollah in its entirety, on the list of terrorist organizations in 2004.<sup>15</sup> The ODA and humanitarian aid provided by the Netherlands to Lebanon stayed relatively low and stable in the years immediately before and after the designation. However, in 2006, there was an increase in both ODA and humanitarian aid provided to Lebanon as ODA also increased from their levels in 2005. As exhibited by Figure 2 there were increases in ODA and humanitarian aid specifically following the Second Lebanese war and the start of the refugee crisis.

## Import and Export

Netherlands Export/Import to Lebanon (1997-2017)

Pre/Post Full Designation in 2003

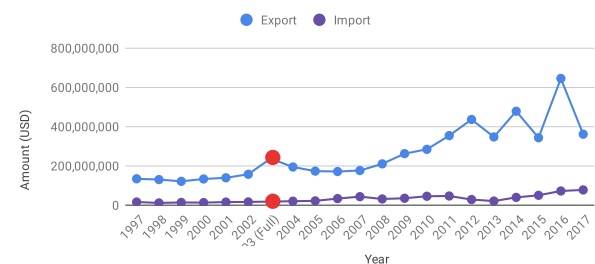


Figure 6. Netherlands Export/Import to Lebanon Pre/Post Full Designation of Hezbollah as a Terrorist Organization in 2003 (1997-2017), Adapted from [https://atlas.media.mit.edu/en/visualize/tree\\_map/hs92/import/nld/all/show/2017/](https://atlas.media.mit.edu/en/visualize/tree_map/hs92/import/nld/all/show/2017/), Accessed June 19, 2019

In the three years before the Netherlands included Hezbollah on its list of terrorist organizations, the Netherlands' export levels to Lebanon increased by 18% from 2000 to 2002. This growth continues after the designation in 2003, despite an immediate downward tick; the Netherlands' exports to Lebanon after 2003 are all higher than they were before the designation. The year 2003 saw a short-term peak in export levels. Between 2013 and 2014, exports increased by \$131,000,000, and between 2014 and 2015, exports decreased by \$135,000,000. Between 2015 and 2016, exports

<sup>15</sup> <https://fas.org/irp/world/netherlands/aivod2004-eng.pdf> (Accessed June 19, 2019).

increased by \$302,000,000, and between 2016 and 2017, exports decreased by \$284,000,000. As of 2017, the Netherlands' exports to Lebanon continue to have a fairly upward trend with minor fluctuation.

## United States

### Humanitarian Aid and ODA

US ODA and Humanitarian Aid to Lebanon (1997-2017)

Post Full Designation in 1997

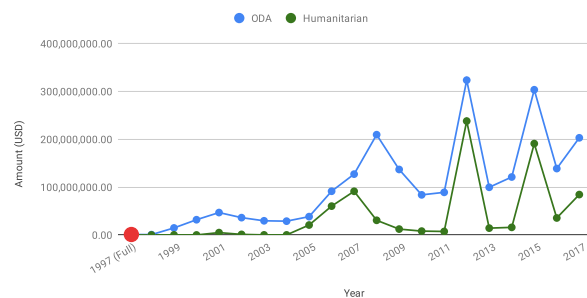


Figure 7. USA ODA and Humanitarian Aid to Lebanon Post Full Designation Of Hezbollah as a Terrorist Organization in 1997 (1997-2017), Adapted from <https://stats.oecd.org/Index.aspx?DataSetCode=TABLE1#>, Accessed June 24, 2019

The full designation of Hezbollah as a terrorist organization in 1997 by the United States is attributed to the “US State Department reports for its involvement in several anti-US attacks in the 1980s, and attacks on the Israeli Embassy and other Jewish targets in Argentina in the 1990s.”<sup>16</sup> Since 2001 the United States has consistently given humanitarian aid to Lebanon. In 2006 and 2007, as a result of the second Lebanese War, there was an increase in aid by about \$30 million. Additionally, it is evident by Figure 1 that there was a large increase in aid in the years surrounding the refugee crisis.

Continually, the United States provided ODA in the 20-year span and overall there was an increase in the amount of ODA provided. From 2001 to 2005 there was an overall 38.4% decrease. However this was followed by an increase in ODA over the next three years, showing the United States commitment to further developing Lebanon.

## Import and Export

US Export/Import to Lebanon (1997-2017)

Post Full Designation in 1997

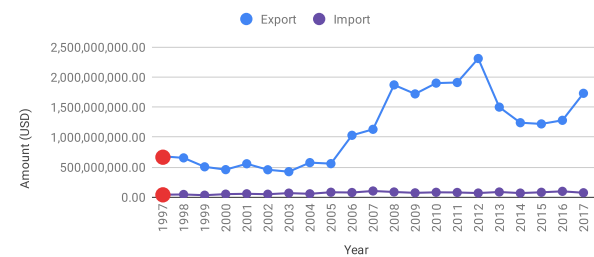


Figure 8. US Export/Import to Lebanon Post Full Designation of Hezbollah as a Terrorist Organization in 1997 (1997-2017), Adapted from [https://atlas.media.mit.edu/en/visualize/tree\\_map/hs92/export/lbn/show/all/2017/](https://atlas.media.mit.edu/en/visualize/tree_map/hs92/export/lbn/show/all/2017/), Accessed June 24, 2019

There is an overall positive trend in the import values from 1997 to 2017, albeit with some fluctuation year-to-year. In 1998, the year following the full designation of Hezbollah by the United States, there was an 8.8% increase in import value. Following a dip in 1999, there was an increase in import value through 2001, after which there was another dip. Despite the decrease from 2016 to 2017 (32.3%), the overall value of imports increased 44.6% in the 20 years shown in figure 11. Export values to Lebanon mildly fluctuated between 1997 – 2005, after which, figure 11 shows there was a positive regression line to be seen until 2017.

## Canada

### Humanitarian Aid and ODA

Canada ODA and Humanitarian Aid to Lebanon (1997-2017)

Pre/Post Full Designation in 2002

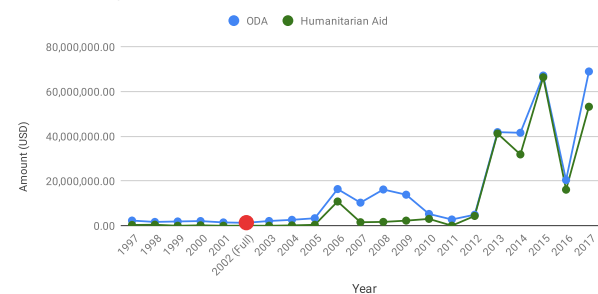


Figure 9. Canada ODA and Humanitarian Aid to Lebanon Pre/Post Full Designation of Hezbollah as a Terrorist Organization in 2002 (1997-2017), Adapted from <https://stats.oecd.org/Index.aspx?DataSetCode=TABLE1#>, Accessed June 24, 2019

<sup>16</sup> <https://babel.hathitrust.org/cgi/pt?id=mdp.39015055890183&view=1up&seq=15>.



Before the full designation in 2002 Canada did not provide much humanitarian effort or ODA to Lebanon however in the years following the designation there was an overall increase in aid on both fronts. Specifically, in 2003, the year directly following the designation, Canadian ODA and humanitarian aid surpassed pre-designation levels. In 2006, Canadian ODA and humanitarian aid experienced an increase likely due to the Second Lebanese War. A most significant increase in Canada's ODA and humanitarian aid in response to the 2013 refugee crisis, with ODA having grown to \$41.88 million -- a 747.8% increase from 2012 -- and humanitarian aid having grown to \$41.25 million -- an 841.8% increase from 2012.

### Import and Export

Canada Export/Import to Lebanon (1997-2017)  
Pre/Post Full Designation in 2002

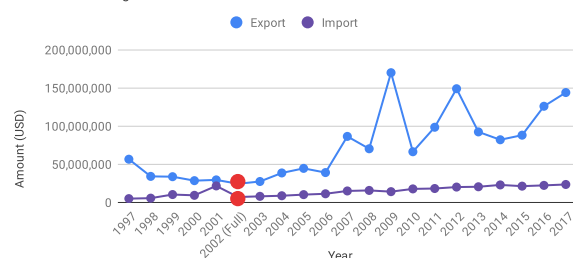


Figure 10. Canada Export/Import to Lebanon Pre/Post Full Designation of Hezbollah as a Terrorist Organization in 2002 (1997-2017), Adapted from [https://atlas.media.mit.edu/en/visualize/tree\\_map/hs92/export/lbn/show/all/2017/](https://atlas.media.mit.edu/en/visualize/tree_map/hs92/export/lbn/show/all/2017/), Accessed June 24, 2019

Since the designation in 2002, Canadian exports and imports from Lebanon display a positive trend, with 2009 and 2012 as relative maxima for exports of the 20-year span shown in Figure 10. Between 2003 and 2017, Canadian exports have grown 425.6% and imports from Lebanon have grown 195.6%. This consistent growth since the designation suggests that the designation of Hezbollah as a terrorist organization has not impeded Canada's economic relationship with Lebanon.

## Australia

### Humanitarian Aid and ODA

Australian ODA and Humanitarian Aid to Lebanon (1997-2017)  
Pre/Post Partial Designation in 2003 (ESO)

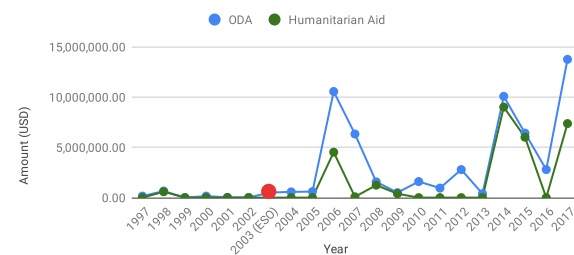


Figure 11. Australia ODA and Humanitarian Aid to Lebanon Pre/Post Partial Designation of Hezbollah as a Terrorist Organization in 2003 (ESO) (1997-2017), Adapted from <https://stats.oecd.org/Index.aspx?DataSetCode=TABLE1#>, Accessed June 24, 2019

In 2003, after finding that Hezbollah had violated Division 102 of Australia's Criminal Code and engaged in the perpetration of terrorist acts, Australia designated a portion of the military apparatus of Hezbollah, namely, the External Security Organization (ESO), as a terrorist organization<sup>17</sup> Australia renewed its designation of the ESO in 2005, 2007, 2009, 2012, 2015, and 2018<sup>18</sup> In 2006, likely in response to the Second Lebanese War, the Australian government provided more than \$10 million in ODA, a 1,660% increase from 2005. Similarly, in what was likely a response to the Syrian refugee crisis, in 2014, Australian ODA increased dramatically.

### Import and Export

Australia Export/Import to Lebanon (1997-2017)  
Pre/Post Partial Designation in 2003 (ESO)

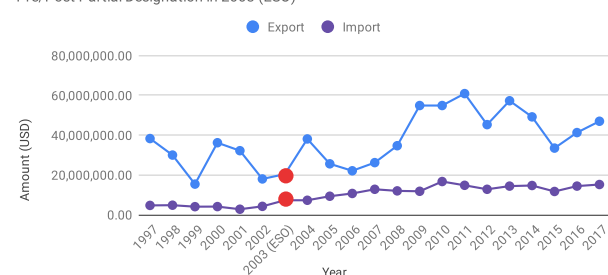


Figure 12. Australia Export/Import to Lebanon Pre/Post Partial Designation of Hezbollah as a Terrorist Organization in 2003 (ESO) (1997-2017), Adapted from [https://atlas.media.mit.edu/en/visualize/tree\\_map/hs92/export/lbn/show/all/2017/](https://atlas.media.mit.edu/en/visualize/tree_map/hs92/export/lbn/show/all/2017/), Accessed June 24, 2019

<sup>17</sup> <https://www.nationalsecurity.gov.au/Listedterroristorganisations/Pages/HisballahsExternalSecurityOrganisationESO.aspx>.

<sup>18</sup> <https://www.nationalsecurity.gov.au/Listedterroristorganisations/Pages/HisballahsExternalSecurityOrganisationESO.aspx>.



In the three years immediately before and after the partial designation in 2003, there is volatility in Australia's exports to Lebanon while Australia's imports have steadily increased since 1997. There is no adverse economic impact from partial designation in 2003, as seen from the fluctuations both before and after.

## New Zealand

### Humanitarian Aid and ODA

New Zealand ODA and Humanitarian Aid to Lebanon (1997-2017)

Pre/Post Partial Designation in 2010 (Military)

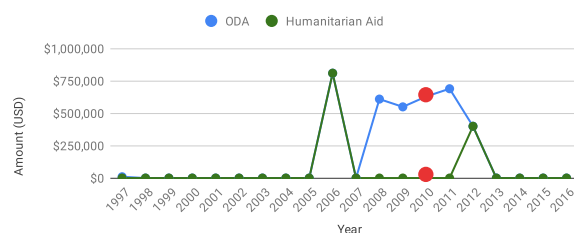


Figure 13. New Zealand ODA and Humanitarian Aid to Lebanon Pre/Post Partial Designation of Hezbollah as a Terrorist Organization in 2010 (Military) (1997-2017), Adapted from <https://stats.oecd.org/Index.aspx?DataSetCode=TABLE1#>, Accessed June 24, 2019

In 2010, “pursuant to UNSC Resolution 1373,” New Zealand designated the military branch of Hezbollah as a terrorist organization.<sup>19</sup> In its designation of the military branch of Hezbollah, New Zealand makes reference to the full designations made by the US and Canada, along with the partial designations by the UK and Australia.<sup>20</sup> In the statement, New Zealand examines specific actions taken by Hezbollah (e.g. “the siege of West Beirut, May 2008”), as well as its ties with Iran and Syria,<sup>21</sup> concluding that their designation of Hezbollah’s military wing fits within the legal framework of the 2002 Terrorism Suppression Act. The amount of ODA and humanitarian aid prior to designation in 2010 remained low except for a temporal increase during the Second Lebanese War. Three years prior to the designation, ODA

increased and continued to be provided until 2013. Additionally, while humanitarian aid was not provided to Lebanon three years prior and the year post the designation, it was granted in 2013 likely in response to the refugee crisis in the country. Overall, the amount of financial aid and humanitarian aid provided by New Zealand are insignificant comparing to the other countries analyzed.

### Import and Export

New Zealand Export/Import to Lebanon (1997-2017)

Pre/Post Partial Designation in 2010 (Military)

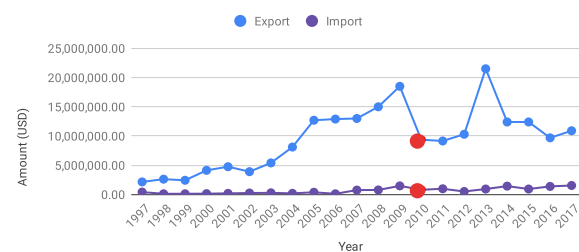


Figure 14. New Zealand Export/Import to Lebanon Pre/Post Partial Designation of Hezbollah as a Terrorist Organization in 2010 (Military) (1997-2017), Adapted from [https://atlas.media.mit.edu/en/visualize/tree\\_map/hs92/export/lbn/show/all/2017/](https://atlas.media.mit.edu/en/visualize/tree_map/hs92/export/lbn/show/all/2017/), Accessed June 24, 2019

Export values saw an overall increase from 1997 to 2009. In 2010, the year immediately following the partial designation, export decreased by approximately 50% to just under \$10 million. The years 2012–2013 and 2017 saw sharp increases in export. Import values have maintained insignificant throughout the assessed period.

<sup>19</sup> <https://www.police.govt.nz/advice/personal-community/counterterrorism/designated-entities/lists-associated-with-resolution-1373> (Accessed June 25, 2019) [add a short description of the resolution since it was already mentioned and cited. One sentence should be enough].

<sup>20</sup> <https://www.police.govt.nz/sites/default/files/publications/statement-of-case-islamic-resistance-army-terrorist-entity-11-oct-2010.pdf> (Accessed June 25, 2019).

<sup>21</sup> *Ibid.*

## *Findings*<sup>22</sup>

There are no significant statistical findings to support the claim that the act of designation of Hezbollah has a negative effect on the long term economic relationship between the designating country and Lebanon. The same conclusion can be drawn regarding humanitarian aid and ODA.

## *Conclusions*

- Countries that have designated Hezbollah as a terrorist organization have continued to provide both ODA and humanitarian aid to Lebanon, consistently with the period prior to the designation and according to the circumstances in Lebanon.
- The participating countries continued to conduct trade relations with Lebanon, regardless of the act of designation.

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<sup>22</sup> As of 2019 Hezbollah is part of the Lebanese coalition and government, as such, further research is required to determine how and whether ODA should be funneled to the Lebanese government per se.



Abba Eban Institute  
of International Diplomacy

THE ABBA EBAN INSTITUTE FOR  
INTERNATIONAL DIPLOMACY  
IDC Herzliya, 8 Ha'Unversita st, Herzliya, Israel