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BEIRUT: Once again the ability of the Lebanese economy and banking sector to sidestep the ramifications of the expected U.S. sanctions against Hezbollah will be tested. So far, Lebanon has prudently and cautiously handled the spate of U.S. measures designed to tighten the noose on the finances of Hezbollah, labeled by Washington as a terrorist organization.

Lebanese banks, with the guidance of the Central Bank, have fully complied with all resolutions by the U.S. Treasury, suspending all accounts of any suspected Hezbollah official listed by the U.S. Office of Foreign Assets Control.

Lebanese banks have even gone the extra mile to ensure that there is not a single loophole in their compliance departments, which were set up to check and report any suspicious account. This has earned the banks the admiration of the U.S. financial authorities.

The economy in general also has managed to escape unscathed the severe financial measures taken against Hezbollah.

But the U.S. State Department's announcement of a reward of about \$12 million for disclosing the whereabouts of two key Hezbollah officials and the media reports about imminent amendments to the Hezbollah International Financing Prevention Act of 2015 may put the Lebanese economy back in the spotlight.

The economy could be in danger if the U.S. administration pressures the Lebanese government not to deal with Hezbollah's ministers.

Responding to a question about Hezbollah ministers in the Lebanese government, U.S. State Department Counterterrorism Coordinator Ambassador Nathan Sales said Lebanon would be asked to recognize the group as a terrorist organization.

Last week, Foreign Policy magazine reported that Republican and Democratic lawmakers launched a broadside against Hezbollah and the Lebanese government, as they tried to rally support for new congressional sanctions targeting the group and its affiliates.

"One of the bills – an update to the Hezbollah International Financing Prevention Act – aims to curb Hezbollah's dealings with foreign financial institutions, as well as its fundraising from abroad. It also

targets Lebanese officials affiliated with the group, which is part of the governing coalition. The other law targets the group for using civilians as human shields, and for other purposes,” the magazine said.

The magazine quoted Republican Rep. Ed Royce, chairman of the House Foreign Affairs Committee, as saying during a briefing on Capitol Hill that “this legislation has a whole series of steps to try to close any last loopholes that remain for this criminal enterprise. It labels them a criminal enterprise in a way that ... gives us additional leverage.”

Royce has also expressed his displeasure that there are Hezbollah ministers in Prime Minister Saad Hariri’s Cabinet.

“I’ve had long conversations with the government of Lebanon on this, and with ... [Prime Minister Saad] Hariri. These conversations would be more impactful to me and my colleagues if we didn’t have an agent of Hezbollah sitting in a room when we have them,” he said, referring to Lebanese President Michel Aoun, who came to power with support from the group.

Amal Movement MP Yassine Jaber, who visited Washington several times in an effort to tone down some of the proposed amendments to the Hezbollah International Financing Prevention Act, said he cannot comment on reports that the U.S. Congress would include certain geographic locations in Lebanon that are considered strongholds of the party on the sanctions list in the future.

“I saw the amended copy of the Hezbollah International Financing Prevention Act when I was in Washington. We have to wait and see whether these amendments will come into force. But I can’t comment until this happens,” Jaber told The Daily Star.

He added that it does not make any sense to put any person on the blacklist just for saying hi to a Hezbollah official.

Jaber stressed that what the Americans are now interested in is to stop all types of financing of Hezbollah through countries, groups and individuals.

“The Americans want to make sure that if a particular bank account is used to finance directly or indirectly Hezbollah, that account will be frozen the banks. At the end of the day, the U.S. is governed by the law and the judges in America could repeal any decision if the evidence is not solid enough,” the MP said.

He stressed that Lebanese banks are fully complying with all resolutions and decisions issued by OFAC.

Jaber added that the U.S. needs to build a case against any country or group that is funding the party.

Hezbollah Secretary-General Sayyed Hassan Nasrallah admitted in his last speech that the new U.S. measures have affected the party.

“It [sanctions] will not impact our main source of financing but there are people who donate that might be scared or take precautions and there are some contributions that we get that could stop; this could impact us,” he said in a speech.

Most of these contributions come from Lebanese Shiite businessmen based in Africa and some groups in Lebanon. Banks are already examining all the transfers of funds from abroad, and are paying particular attention to those from Africa.

The U.S. measures also cover all transactions in other currencies, including the Lebanese pound.

The other serious concern is that U.S. President Donald Trump will have the power to personally add names to the blacklist instead of the U.S. secretary of the Treasury.

“This is the most important amendment in addition to the inclusion of the names of countries and groups providing financial support to Hezbollah,” Jaber said.

Furthermore, the new sanctions include all media, financial, social and educational organizations that are directly linked to the party.

Paul Morcos, a law professor and a leading legal adviser, assured that Lebanese banks will not be affected by any new U.S. measure against Hezbollah. “Banks have already done their homework and have even made diligence to the extreme to prevent any misinterpretation of 2015 Act,” Morcos told The Daily Star.

But he noted that international correspondent banks will be more cautious in handling any financial transaction to and from Lebanon.

“Any geographical location or area might be linked to the party, will be affected by the sanctions if they are amended by the U.S. Congress and Senate,” Morcos said.

He added that if media reports were accurate, some businesses located in “specific areas,” a reference to those controlled by Hezbollah, could be affected.