



How Energy Considerations Affect Hezbollah's Involvement in the War in Gaza

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Executive Summary: The events of October 7 and Hezbollah's subsequent attacks on Israel's northern border have renewed the question of whether energy considerations can serve as a lever on Hezbollah's policy towards Israel, as was claimed following the signing of a maritime border agreement by Israel and Lebanon in October 2022. During the months of fighting, reports have emerged of internal pressure being exerted by Beirut on Hezbollah not to enter the conflict against Israel as doing so would likely exacerbate Lebanon's state of deep crisis. This crisis includes frequent power outages in Beirut, unprecedented fuel shortages nationwide, and delays in gas exploration in Lebanon's waters. If Lebanon's energy crisis does lead to the "concentration" of Hezbollah within Lebanon's economic and political arena, it is possible that Israel, through US mediation, could exploit this to undermine Hezbollah and restore stability on the northern border.

The maritime border agreement signed by Israel and Lebanon in October 2022 constituted a significant development in the relationship between the two countries. The potential for natural gas exploration in Lebanon's waters, against the background of the economic and political crisis in that country, was seen at the time as a tempting incentive with which to persuade Hezbollah to agree to the pact. The underlying assumption of the agreement was that it represented a meaningful step that could help ease the strained relations between the parties and possibly serve as a basis for future agreements on energy and economic collaboration.

This assumption is now facing a significant test following the events of October 7. While it appears that Hamas's attack caught Hezbollah by surprise, the organization rallied to assist "its Palestinian brothers" out of a commitment to "the unity of the arenas." With that said, Hezbollah is conducting itself in the conflict quite deliberately, maintaining a set of "rules of the game" that are accepted by both itself and Israel. In the background, the United States is making clear that it opposes widespread escalation.

As part of Washington's efforts to prevent escalation on the northern front, intensive clandestine contacts have taken place in recent weeks between Israel and Lebanon/Hezbollah regarding points of contention related to the land border between the two countries, as well as energy issues. For the purpose of these negotiations, the Americans have deployed Special Envoy for Energy Affairs Amos Hochstein, who helped mediate the original border deal signed in October 2022.

A January 6 article by Ibrahim al-Amin, editor of Hezbollah-affiliated newspaper *Al-Akhbar*, noted that Hochstein is implicitly connected to the residents of Beirut in Lebanon regarding the renewal of drilling by the French company Total in Lebanese economic waters and the current negotiations with Israel. According to the report, Hochstein acknowledged that "the suspension of energy activities stems from political motives" and indicated that Total plans to carry out additional drilling in Block 9 (following earlier drilling that was unsuccessful), as well as in Blocks 8 and 10, hinting that drilling will not proceed as long as the conflict continues. Other reports suggest that American assistance for the recovery of the Lebanese energy sector is being presented as a condition for calming the winds of war against Israel.

The American assumption that the Lebanese energy sector can be leveraged to moderate Hezbollah is based on the fact that Lebanon's energy crisis, which served as the backdrop for the signing of the agreement in 2022, has only worsened since then. Lebanon's Electricité du Liban (EDL) is now only able to provide an average of about four hours of electricity per day to the residents of Beirut, and there is no capability to improve this any time soon.

General demand for electricity in Lebanon stands at about 3,500 megawatts, but its power plants, which rely entirely on oil, can only reach approximately 1,800 megawatts. In recent years, Lebanon tried to purchase electricity from Turkey using special ships equipped with generators anchored in the port of Beirut. But those efforts were abandoned due to accumulating debts and security issues. Last year, an attempt was made to purchase electricity from Jordan that would use natural gas from Israel, but the agreement faced difficulties due to American sanctions on Syria (through which the

electricity grid passes from Jordan to Lebanon). Even if this deal were to materialize, the grid connections would only serve about 10% of Lebanon's electricity demand. As a result of this state of affairs, most Lebanese residents who can afford it rely on private generators powered by solar energy in their yards and basements. Around 50,000 households have solar panels on their roofs (approximately 4% of the 1.3 million households in Lebanon).

Despite the high hopes the Lebanese government is pinning on gas exploration in its waters, the security of Lebanon's energy supply is not expected to improve over the next few years. That is because Lebanon's energy sector relies entirely on oil imports, including for electricity generation, transportation, heating and industry. Even if Lebanon were to discover gas in its waters this year, the country has neither gas infrastructure nor power stations capable of using gas.

Furthermore, while the first drilling by Total in October 2023 did not yield positive results, a gas find on the next drilling would not help Lebanon's energy crisis in the short term. It would take five to seven years from a gas discovery for Lebanon to begin to benefit from export revenues or the local use of the gas because infrastructure would have to be built from scratch.

Until that time, Lebanon will remain dependent on the importation of crude oil from Syria and Iraq. Due to its massive debts, Lebanon is almost incapable of paying for the oil. Instead, it provides various services to Iraqi citizens, such as medical services. The crude oil Lebanon receives is sent to refineries in Greece, Turkey, and Russia, and in return, Lebanon receives solar and gasoline for the operation of power stations and transportation at reduced costs and fees. Attempts to obtain cheaper fuel from Iran through the sea have been blocked by the United States.

The serious state of Lebanon's energy sector requires the country to pursue dramatic initiatives in terms of infrastructure and connectivity. However, such initiatives cannot be advanced without major external assistance, and the United States plays a pivotal role in this regard. For example, the time it will take to establish an export infrastructure for gas from Lebanon could be significantly shortened if Lebanon were to collaborate with Israel and transfer the gas through shared export facilities, possibly to be established by the American company Chevron. Simultaneously, Lebanon could try to make additional electricity connections to Syria and Jordan, but this would only be possible with the consent of the United States (due to sanctions on Syria) and Israel's agreement to supply additional gas to power stations in Jordan for electricity production.

Last year, the Lebanese Ministry of Energy and Water published a plan to install significant renewable energy capacity in the next five years, including 680 megawatts of solar energy, 742 megawatts of wind energy, and 394 megawatts of hydroelectric energy. However, these ambitious plans cannot be implemented without direct assistance from countries like the United States and France because Lebanese companies lack the expertise to undertake projects of such magnitude.

An interesting perspective was provided last month in Doha at a quadrilateral meeting of energy ministers from Egypt, Jordan, Lebanon, and Syria. The meeting focused on the possibility of activating the Arab Gas Pipeline to supply gas from Egypt to Lebanon. Since Israel also passes gas through this pipeline to Jordan and Egypt, the implication is that Israeli gas could reach Lebanon. As mentioned, this idea was raised about a year ago to assist Lebanon in coping with the severe crisis in its electricity market and to prevent Iranian involvement.

While the move garnered support from the most relevant players, including Egypt and Israel, it ultimately did not materialize due to American sanctions on the Assad regime. The gas pipeline passes through Syria on its way to Lebanon, as do the power lines from Jordan, and the United States was not willing to be flexible in its policy towards the Syrian regime despite having offered assistance to the Lebanese. During the meeting, the Syrians claimed to have fixed pipeline issues to enable the transportation of gas, though it was clear that Damascus was seeking to convey a political message rather than express a genuine commitment to implement this solution. Regardless, this development highlights the severity of the crisis in Lebanon's energy sector, which is manifested in prolonged and consistent power outages severe enough to promote a willingness by the country to explore unconventional solutions.

Despite the importance of energy potential for Lebanon, it is not considered a game-changer for Hezbollah in the current negotiation process. However, it provides a framework for negotiations as they are currently unfolding, with successful American mediation that has gained the trust of all parties, including Hezbollah. The latter seeks, within its overall considerations, and with due deference to its patron Tehran's considerations regarding the Gaza conflict, to clarify to the Lebanese public that it is adopting a responsible position. It is, in fact, the player most capable of improving the economic situation in Lebanon.

In this regard, the maritime agreement, which allows exploration in the field of energy for Lebanon, is perceived (though it has not yet had any tangible success) as a positive step in the overall attempt to salvage the Lebanese economy. One should not overlook

the regional context of gas discoveries in the Eastern Mediterranean over the past decade. Lebanon might eventually integrate into this regional framework for the export of gas to Turkey and Europe.

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