

Lebanon and the Spillover from Syria

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Brief Analysis

Domestic issues, rather than the war raging next door, currently dominate Lebanon's politics.

This PolicyWatch is part of "*Syrian Spillover: Perspectives from Neighboring States* (<http://www.washingtoninstitute.org/policy-analysis/view/syrian-spillover-perspectives-from-neighboring-states>), " a series of articles on how the conflict is affecting Turkey, Iraq, Israel, Jordan, and Lebanon.

Last week's Israeli attack on a Hizballah convoy in Syria -- reportedly en route to Lebanon carrying advanced Russian anti-aircraft systems -- highlights the ongoing impact of the war on Syria's western neighbor. As with the other states on Syria's border, Lebanon has been deluged with refugees and suffered significant economic consequences from the crisis, both positive and negative. But Lebanon has also suffered sectarian reverberations of the violence next door, as tensions spike between the state's Sunni Muslims -- who back the rebellion in Syria -- and the Shiite militia, Hizballah, which backs and militarily supports the Assad regime. Notwithstanding exogenous pressures, however, Lebanon is consumed with domestic issues, in particular, debates over the state's next electoral law and civil marriage.

More Refugees Flow into Lebanon

According to the United Nations High Committee on Refugees (UNHCR), among neighboring states, Lebanon currently hosts the highest number of registered refugees from Syria. With a population of just 4.25 million and facing economic difficulties in large part due to the crisis in Syria, the refugees have proven an untimely and expensive burden for Lebanon. In late January, at the World Economic Summit in Davos, Lebanese prime minister Najib Mikati discussed the impact on his state of the nearly 230,000 Syrian refugees. "The situation has reached dangerous levels that Lebanon cannot handle alone," he said, "It is now necessary that Lebanon receives urgent aid so that it can handle the accumulating burden."

The flow of refugees shows no sign of abating. Mikati has appealed to the UN and the international donor community

for \$180 million dollars per year -- \$370 million to date -- to reimburse Beirut for its refugee-related budgetary outlays. Meanwhile, UNHCR reports that it is providing services to about one quarter of the refugees at a cost of \$36 million. Last month, Washington announced it would provide \$29 million in humanitarian support to Lebanon.

While Lebanon is providing public education to more than 30,000 Syrian children, Lebanon, unlike Jordan and Turkey, has not constructed camps to accommodate the exiles. Indeed, because Lebanon is already home to nearly 400,000 Palestinian refugees, the state is sensitive about the prospect of more long-term expatriate residents, so much so that it is illegal to even set up tents. As a result of this policy, refugees have had to scramble to find housing. To date, most have established residence in Lebanese towns and cities in the north and the Bekaa, but the most destitute have reportedly moved into some of Lebanon's twelve Palestinian refugee camps. According to the UN, Syrian refugees now constitute about seven percent of the population of the southern camp of Ein Hilwa.

A Mixed Economic Picture

While the refugees have been a burden, the impact of the war in Syria has not been entirely detrimental to the Lebanese economy. To be sure, high-end tourism from the Gulf has fallen dramatically. After a kidnapping threat was issued against Saudis in Lebanon last year, tourists from oil-rich Gulf States stopped coming, and as a result, tourism plummeted by 17.5 percent to 1.36 million visitors in 2012, the lowest number since 2008. This figure is significant because during the high season, which runs from May until October, 40 percent of consumption in Lebanon is driven by Arab tourism, which has all but disappeared. At the same time, official Lebanese exports to Syria -- if not the more-significant amount of smuggling -- have dropped, reportedly from 4 percent to 1 percent. And with overland exports through Syria curtailed, Lebanon's foreign trade has increasingly had to rely on more-expensive sea transit. Worse, violence in Syria has spooked investors, drying up foreign direct investment. Consider that in 2012, there was a 20 percent decline in building permits issued in Lebanon. Meanwhile Lebanese banks, one of the most profitable endeavors in the state, took significant losses on their holdings in Syria. To wit, Lebanon's Bank Audi, which in 2011 had its most profitable year ever, experienced flat earnings in 2012.

Notwithstanding these costs and the harsh regional environment, Lebanon still managed to create more than 2 percent growth in GDP in 2012. It turns out that the flood of refugees generated additional demand for services such as for doctors and private schools, as well as for consumer products like food. Likewise, even though high-end Beirut hotels were empty, the demand for lower-cost hostels and furnished rental apartments was high. Indeed, the arrival of over 200,000 homeless Syrians has proved a boon to Lebanon's stagnant real estate market. According to the Lebanese daily *Al Akhbar*, the price-of-housing index rose by 44 percent in December 2012 compared to the same month in 2011.

Sunni and Shiite Fighters Flow into Syria

As Syrian refugees flow into Lebanon, Sunni Islamist militants and Iranian-backed Hizballah militiamen are entering -- and dying in -- Syria. While this dynamic has periodically resulted in violence in Lebanon -- including clashes between Sunnis and Alawites in Tripoli and Sunnis and Shiites in Sidon in December (see [PolicyWatch 2009 \(http://www.washingtoninstitute.org/policy-analysis/view/syrias-instability-reaches-lebanon\)](http://www.washingtoninstitute.org/policy-analysis/view/syrias-instability-reaches-lebanon)) -- most of the fighting has been relegated to Syria.

While some recent media reports suggest that the Syria-based al-Qaeda affiliate Jabhat al Nusra is reaching out to potential new recruits in the north-Lebanon Sunni redoubt of Tripoli, these stories -- leaked by officers in the Hizballah-aligned Lebanese military intelligence -- have not been confirmed. Not surprisingly, given the source, these articles echo the longstanding pro-Assad/pro-Hizballah trope that Sunni jihadis (and not the Iranian-backed Shiite militia) pose the gravest threat to stability in Lebanon. The decline of the Assad regime and the spread of Islamist militancy are sure to exacerbate tensions in Lebanon. Not only will the fall of Syria's regime weaken long-

dominant Hizballah, resulting in a recalibration of Lebanese politics, it is all but certain that after Assad, Sunni militants in Syria will come to Lebanon seeking revenge against the Shiite militia.

More-Pressing Local Politics

The war in Syria has undercut economic growth, sharpened sectarian fault lines, and increased the population of Lebanon, at least temporarily, by 5 percent. While these developments continue to have a great impact, they are not currently dominating Lebanese headlines. Indeed, the biggest topics of discussion right now in Lebanon are the electoral law under which the state will hold the 2013 parliamentary vote and the debate over whether civil marriage should be legalized.

In recent weeks, no less than the Grand Mufti, the president, the prime minister, and the leader of Lebanon's Sunni Muslim community have all weighed in on the merits of civil marriage. It is a divisive issue in Lebanon -- last month the Mufti issued a fatwa essentially excommunicating Muslims who marry outside the mosque -- but it is one that resonates with Beirut's strong and militantly secular constituency. The prime minister, a Sunni, has urged that the issue be deferred, as "we cannot afford a new dispute in this country." But the issue refuses to go away.

Even more controversial is the electoral law, another dispute that conjures the very heart of Lebanon's dysfunctional sectarian political system. At issue is whether the electoral law -- which has produced pro-West anti-Hizballah parliamentary majorities in Lebanon in the last two elections -- will persevere, or whether this majority will be put in jeopardy in favor of an unprecedented system that allows Christians, Sunnis, Shiites, and Druze to vote only for their co-religionists. The proposed change, proffered by the so-called Orthodox Gathering, counts not only Hizballah and its Christian coalition partners as supporters but also several Christian leaders affiliated with the pro-West "March 14" bloc.

It is not clear how these debates, which overlap sectarianism and ideology, will be resolved. For the time being, it is these domestic issues, rather than the war raging next door, that are dominating Lebanese politics. Still, if the past is any precedent, Syria will soon once again become a priority issue in Beirut. Perhaps Israel will target the next Syrian weapons shipment to Hizballah in Lebanon, triggering a crisis. Or maybe the Shiite militia -- sensing itself isolated and increasingly cornered after Assad falls -- will again take preemptive military action against domestic rivals. Regrettably, the continued deterioration in Syria -- leading to a mass influx of refugees and/or jihadis -- could by itself undermine the relatively stable status quo that has prevailed in Lebanon.

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