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The Struggle For The Levant

Geopolitical Battles and the Quest for Stability

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Request for comments:

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EXECUTIVE SUMMARY

The United States and its allies compete with Iran in a steadily more unsettled and uncertain Levant. This study focuses on how this competition is affected by the political upheavals in the Middle East, economic and demographic pressures, sectarian struggles and extremism, ethnic and tribal conflicts, and how these tensions all combine to produce new complex patterns of competition.

The civil war in Syria, the Israeli-Palestinian conflict in Gaza, and the internal upheavals in Egypt, Jordan and Lebanon all interact and all affect the competition between the US and Iran. Accordingly, the study examines a broader view of the Levant that includes Egypt, Israel, Jordan, Lebanon, the Palestinian Territories and Syria.

The analysis shows that the United States faces an increasing level of instability across the Levant, which in turn affects every key aspect of US competition with Iran in the broader Middle East and North Africa. It examines how the US and Iran compete in the Levant, where they compete, and what forces and constraints shape their competition:

- The first chapter of this report introduces the analysis.
- The second explores US and Iranian interests in the Levant.
- The third chapter addresses how the US and Iran compete by considering the conventional military balance in the Levant.
- The fourth chapter goes beyond conventional forces and considers an area where Iran has been especially effective over time, namely in shaping the regional asymmetric balance.
- The fifth chapter looks at the history, evolution and current state of play in the Arab and regional state system.
- A complementary sixth chapter looks at the evolution of socio-economic forces that shaped the Arab uprisings and their lingering regional effects.
- The seventh to twelfth chapters examine how the US and Iran compete in each country in the Levant.
- The thirteenth chapter evaluates persistent and emerging challenge or “wild cards” in the region.
- The final chapter derives key implications that are likely to shape future US policy towards the Levant.

The analysis shows that deep socio-economic, political and sectarian cleavages, the pervasiveness of the Arab-Israeli conflict and a cycle of popular protests, all combine to make the Levant a growing challenge to the US in shaping its regional struggle with Iran. In each of the six core theaters in this region of US and Iranian competition, the US must choose the best ways to advance its interests, as well as consider the enduring and emerging regional challenges and wild cards that may come to shape and influence US-Iranian interests and competition in the Levant in the years and decades ahead.

The US Role in the Levant

The US has long supported the most powerful states in the area – Israel and Egypt – and has been an ally of Jordan. It has helped them build up powerful conventional forces and anti-terrorism capabilities, and Israel has developed a major arsenal of long-range missile and nuclear weapons. The US has also strongly encouraged Arab-Israeli peace efforts and the peace settlements between Israel and Egypt, and Israel and Jordan.

The US has, however, seen Egypt undergo massive political upheavals during the last two years, along with growing instability in Jordan. It also has seen growing divisions between Israel and the Palestinians, a steady drop in the prospects for a near-term peace based on a secure Israel and a sovereign Palestine, and growing uncertainty about the prospects for a broader Arab-Israeli peace settlement.

The US cannot count on its past links to Egypt and Jordan, must deal with an ongoing civil war in Syria, and must mitigate increasing instability in Lebanon. It also must deal with a growing nuclear confrontation between Israel and Iran, the risk of Israeli preventive strikes on Iran, and major shifts in the very nature of the regional military balance.

The Iranian Role in the Levant

Iran's efforts to expand its influence in the Levant are key aspects of its strategic competition with the US. Nearly twenty years after Israel's invasion of Lebanon in 1982, and five years after the 2006 Israel-Hezbollah war, the US and its allies continue to struggle with the realities of Iran's growing influence in the region and its use of proxy and asymmetric warfare.

The Islamic Republic has developed strong ties with Syria and non-state actors in the region, including the Lebanese Shi'a group Hezbollah and Palestinian Islamist movements like Hamas, in what Iranian and Syrian leaders have dubbed the "Resistance Axis." The end result is a growing power struggle between Iran and several key Arab states as well as growing competition between the US and Iran for influence over both state and non-state actors. At the same time, Iran continues to exploit Arab-Israeli tensions in ways that make it an active barrier to a lasting Arab-Israeli peace, while America must deal with Arab hostility to its strategic partnership with Israel.

The Changing Nature of US and Iranian Competition in the Region

As a result, the US and Iran face an unprecedented level of instability in the Levant – and the rest of the Middle East and North Africa – that affects every aspect of their regional competition. At present, no one can predict the outcome. At the same time, the study also shows that it is impossible to predict the future outcomes of the key trends in any given case. Even the short-term impact of changes in regime is not predictable, nor is how these changes would affect the underlying drivers of regional tensions.

It is particularly dangerous to ignore the risks of replacing one form of failed governance with another one, or the prospect of years of further political instability driven by internal dynamics defining the future of each country. Iran, the US, and their allies, can exert influence, but no outside power can dominate the course of events relative to the internal challenges that divide each state. It is possible, however, to analyze the key factors driving the upheavals, look at the emerging patterns and how they affect Iranian competition with the US, and raise key policy issues.

Internal Power Struggles and Instability in Egypt, Jordan and Syria

There seems to be little near term prospect for stability in Egypt or Jordan. Egypt faces a mix of political, economic, demographic, and religious tensions that may keep it divided and unstable for the next 5 to 10 years – although there is real hope that some form of meaningful democracy and effective governance may emerge more quickly. Meanwhile, Jordan faces deep political, economic, demographic, and tribal strains. Its current regime

may still survive, but meaningful reform has at best only begun, and is complicated by emerging security threats tied to instability and extremism in Syria and Iraq.

In short, important as the roles of Egypt and Jordan in the military balance may be, it is other non-military factors which will do far more in the near term to shape their futures, their alignment with the US, and the stability of their commitments to peace with Israel.

Syria faces a similar challenge from political, economic, demographic, and religious tensions, as well as sectarian divisions. Assad's mishandling of popular unrest, failure to reform, and ruthless suppression of his own people has led to more than three years of civil war, is tearing Syria apart, making its economic problems far worse, and may divide the country along sectarian lines.

The Impact of Radical Changes in the Regional Military Balance

The military competition between the US and Iran in the Levant has long been shaped by their respective ties to different regional powers and non-state actors. Both the US and Iran have worked hard to nurture security partnerships and relationships with regional state and non-state actors to promote their regional interests, project power, and shape the broader regional balance of power.

Egypt, Israel, Jordan, and Syria have all built up strong conventional forces, but their relative capacity for asymmetric warfare has become steadily more important as non-state actors have come to play a growing role in the region, and both state and non-state actors have come to rely on asymmetric warfare and threats. Moreover, the civil war in Syria, the overthrow of Mubarak, and increasing tensions in Jordan and Lebanon are all having a major impact on the conventional balance while internal struggles are empowering non-state actors.

US military aid to Israel has insured its preeminence in the regional conventional military balance. Neither Egypt nor Jordan now actively competes militarily with Israel. Syria was forced to abandon efforts to achieve strategic parity with Israel in favor of strategic deterrence in the 1980s, and is now caught up in a civil war that seems certain to leave it a far weaker military power at its end.

This, however, is only part of the story. The dynamics of civil conflicts and popular protests have all but shattered the regional conventional military balance. Nowhere is that more the case than in Syria. After years of protests, violence, and an increasingly sectarian civil war, the Syrian military is no condition to compete directly with any of the other regional militaries.

In contrast to the declining significance of the conventional regional balance, the 2006 Israel-Hezbollah war provided the first major indication of the growing significance of regional competition in asymmetric forces. While countries such as Syria have focused on building up their strategic deterrence against Israel, non-state armed groups – such as Iranian and Syrian-backed Hezbollah and Hamas – have become key players in the regional asymmetric military balance.

This threat must be kept in proportion. Boasts by Hezbollah and Hamas about defeating Israel in a future conflict are propaganda fantasy, not reality. Israel, the US and key regional allies do not face anything approaching critical or existential threats from today's armed groups. Such non-state actors do, however, pose a risk to US preferences on regional

stability and the development of the Arab-Israeli peace track, which in turn informs US concerns about their future development and roles in regional security politics.

Asymmetric Offense and Asymmetric Defense: Israel and Tiered Missile Defenses

The successful use of the *Iron Dome* short range anti-rocket system in the November 2012 and July-August 2014 conflicts between Israel and Hamas were important tests on determining the future direction and evolution of the regional asymmetric balance and the current state of readiness of Israeli short range anti-rocket systems.

- Much depended on the US and Israeli government of the day, and this had a major impact on Iran's ability to exploit opportunities in the regional balance. US and Israeli perceptions of Iran often differ sharply over the need for progress in the peace process, the best way to achieve it, and how they assess the scope and scale of the regional threat posed by Iran. Both, however, see Iran's role in the region as dangerous and disruptive, and Iran's nuclear and missile programs as a major threat to regional security.
- Israel has and will continue to take costly steps to develop the ability to defeat incoming short, medium, and long-range rocket and missile fire. It has long built up its defenses against longer-range missiles. Now the US and Israel are cooperating to develop the *Arrow III* wide area theater missile defense system and the *David Slings* medium range defense system to further degrade the asymmetric capabilities of Iran and its regional allies.
- The 2006 Israeli-Hezbollah war showed the ability of prolonged rocket fire to shape the optics of the war, public opinion in the Arab world, and morale in Israel. *Iron Dome* seemingly erodes the ability groups opposed to Israel to inflict attacks that could qualify as successes. It also forces these groups in the Palestinian Territories and Hezbollah in Lebanon to reevaluate their tactics and strategies in their battle with Israel.
- Neither the Palestinians nor Hezbollah have the firepower, resources, planning, logistics and general wherewithal to come close to scoring a tactical win, to say nothing of a strategic victory against Israel. Unguided mass rocket fires have never produced mass casualties and their impact remains principally psychological: Palestinians feel they can stand up to the IDF on the one hand and Israelis feel a sense of insecurity despite their overwhelming military edge.
- However, Hezbollah, Hamas and other groups are watching, learning and adapting, just as Israel has adapted to their shifting tactics from conflict to conflict. For example, it is unclear how the *Iron Dome* system or other missile defense systems will perform over longer periods of sustained fire, larger volumes of daily rocket salvos, the deployment of potentially more capable rocket and missile systems, and the prospects of rocket fires from multiple vectors.
- Neither *Iron Dome* nor Israeli air strikes were able to significantly or decisively curtail the Palestinians' ability to launch relatively large salvos of rockets. Furthermore, as fighting between Israel and Hamas in 2014 showed, missile and counter-missile systems were not the only threat that Hamas or Israel could turn to. Hamas made extensive use of new tunnel networks and showed a higher than expected level of adaptability and flexibility under fire, causing high attrition rates against Israeli ground forces.
- Despite shifts in tactics, the Palestinians maintained relatively large stockpiles of relatively inexpensive rocket systems in 2014. Meanwhile, Israel's solution remains relatively high cost with only a limited number of interceptors in inventory. This does not mean the IDF would eventually "run out" of *Tamir* interceptors. Israel has the production and industrial base to rapidly replenish its holdings. However, the current round of fighting underscores Israel's future need to have enough missiles in inventory and enough productive capacity to keep holdings above the number of future fires. None of this is without cost. Beyond the cost of the *Tamir* from a production standpoint, it is costly to store large holdings of missiles with unstable compounds and propellant that must be carefully monitored and regulated to account for changes in environmental conditions.

- None of the resources brought to bear on either side of the latest round of Israeli-Palestinian fighting do anything to reach a lasting settlement of the Arab-Israeli conflict. Deterrence is important to both Israelis and Palestinians and all of the factions are keen to bolster their capabilities in no small part to bolster any future negotiating position. However, doing so moves the goalposts for a stable and long term peace that much further into the future.
- *Iron Dome*, and the coming *David's Sling* and *Arrow III*, will do much to limit Iran and any non-state actor it arms capability to leverage the asymmetric balance in their favor. However, a lasting peace, supported by both Israelis and Palestinians and backed by the US and other regional players is the only truly low-cost security option in the long term. It would serve to stifle Iran's efforts to constantly gain advantage in the Levant, leverage its ties to Palestinian militants and foil US interests.

The Importance of Weapons of Mass Destruction

A similar shift has occurred in the role of weapons of mass destruction. While Egypt and Syria have missile forces and – until recently – chemical weapons, Israel has become a steadily growing nuclear power in the region with missile forces capable of hitting Iran and any other target in the region. The competition in weapons of mass destruction has also shifted from Israel vs. Arab states to an Israel which is also developing steadily more advanced missile defense versus an Iran that now has missiles that can target Israel and is close to the nuclear threshold.

Both the US and Iran now compete directly in regional asymmetric dynamics and both are critical to the capabilities and development of their regional allies' respective roles in an ever-shifting asymmetric military landscape. They also compete in the nuclear balance in the sense that Iran's nuclear efforts are now triggering a nuclear arms race between Israel and Iran, and the US is assisting Israel in building up its missile defenses.

Meanwhile, three years of civil war has severely degraded the readiness of the Syrian military. However, some key dynamics and trends remain critical:

- The conventional balance between Israel and Syria largely defined the regional balance in the Levant between the Camp David Accords in 1978 and the beginning of the political upheavals in the region in 2010. That balance is now all but shattered. More than three years of growing counterinsurgency warfare in Syria – with more than an estimated 170,000 casualties by July 2014 – thousands of military defections and desertions, creeping sectarianism and the broader effects of attrition now mean that the Syrian military is a shadow of its former self.
- Civil conflict has led to an explosion in the number of armed groups and militias in the country. Some are local forces meant to protect neighborhoods. Others were created to fight Assad. The spectrum of groups includes everything from secular nationalists to jihadist fighters with ties to Al-Qa'eda. The latter have proven especially adaptable and effective in combat, with the Islamic State in Iraq and al-Sham (ISIS) – an Al-Qa'eda spin-off – holding large swathes of eastern Syria and western Iraq in August 2014.
- Meanwhile, Kurdish, Alawite and other minority factions fight to protect communal or sectarian interests. Regardless of what happens to Assad and Ba'ath rule, if central control in Syria continues to decay, the region may have to contend with the proliferation of Syrian and transnational non-state armed groups in a country flooded with weapons for years to come.
- There is no way to predict if and how Syria's conventional missiles can be sustained or expanded given the costs and scale of Syria's civil war. However, as the study will show, even at full strength prior to protests and the current pattern of violence, the Syrian military was outclassed by Israeli forces in all of the most important areas of the conventional military balance in the region.

Prior to the 2013 OPCW effort in Syria, there was a real risk that chemical weapons could fall into rebel or extremist hands. Even older and less capable CBW systems would be extremely dangerous in the wrong hands and nowhere is that of greater concern than in Syria's internal conflict. Syria's CBW infrastructure has been dispersed across the country to preclude or minimize effective Israeli or NATO targeting in any future war and hold out the possibility of retaliatory strikes using airpower or short range ballistic missiles. What was sound during times of internal stability has become a liability in Syria's civil war, and there is some evidence that the Syrian government has concentrated its chemical weapons to prevent them from falling into rebel hands.

The Quest for Stability in a Region in Crisis

Any apparent stability in the area between the 1973 War, the end of the Cold War, and the beginning of the uprising in Tunisia in 2011 is now clearly over and is likely to be over for well over a decade. The US needs to recognize that no amount of development assistance can correct or fix underlying socioeconomic and demographic forces that had become compounded over decades, and that it may take decades to find some form of stability.

The US also cannot ignore the steep rise in sectarianism in a region spanning well beyond the Levant, from North Africa to Afghanistan. Iran has repeatedly turned to sectarian affiliations and its Shi'a clients in its efforts to balance against the US and its regional allies. However, key US allies – like Qatar, Turkey and Saudi Arabia – have also resorted to leveraging Sunni-Shi'a divisions in their own bids to shape dynamics in Egypt, Lebanon, Syria, and Iraq and in the broader balance of power with Iran.

Ungoverned and under-governed spaces have become fertile ground for increasingly radical Salafi-Jihadi groups like ISIS, Jabhat al-Nursa and Egypt's Ansar Bayt al-Maqdis. Combined with the scale of regional Gulf competition, the Levant may yield even more space within which Salafi-Jihadi groups can try to consolidate their expansion in the Levant in the wake of regional protests in 2011.

Neither the US nor Iran can afford to ignore groups like ISIS, or to strategically compete to nowhere. Many of the key decisions made by Iran and its Gulf opponents between 2011 and 2014 are the definition of tactics and not strategies. Conflating the two puts both opponents like Iran, and allies like Saudi Arabia, in equal jeopardy and in ways that the US is unlikely to benefit from in either case. The US will have to work with the broadest possible mix of players to create the kind space that may eventually allow for some degree of stability across the Levant.

As the country-by-country analysis will show, however, this is only part of the challenge. US military assistance and aid efforts must be linked to political and economic efforts as well. The US must be prepared to deal with the full range of factors driving instability in each country in the Levant, and as serious as some potential military risks may be, the political, economic, religious, and social upheavals may ultimately prove to be more important.

Syria

While Syria has been a challenge for US policy-makers for decades, the current round of instability is unprecedented. The situation in Syria is not predictable enough for the US to be able to develop a sustainable strategy in the short term. The US and key regional allies have steadily sought to increase pressure on the Assad regime and provide different levels of support to anti-Assad political and insurgent forces. Through these actions, the US and

its regional allies are pursuing several aims, not the least of which is to weaken Iran's role as Syria's sole major state ally, while at the same time finding ways to halt the spread of military Jihadi grounds in Syria and beyond on favorable terms.

This makes Syria a key prize for both the US, Iran and their respective allies.

- Despite the continued militarization of the opposition and initial tactical successes against Assad's forces in an increasingly sectarian civil war, there is no clear US response to this increasingly dangerous phase of instability in Syria. Regime forces and allies have shown the ability to learn on the battlefield, and the forces buttressing the regime will continue to close ranks around Assad. The window for US or Western covert and overt assistance may have come and gone, and could also further deepen tensions with Russia, China and other members of the UN Security Council who do not want to see a repeat of steps taken in Libya.
- The US cannot ignore the regional spillover effects should Syria destabilize further and it needs to adopt a strategy based on containing Syrian instability. How events do and do not play out in Syria will have deep and unforeseen consequences on the precarious sectarian balance in Lebanon, the security of Israel along its northern and eastern flanks, the stability of Jordan at a time of increased internal unrest, and pressure along Turkey's southern flank as Ankara tries to contain increasingly assertive Syrian and Iraqi Kurdish groups. A collapse in Syria – controlled or otherwise – may hold the promise of breaking Iran's umbilical cord to Levant, but it also promises to expose both budding and strategic US allies to waves of uncertainty for years to come.
- While the US may have had reasons to support and grant recognition to some opposition forces that were more moderate or more representative of popular forces in Syria, that will not translate into a more stable Syria at peace with its neighbors in either the short or long term. Based on the current internal Syrian balance, there is no real world basis on which to make the argument that a post-Assad Syria was imminent as of 2014 – let alone that it will make peace with Israel, renounce claims to the Golan Heights, or stop providing assistance to Palestinian elements operating in and outside the Occupied Palestinian Territories.
- Despite growing pressure and rhetoric in 2013 and 2014, there was still only very limited support in the US, Europe, and the Arab world for direct intervention in Syria. Syria is not Libya. If a window to strike Assad existed, it was before the consolidation of radical Salafi Jihadi groups in Syria with an eye on Egypt, Iraq, Jordan and Lebanon. Meanwhile, Assad's Syria also enjoys strong political, financial and military support from Iran and Russia. These factors complicate any calculus on military intervention in Syria, whether in terms of the level of potential military opposition, or with regards to the risk of high civilian casualties.
- There still are reasons why the US might directly (or indirectly) take the lead in such efforts. The withdrawal of US troops from Iraq has left many unanswered questions about the future prospects for a stable Iraq, let alone a stable Syria, and the US already finds itself conducting airstrikes against ISIS militants in Iraq that could just as easily be in Syria. Instability in Iraq and Syria presents Washington with the opportunity to undermine Iran's regional posture, weaken or change the leadership of one or both of its key regional allies, and potentially downgrade the Islamic Republic's role in the Arab-Israeli conflict through Hezbollah.
- Some analysts have proposed trying to separate Syria's security establishment and the Alawite community away from the Assad regime. While the approach is sound in principle, the US may need to accept that the chances of doing so are slim. The passage of time and the level of bloodshed have made it more difficult to conceive of a post-Assad Syria devoid of retaliatory measures against the Alawite community. While many Alawites may not like or support Assad, the potential loss of their political and economic autonomy is a key barrier to defections. Even in a scenario where a dominant opposition proved magnanimous in victory, there is little sign that Assad's base – and the other minorities that support the regime – is betting on such a favorable outcome.
- While events in Syria are challenging to Iran, the strategic choices of the Islamic Republic and its chief ally in the region, Hezbollah, are evolving in an effort to deal with events in Syria and potential

shifts in the regional balance of power. While “Plan A” is to try and maintain Assad in power and fend off his local and regional opponents, “Plan B” in the event Assad falls seems to be the prevention of the emergence of a stable Syria under Sunni rule in Damascus. There is continued evidence in 2014 that the IRGC’s Quds Forces, aided by Hezbollah are actively training and equipping mainly Alawite and Shi’a tens of thousands of irregular forces into what appears to be a deeply ideological Jaysh al-Shaab or “People’s Army” meant to take pressure off Syrian regular and special operations forces and fight for the interests of the Alawite community and other allied factions in Syria.

- As the corrosion and decay of Syria’s state and national security structures continues to grow, the militarization of the struggle for Syria all but ensures that militia economics and warlordism will be a dominant feature in Syria for years to come. The Syrian military already underwent a process whereby it was stripped down to its most loyal –and predominantly Alawite – core. If the military does not survive institutionally in the long term, or if it does not regain some semblance of national legitimacy, the prospects for demobilizing Syria’s growing archipelago of militias and fighting groups will be extremely slim.
- Syria’s insurgent groups – which are far more likely to have influence in Syria than either external or local political opposition forces – are poor vehicles to socialize, advance, and consolidate external (principally Western) efforts to secure pluralism and stable politics in Syria. Again, while many insurgent groups include Army defectors, many if not most insurgent groups in Syria still remain local militias in what has become a national struggle. Neither they nor the many more civilians-turned-guerilla-fighters are anywhere near ready to internalize and implement any form of lasting transition plan in Syria. This in turn will also further complicate a lasting cessation of hostilities, the creation of a stable and credible government in Damascus, or a Syria that will actively protect its minority groups.
- The rise of jihadi and militant Islamist factions and fighting groups in Syria with ties to Al-Qaeda like ISIS and Jabhat al-Nusra present another key challenge. While the Syrian armed opposition remains deeply fragmented despite its growing size, Islamist and jihadi units have better access to weapons, are attracting recruits frustrated by the uneven pace of the conflict, and are moving far quicker to consolidate their forces. The presence of ideological and radical forces in Syria’s civil war was always going to be a challenge so long as more moderate factions were unable to overcome their internal divisions and gain access to more military resources.
- While groups like ISIS threaten regional opponents of the US and Saudi Arabia – like Assad’s Syria, Iran and Hezbollah – the adage that “the enemy of my enemy is my friend” does not apply to intolerant extremist groups with transnational aspirations. The presence of these groups in the Levant is instead a case of “the enemy of my enemy is also my enemy.” Neither the Assad regime nor Iran are party to the September 11, 2014 “Jeddah Communique” which brings together an array of regional and Levant states with the intent of combating the spread of ISIS. However, separately, together, or by agreeing to disagree, the US and Iran – but also Egypt, Israel, Jordan, Lebanon, the GCC states and Turkey – will all have to fight the threat from the expansion of groups like ISIS into ungoverned spaces in the Levant.
- The impact of external actors will grow more critical as Syria’s civil war continues to evolve. Countries like Saudi Arabia, Qatar, and Turkey have been active supporters of the armed insurgency against Assad, including indirectly supporting some of the more hard line elements fighting Assad. Meanwhile, the US and European states have been important sources of external pressure and coalition-building against the regime in Damascus. Meanwhile, Russia, Iran, and China continue to wield influence with Assad in a bid to maintain what remains of the regional status quo. There is significant daylight between the competing nations supporting either side of Syria’s civil war. However, as with other similar conflicts – such as Lebanon’s 15-year civil war – external support by competing external actors will be critical to any effort to legitimize a new political order in Syria.
- At present, the best Assad’s regional and international opponents could hope for would be more representative Sunni-led leadership that takes into account the foreign policy priorities of the United States, the Gulf states led by Saudi Arabia, and Iran. At worst, Syria would remain unstable and could deteriorate into a deeper regional sectarian conflict – a conflict which could in turn draw its

neighbors – especially Lebanon and Iraq – into a cycle of regional proxy warfare. What is certain, however, is that in any scenario, Syria’s regional role has been severely weakened by a three years of unrest.

- Continued political upheaval and civil war mean that Syria’s economic outlook will only continue to decline. Even in a scenario where key players in the merchant class put their full weight against the Assad regime, there is still no clear sense of an end state in 2014 either on where Syria was going or which players could and would be at the helm. It is also difficult to measure the impact of external rents and aid provided to Assad from Russia, China, Iran and what other few allies the regime still had.

None of the dynamics shaping Syria’s future are simple, definitive or predictable. All illustrate how Syria’s internal battle for power is tied to broader regional Sunni-Shi’a fault lines that neither the Sunni Gulf states, Iran, nor the US can take for granted. The longer Syria lingers caught in civil war and political uncertainty, the more likely it seems the country will emerge as a continuing arena for proxy competition.

However, even with Arab, Turkish or Iranian support, any US-led intervention – political, military or otherwise – would have to take stock of the scale of Sunni-Shi’ite regional polarization and the level of acrimony between the Southern Gulf states and Iran to determine the benefits and potentials costs of deeper US involvement in the Levant.

Both the armed opposition and the regime and its supporters are undergoing a rapid process of political Darwinism and it is not possible to clearly determine who the key players in Syria will be months from now, let alone in 2014 and beyond. What is certain, however, is that regardless of if or when Assad falls or is replaced, Syria will struggle with the militarization of society and the expansion of Islamist and radical forces for years to come. The US would then face increasing difficulty in both staying out of and competing with Iran in Syria.

Israel

Israel will be a key factor in US-Iranian competition and the recent cycle of instability in 2012 and 2014 will remain critical to how both countries develop their bilateral relationship and security ties.

- A ring of growing instability now exists around Israel. By contrast to this, however, Israel was the only Levant state not faced with the threat of at least one form of domestic upheaval. The US will continue to provide Israel with both political and military security guarantees to bolster their strategic partnership. The US and Israel must also continue to coordinate their efforts to minimize and curtail Iranian influence in the broader Levant.
- At the same time, and despite recurring setbacks, the growing cycle of regional unrest accelerated the need to bring Israeli-Palestinian negotiations on a two-state solution to fruition. Popular sentiment across the Arab world, US preferences, the need for a lasting peace, the recent Palestinian UN bid for statehood, and the longer-term strategic interests of both Israelis and Palestinians all argue for such an initiative. A vast gulf of mistrust between Israel and the Palestinians exists, and there was no certainty in 2014 that any efforts will succeed. At the same time, the failure to try may put an end to the Arab League peace initiative, force Egypt and Jordan to distance themselves from their peace agreements, strengthen Iran’s efforts to spoil peace efforts, undermine the US role in the Arab world, and further radicalize the Palestinians at a time when rational minds should prevail.
- With US support and aid, Israel developed the making of a true “edge” in terms of countering the asymmetric threat from Palestinian and possibly Hezbollah missile fires. However, every “edge” has to factor in the possibility that asymmetric and non-state opponents may adopt often low-cost and low-tech tactics to deal with or to degrade high-cost and high-tech Israeli countermeasures.

“Operation Protective Edge” in 2014 showed Israel, its allies, and its opponents that the best response to the *Iron Dome* missile defense system was to find another means of causing Israeli military attrition.

The Palestinians

The US cannot take risks with Israel’s security but it must take account of the fact Palestinians play an important role in US competition with Iran and in dealing with the Arab and Muslim worlds.

- As with Israel, the US needs to work hard to bring the PA back to negotiations on a two-state solution. The PA’s UN bid initially did much to buoy the position of President Abbas, however, this effect largely degraded by 2013 and Hamas has since taken the spotlight due to its perceived military prowess against Israel during “Operation Protective Edge” in 2014. The Quartet, led by the US, must push ahead with peace efforts before moderate factions before more marginal. The alternative is a degeneration of the Palestinian position to a point that strengthens Palestinian opponents of the West and invigorates Iran’s spoiler role in the Arab-Israeli conflict.
- The Palestinian Islamist wildcard has proven crucial to projecting Iranian influence in the Levant as a means of impacting the Arab-Israeli conflict. Relying on groups like Hamas was also an important means of shoring up much needed Sunni support for Iran in the region. A very public break between Syria and Hamas was a setback for Iran, but in 2014 the Islamic Republic cultivated ties with other Palestinian Islamist groups. So far, Tehran has also rejected a deeper isolation of Hamas for siding against the Assad regime, and claimed some public credit for accomplishments during fighting in 2014.
- While US and Iranian competition does play a role in shaping Palestinian politics, internal Palestinian and broader regional dynamics will be far more critical. Fatah is trying to roll back the growing preeminence of Hamas in Palestinian politics and the Arab-Israeli conflict. Hamas, meanwhile, is working to roll back its isolation vis-à-vis one-time friendly regional Arab states. Both patterns are uphill battles for Fatah and Hamas, and both work to Iranian and US advantage on either side of the Arab-Israeli conflict.
- The development and integration of tunnel warfare and an effective irregular warfare force equipped with rockets that could be fired from hidden launch sites complicated the optics of the *Iron Dome* missile defense system – especially when rocket fires were ultimately secondary to attacks by ground forces deep within Israel coupled with high IDF attrition rates
- Despite these gains, Syrian unrest, tensions with Iran and the loss of favor with Egypt under President Sisi all presented Hamas with a choice between its regional credentials as a Sunni Islamist movement and its long-time regional partners Iran and Syria. So far Hamas has managed to recalibrate ties with Tehran, and recent military “non-failures” and relative successes in 2014 against Israel have offset the effects of regional unrest and the loss of ties to Damascus, Cairo and much of the Arab world.

None of this changes the fact that Hamas and all Palestinian factions must deal with worsening socio-economic realities, a region that will be unstable for years, and continued Israeli responses to efforts by Hamas and Hezbollah to sharpen their asymmetric military capabilities. Meanwhile, Israel has few viable options in a region undergoing generational change and instability. Siding with opposition forces in Syria could help Iran and its allies link regional developments to accusations of so-called US and Israeli plots to reshape regional politics.

Egypt

US policy towards Egypt and Jordan should focus on aiding their stability and development. Iranian influence and interference can only take hold if Egypt and Jordan fail to develop their own path toward stability, and if the US fails to support them in these efforts. It may take them take each state a decade or more to achieve the level of stability and development their peoples need, and the US must show the strategic patience to work with both states in what may often be periods of unrest and turmoil.

- President Morsi's exit from power in 2013 meant that Egypt would go through a cycle of instability as it reconciles itself with the indirect return of the Egyptian military to domestic politics, the Muslim Brotherhood's re-branding as a terrorist organization, and the uncertain role of other Islamist political forces in future governments. The US government and Congress must both remain flexible as President Sisi tries to restore stability to Sinai and the broader country— a move that is crucial to ensuring stability across the Levant and the broader Middle East and North Africa
- Military aid from the US, and financial assistance from the Gulf states, are crucial to stabilizing post- revolutionary Egypt. The US must continue to nurture its military-to-military relationship while recognizing that Egypt's economic needs must also be addressed. While funding from the Gulf can help sustain investment and macroeconomic indicators, and while the US and other Western democracies can provide the sort of socio-economic aid that bolsters governance and state accountability at least in principle, only the oil-rich Gulf states have the fiscal flexibility to invest large amounts of capital to help stabilize the broader Egyptian economy.
- “Operation Protective Edge” showed that Egypt under Sisi was far less forgiving of Hamas and its activities in the Gaza strip. While the US benefits from an Egypt that could work to isolate militant Palestinian groups, Egypt's ability to communicate with such factions was what made Egypt a remarkable all in Arab-Israeli affairs. Cairo should strike the right national balance between pressure and engagement – especially insofar as Egypt can engage with groups that the US government simple cannot either.
- In the wake of ISIS' persecution of minority groups in Syria and Iraq, recurring sectarian tensions between Egyptian Muslims and Coptic Christians now sit in a much broader context. The continued deterioration of communal ties will likely have an increasingly negative effect on the country's internal stability. While accounting for 10% of the Egyptian populations, at some 10 million strong the Copts remains the largest Christian community in the Levant. With the rise of sectarian tensions in Syria and Iraq, continued sectarian recrimination in Lebanon, and the depletion of Christians in Iraq and the Palestinian Territories, the US and Egypt must both do more to prevent communal and primordial politics from becoming a source of instability in a region in a deep state of flux.
- The internal upheavals that overthrew the Mubarak regime in 2011 and the Morsi government in 2013 will continue to create serious new uncertainties about Egypt's longer term stability. No one can take Egypt for granted, regardless of the trajectory of politics and governance in Cairo. It may be far more stable than Syria in terms of internal violence, but Egyptian security was relative in 2014.
- Political unrest and instability between 2011 and 2014 in Egypt have also led to greater militancy and armed activity in the Sinai Peninsula with implications not only for security there but also for the future stability of Egyptian-Israeli bilateral ties. Post-Morsi Egypt has seen escalating violence between the Egyptian security forces and militants, smugglers, and Bedouin tribes. Whether or not the Egyptian authorities can impose order there could also impact stability and non-state armed activity in neighboring Gaza as well.

Jordan

Jordan is too important to the US and its Gulf allies not to make every effort to help it avoid prolonged instability.

- Here too, the US needs to continue to support security and economic assistance programs to the Hashemite Kingdom, while supporting peaceful democratic reforms as well. It should also continue to support Gulf efforts to integrate Jordan into the Gulf Cooperation Council as one measure to limit regional instability and bolster the Kingdom's security.
- Events in Syria also have potential direct and indirect effects on other regional actors. Jordan's King Abdullah was among the first regional leaders to openly call for Assad to step down. However, more than three years of Syrian unrest have left Jordan struggling to insulate the kingdom from the corrosive effects of Syria's increasingly divisive civil war. In addition, Jordan continued to struggle to deal with the growing impact of more than a million displaced Syrians in the Kingdom.
- In parallel to political dissent tied to Syria, Jordan has slowly become a key regional exporter of militant Jihadi fighters. In early 2014, some estimates placed the number of Jordanian Salafi-Jihadi fighters in Syria at between 700 and 1,200. A more recent June 2014 estimate put the number of Jordanians fighting in Syria at closer to 2,400 – half of whom had joined ISIS.
- The Hashemite monarchy, a key US regional ally, is likely to come under growing pressure from both hardline Islamist groups – like ISIS in Iraq and Syria – at a time when the Kingdom is struggling to cope with systemic micro and macro-economic challenges, a growing budget deficit, a ballooning Syrian refugee population, and the growing penetration of Salafi and jihadi groups into the broader Levant.

Lebanon

After Syria and Iraq, Lebanon is one of the countries most affected by the side-effects of popular unrest, civil war, massive migration, heightened sectarianism and the potential for further degradation in national sovereignty. While there were serious risks of instability in 2014, opportunities also existed for both Lebanon and the US to better manage the country's precarious security politics.

- In the wake of regional protests starting in 2011 and the outbreak of Syria's civil war, the US-Lebanese bilateral relationship has increasingly become defined by both countries' need to cooperate on regional security, intelligence sharing and dealing with emerging and common threats from militant groups inspired by Al-Qa'eda with operational links to Lebanon, Syria and Iraq.
- While Lebanon cannot compare with other regional states in the conventional military balance, the country – especially its armed forces – remains important to preserving what remains of a shattered regional security architecture, mitigating the expansion of groups like ISIS and Jabhat al-Nusra, and limiting the role of South Lebanon as a launch pad for missiles and other threats against Israel.
- The US should not take sides or ideological positions in Lebanon; US policy should remain focused on the fact that Lebanon will remain the problem child of US foreign policy. This entails a pragmatic policy that seeks to minimize Lebanon's geopolitical profile and contain the risks posed by Hezbollah and other forces hostile to US interests in the Levant. The US must continue to capitalize on the fact that Iran's relationship is with Hezbollah while its own relationships can be with a broader range of Lebanese institutions and political forces.
- The US should seek to support the UN Special Tribunal for Lebanon in ways that will not reinforce negative perceptions of the US as well. Given the depth of divisions in Lebanon, the US will not score points in its competition with Iran if the Tribunal cannot eject perceptions that it is a Western political tool meant solely to undermine Syria and Iran in the Levant.
- The US should continue to support UNFIL and the LAF based on their real world impact on security politics along the Blue Line. This means accepting first that the UN force's role as a regional punching bag for both the Israelis and the Lebanese is conducive to stability along Israel's northern flank. It also means accepting that while the LAF is not the non-sectarian military force that many in the US hoped it would be, it remains critical to keeping a lid on Lebanese instability.

- Given the weaknesses of Lebanese political allies and the limits of US policy in Lebanon, long term military diplomacy remains crucial to maintaining US influence in Lebanon and sustaining the US's place in security politics in the Levant. Furthermore, the scale of challenges Lebanon is likely to face from growing asymmetric threats will likely merit higher levels of external aid. The State Department, with the support of Congress, should consider providing levels of FMF and other military aid at least moderately in excess of some \$75 million per year over the FY2012-FY2014 timeframe for Lebanon to avoid the real prospect that US security assistance and cooperation programs will run out of unallocated funds before the start of 2013.
- As the Syria conflict drags on, so too will pre-existing tensions in Lebanon along Sunni-Shi'a lines. Lebanon's Sunnis have broadly sided with the mainly Sunni uprising against Bashar al-Assad, while Lebanese Hezbollah and the Shi'a more broadly support the Assad regime. Both sides have sent fighters to Syria, albeit Hezbollah's deployment was both more deliberate and better planned out. However, the sad irony is that while Lebanese factions may turn the tide in Syria, all of the underlying challenges in Lebanon will still be there, and more likely, will get far worse over time.
- Other challenges that will expand if unchecked are the weak underlying socioeconomic and demographic fundamentals of Lebanon. While Lebanon did adopt a more liberal economic model than most of its neighbors, the analysis illustrated massive income, job access and employment gaps between the mainly rural north and Tripoli on the one hand, and places like Beirut on the other. The US should recognize that these enduring human patterns contribute to Sunni militant recruitment and to growing Sunni resentment of the country's Shi'a community. With US support, the Lebanese government must find ways to leverage both Lebanon's own economy and its ties to countries within the International Support Group for Lebanon (ISG) – like the US, Saudi Arabia, the UAE, the UK and France – to help offset some of these underlying trends.
- Effective planning and support are critical if the LAF and the government of Lebanon are to make good on the military's core national security priorities in 2014, which are tied to internal stability operations, counter-terrorism, and border management. To that end, in 2013 the LAF formulated a five-year capabilities development plan (CDP). The CDP was the first major strategic document produced by the LAF to address critical mission areas, minimum force capabilities, targets in terms of professionalizing LAF standard operating procedures, and linking the overall effort to budgeting and future funding in both an inter-agency and a civil-military environment. The US can and should support current and future steps that Lebanon may take to plan for an uncertain military future.
- The LAF in 2013 and 2014 became an integral part not only of Lebanese but also regional and international efforts to produce and sustain key metrics of relative stability. To that end – and with British and US support – the LAF expanded its deployment to the North and North Bekaa in the first major deployment of its kind in post-independence history. This also included the standing up of two new border regiments, backed by a planned initial total of 12 fixed *Sangar*-style fortified forward operating bases (FOBs) intended to detect, deter, deny and defend against future militant incursions from across the Lebanese-Syrian frontier.
- Clashes between the Lebanese Armed Forces (LAF) and JAN and ISIS militants in August 2014 served to highlight what can happen if competing Lebanese political forces cannot set aside some of their differences. Ungoverned and under-governed spaces in Lebanon's north and north-east continued to serve as staging grounds for raids into neighboring Syria in 2014. However, these spaces also presented a real threat to both mainstream Sunni and Shi'a political forces in Lebanon. The US, Saudi Arabia, Iran and other key states all need to be conscious of the fact that the unfettered presence of such militant groups presents an equal opportunity threat in Lebanon, and that if left unchecked, could unravel Lebanon's limited but important role in what remains of the current Levant security architecture.
- The next attack against Lebanese military targets along the border with Syria is not a matter of if but when. As such the government of Lebanon, the US, the UK, Saudi Arabia and France all should work to accelerate the deliveries of military equipment, ammunition and training requested by the LAF. These include increases in the LAF's ability to effectively target fires at range with systems like the AGM-114 *Hellfire*, and acquiring more fixed wing ISR/CAS platforms to build up the

LAF's ability to "net" its forces and to counter some of the effects of sparse and challenging terrain in the northeastern Lebanese-Syrian mountain hinterlands.

- Hezbollah is likely to continue supporting the Assad regime and Iranian interests in Syria in early throughout 2014. However, these efforts will likely continue to focus on Hezbollah's "train and equip" effort with Syrian irregular units under the auspices of the National Defense Force, "hunter killer" missions in the anti-Lebanon mountain and Qalamoun mountain chain, and the defense of key sites tied to either Shi'a demographics in the region and the protection of key religious sites, including the Sayyidah Zaynab shrine on the outskirts of Damascus.

In the end, the choices thus far of Lebanon's leading Sunni and Shi'a factions attest to the stark reality that Lebanon's opposing political forces cannot escape the negative effects of competing on either side of Syria's civil conflict. Syria and Lebanon are tied together by geography, demographics, unstable regional alignments, and deepening Sunni-Shi'a regional tensions. Neither Lebanon's Sunnis nor its Shi'as have yet to definitively come to what might be a very bitter lesson in dealing with instability in the Levant: that the Lebanese tail cannot safely and successfully wag the Syrian dog.

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I. INTRODUCTION

The US and Iran face an unprecedented level of policy instability in the Levant and Egypt. The Islamic Republic has developed strong ties with Syria and non-state actors in the region, including the Lebanese Shi'a group Hezbollah and the Palestinian Hamas Islamist movement, in what Iranian and Syrian leaders have dubbed the "Resistance Axis." The civil war in Syria, however, has led to an increasing struggle for influence and control over both Syria and Lebanon between Iran and the Arab states and Turkey, as well as between the US and Iran.

The struggle for power in the Levant has been compounded by a revival of the civil war in Iraq, and a growing overlap between the Syrian civil war and dynamics in Iraq. The rise of Sunni Islamist factions in Syria, and the fact that former Prime Minister Nouri al-Maliki alienated Iraq's Sunnis to the point of open rebellion, allowed the remnants of Al Qaeda in the Middle East to reemerge as a new and independent jihadist movement called the Islamic State in Iraq and Syria (ISIS).

ISIS defied Al Qaeda Central and refused to give the Al Qaeda-backed Jabhat Al-Nusra the lead role in Syria. Instead, it first took control of a large portion of eastern Syria away from other rebel factions. It then took advantage of Maliki's alienation of Iraq's Sunni population to invade Iraq with the support of other Sunni anti-central government factions and many Sunni tribal leaders.

ISIS took Ramadi and Fallujah at the end of 2013 and then capitalized on popular anger and Maliki's misuse of the Iraqi security forces to seize much of northern Iraq – including Mosul – up to the boundaries of the Kurdish security zone. It then declared that it was the "Islamic state." The boundaries between the Levant and the Gulf were virtually destroyed, and what some warned would be a "Shiite Crescent" became a massive clash within a civilization.

Meanwhile, the political upheavals in Egypt produced a Muslim Brotherhood-led government in 2012 that was seemingly less hostile to Iran than the previous Mubarak regime, but that was also strongly Sunni and favorable to forces opposed to the Assad regime in Syria. This initially created a source of tension between Egypt and Iran, led Egypt to be far more sympathetic to the Palestinians, less tolerant of Israel, and less tied to the United States.

A 2013 military-led coup has since removed the Brotherhood from power, banned the group, and labeled it a terrorist organization. A new military – led government under Abdel Fattah Al-Sisi came to power, and Sisi was elected President on June 8, 2014. However, Egypt remains a country very much in crisis, with real questions tied to weak socio-economics, unmanageable demographics and an uncertain foreign policy future.

Iran continues to exploit Arab-Israeli tensions in ways that make it an active barrier to a lasting Arab-Israeli peace, while the US must deal with the impact of recurring tensions between Israel and the Palestinians and the risks of new rounds of fighting in Gaza that could increase Arab hostility to the US strategic partnership with Israel. At the same time, the rising tension between Iran and the Arabs, raised regional tension between Sunnis and Shi'ites/Alawites and Arabs and Kurds – all in large part thanks to competing interests in Syria, Iraq and Lebanon – have pushed Arab regimes back towards closer ties with the US

in spite of, policy differences with the US over Egypt, Syria, and US efforts to negotiate an end to Iran's efforts to seek nuclear have all complicated US-Gulf relations.

The end result has been a growing power struggle between Iran and several key Arab states, continued competition between the US and Iran for influence over both state and non-state actors, and the gradual emergence of Arab Gulf allies as regional wild cards in the Levant. All of these struggles also affect Turkey, Iraq, the Southern Gulf states themselves, as well as Europe, China and Russia.¹

Every state involved is forced to play the strategic equivalent of three-dimensional chess in a game that has no clear rules and constantly changing boards. It is a game that is almost certain to continue for at least the next five years, and where competition will often have to substitute tactics for strategy on a target of opportunity basis. In fact, there is little chance of regional stability for at least the next decade, and most of today's regimes and power relationships are unlikely to survive in their current forms.

This report addresses all these aspects of US and Iranian competition by looking at six key arenas: Syria, Israel, the Occupied Palestinian Territories, Egypt, Jordan, and Lebanon. With the exception of Iraq – which is covered separately – these countries and territories make up the region referred to as the Levant. In every arena, the US and Iran must choose the best ways to advance their interests in each area, as well as consider the enduring and emerging regional challenges and wild cards that may to shape and influence US-Iranian interests and competition in the Levant in years to come.

The US, Iran and the Post-World War II Levant and Egypt

US-Iranian competition in the Levant and Egypt has evolved significantly over the more than 30 years since Iran's 1979 Islamic revolution, and the collapse of the US-Iranian partnership that began in the post-World War II (WWII) period.

Post-war US policy towards the Middle East was largely defined by the need to secure a reliable global energy supply, coupled with the broader US hegemonic contest with the Soviet Union. The Eisenhower Doctrine authorized the US to cooperate with and support economically and militarily any state in the Middle East in an effort to curtail the spread of communism.² In addition to Israel and Saudi Arabia, the US sought the support of Turkey and Iran as regional bulwarks against Soviet efforts to make inroads in the Middle East.

In the case of the Levant, Syria underwent coup after counter-coup and remained unstable for the better part of the 1950s and 1960s.³ Egypt under Gamal Abdel Nasser – initially considered a prospective US ally – fought two wars with Israel in 1967 and 1973,⁴ and Egypt's Pan-Arab narrative was perceived by the West and Nasser's regional opponents as a possible route to communist inroads in the region and new wars with Israel.⁵

Lebanon's post-independence sectarian political system was too inequitable and parochial to survive in its initial form and quickly became a source of internal discord, regional instability and open conflict. With the collapse of the Iraqi monarchy and keen to contain potential regional spillover effects, the US elected to intervene militarily in Lebanon's short-lived civil war in 1958.⁶

Iran played only a limited role in the region while it remained under the Shah, focusing on Iraq, the Soviet Union, and the Shah's ambitions in the Gulf following Britain's withdrawal. The rise of Khomeini in 1979, however, brought a new major challenger to the US role in the entire region to power, as well as a revolutionary regime that claimed to be the legitimate leader of Islam, creating new religious challenges to secularism throughout the region, new tensions with the Arab states, and growing divisions between Shi'ites and Sunnis.

From the Shah's Fall to Regional Proxy Competition

The collapse of the pro-Western government of Shah Mohammad Reza Pahlavi in 1979, and the rise of the conservative Iranian clerical establishment under Grand Ayatollah Ruhollah Khomeini, soon had impacts far beyond the Gulf. The US lost a critical regional ally. The Shah had been a supporter of US interests in the region, guaranteeing access to Iranian energy resources, garnering close ties to regional Arab monarchies, and maintaining friendly ties with Israel by minimizing its role in the Arab-Israeli conflict.

In stark contrast, the new Islamic Republic of Iran was hostile to US interests in the region, contested Arab states it saw as US clients, sought to forge an alliance with Assad's Syria, opposed the state of Israel, and became a fervent supporter of the Palestinian cause.⁷ In the decades that have followed – particularly since the end of the Iran-Iraq War in 1988 – Iran's competition with the US has had a growing impact on the regional geopolitical and military balance, particularly on the role played by Syria, Lebanon, and the Palestinians

Western arms transfer and aid had made Iran one of the most capable and technologically advanced militaries in the region at the time the Shah fell. Much of that capability deteriorated after Western advisors left. The US imposed an arms embargo, resulting in turmoil within Iran's forces. This caused major Iranian losses during the Iran-Iraq War, and has sharply limited Iran's inability to modernize and expand its conventional forces since the end of that conflict in 1988.

The effects of the Iran-Iraq war, international sanctions and prohibitions on Western arms transfers have all contributed to Iran's inability to recapitalize and modernize its conventional military forces. At present, Iran does not pose an existential threat to key US allies in the Levant or the Gulf. However, thanks in large part to its focus on asymmetric forces and effective regional proxies, Iran has become a long-range missile power, is seeking the capability to make nuclear weapons, and has built up a major asymmetric force in the Gulf.

Over time, Iran created special units like the Al Quds force to build up friendly and proxy forces like Hezbollah in Lebanon and those of Moqtada Al Sadr in Iraq. As a result, the Islamic Republic managed to pose a growing threat to the security of Saudi Arabia, Israel, and other pro-Western regional actors, and plays a major role in Iraq, Syria, Lebanon, and Gaza. While sanctions may have had some impact, Iran still could use its energy resources and continued membership in OPEC selectively as a source of leverage and influence against the West.

The end result is that the US and Iran now compete in a proxy war in the Levant that is centered around the civil war in Syria, Hezbollah in Lebanon, influence on the Palestinian movement, and the Arab-Israeli conflict. This struggle takes place in the larger context of

the struggle between Iran and the US and its Arab allies to shape the balance of power in the broader Middle East. Egypt, Jordan, Turkey, and the Southern Gulf states all play a major role in this struggle, as well as face their own internal challenges and tensions with Iran.

The Regional State System & Destabilizing Change

The fall of the Shah was not the only major shift in the post-WWII Middle East. From the 1976 Camp David Accord to the present, the Arab and regional state systems have seen successive permutations of regional alliances and counter-alliances. The rise and fall of Pan-Arabism, the role of Palestinian militant groups, the expanding role of Israel and the Arab-Israeli conflict, the collapse the Cold War, the preeminence of the US in the Gulf and the shifting sands linking Egypt, Iraq, Jordan, Lebanon, Syria and Saudi Arabia have shaped the trajectory of the Levant. The regional arena also shaped how the US and Iran would adapt and find new ways to compete.

The start of popular protests in the Middle East and North Africa in December 2010 served to complicate patterns of US-Iran competition in the Levant that were already mired by a nuclear arms race between Iran and Israel, and the risk of Israeli preventive strikes on Iran. Bahrain, Egypt, Jordan, Libya, Morocco, Syria Tunisia and Yemen all experienced challenges to well-established authoritarian structures ranging from protests to regime change and civil war.

In 2013, Egypt – which already saw one uprising in 2011 that deposed President Hosni Mubarak – experienced a military-led counter-revolution against Cairo’s Muslim Brotherhood-led government. While Abdel Fattah al-Sisi – the former commander of the Egyptian Armed Forces – was sworn in as President on June 8, 2014, the outcomes of Egypt’s struggle for power and prospects for socio-economic recovery both remain broadly uncertain.⁸ Jordan also experienced protests, but as of 2014, the Hashemite monarchy continued to stave off growing popular pressures through a mix of political reform, foreign political support and external aid.⁹

Syria was the hardest-hit of the Levant states to see unrest. Devastated by more than three years of protests, regime repression, civil war, sectarian radicalization, proxy competition between Saudi Arabia and Iran, and the effects of pro and anti-Assad divisions within the UN Security Council, Syria continues to be the Arab uprisings’ greatest tragedy. The conflict has also proven to be a magnet and incubator for transnational Sunni jihadi and militant groups that could threaten the stability of every state bordering Syria. Regardless of whether there will ever be a “winner” in Syria, the US, Iran and the broader Middle East will have to deal with the regional effects of the conflict for years, if not generations.

The Arab uprisings in the Middle East and the Levant in particular also intersect with key shifts in ideology and policy in the US, Iran and the southern Gulf states on the best means of securing discreet – and often narrowly national – foreign policy interests. Therein the US has struggled to reconcile its long-term pragmatism in the Levant with brief but potent neoconservative and neoliberal departures in foreign policy-making. Meanwhile, Saudi Arabia and Iran – key competitors for regional hegemony in the Gulf – have blurred the lines between the use of sectarianism as a tool of foreign policy, and sectarianism as a policy unto itself.

All of these dynamics have made the Levant steadily more complex due to changes in leadership, political contestation, the fragmentation of decaying state, and security structures, socio-economic challenges driven by long-term popular discontent amid the effect of regional and international balance of power dynamics. Key regional states – including Egypt, Syria, Lebanon and Jordan – have all been affected by this trend in ways that impact how both the US and Iran choose to compete in the Levant.

The Changing Role of Syria

Ties to Ba'ath-led Syria have long been the cornerstone of Iranian influence in the Levant. However, it is still too early to know how much influence Iran can retain or gain in Syria – particularly if the Assad regime does not survive. Iran faces considerable Arab backlash over its steady support for the regime of President Bashar al-Assad, must deal with growing tensions between Sunnis and Shi'ites in both the Levant and the Gulf, as well as deal with Arab fears that Iran seeks regional domination or influence at the expense of Arab states.

If political instability and civil war in Syria continue to make Assad's survival partly dependent on Iranian support, this will be a growing factor in US and Iranian strategic competition. It will also affect sectarian alignments. Iran will increasingly rely on its relations with Syria's Alawites as a matter of politics rather than a matter of any real shared identity between Shi'ite and Alawite religious beliefs. Iran has had to divert increasingly scarce national resources to shore up its beleaguered ally.

Meanwhile, the US and key regional allies have sought to increase pressure on the Assad regime, and provide different levels of support to anti-Assad political and insurgent forces, not the least to weaken Iran's sole major state ally as well as Iran's influence over Iraq, Lebanon, and the Palestinians. This makes Syria the key local prize for both the US and its allies and for Iran.

On the one hand, Iran's regional ambitions have become increasingly dependent upon Syria's future. If Assad and the Alawites fall from power, Syria might become far more closely tied to other Sunni regional powers, alienated from Iran, and willing to work with the US. On the other hand, the civil war might lead to a Syria where the Islamic Republic could either see an Assad regime that was far more dependent on Iran than ever before, where the outcome put more pressure on Iraq to support Iran, and where Hezbollah became even more powerful in Lebanon.

There are still other factors that may have far more bearing on the future of Syria, the region, and how the US and Iran may shape their respective policy choices. Key among them are the proliferation of both domestic and foreign militias and armed groups in Syria – many of them hostile to Iran, the US and even the West's Arab Gulf allies – the effects of civil conflict on Syrian demographics, and the erosion of state institute institutions over time.

2013 and 2014 saw the proliferation and near-military preponderance of jihadi militant organizations – some of them with ties to Al-Qaeda – such as the Jabhat al-Nusra (JAN) and the Islamic State of Iraq and al-Sham (ISIS)¹⁰ that rely at least in part on a steady stream of foreign fighters.¹¹ While these groups have proven to be a potent threat to the Assad regime and its allies, they also pose a growing threat to more moderate elements within the Syrian uprising as well as other regional states, including Iraq, Israel, Jordan and

Syria. Given time and room to maneuver, they could also threaten other key allies in the Gulf – including Saudi Arabia – and Turkey.

The other key sources of instability in Syria include demographic shifts, ethnic cleansing, and the creation of both massive refugee and internally displaced persons (IDP) populations. In early 2014 some 6.5 million Syrians had become IDPs and an additional 2.4 million were refugees in Lebanon, Jordan, Turkey, Iraq and Egypt – close to 40 percent of Syria's total population in 2013 estimated at 22.4 million.¹²

Syria poses both separate and overlapping sets of challenges to both the US and Iran. The threat from mainly Sunni jihadist groups is – if only on the surface – a source of common concern. Both countries also have an interest in seeing some form of stability return to Syria and the Levant in one form or another. However, whereas the US has been reluctant to intervene directly in Syria, Iran and its regional allies have not. Key US Gulf allies such as Saudi Arabia and Qatar have shown a willingness to intervene and to shape events in Syria, even if that meant challenging US priorities and prerogatives in the Levant.

US policy is increasingly shifting to deal with the long term pressures tied Syria's long term demographic, economic and political challenges. However, this may continue to be complicated by the reality that Iran and its allies – chief among them Hezbollah – on the one hand, and the array of both moderate and radical Syrian opposition groups backed by Saudi Arabia and Qatar may already be shifting their positions to finding new ways to compete in Syria and the broader Levant, regardless of whether Assad stays or goes. The US response to Syria in 2014 will also be complicated by the need to respond to emerging transnational threats to Syria, Iraq, the Levant and the broader Middle East – most notably the perceived threat posed by ISIS.

In the end, more years of conflict may ultimately lead to little more than Syria being both a battleground and casualty of US-Iran and Gulf-Iran competition. It is too early to predict what will emerge: a unified but fundamentally different Syria, a federated state, or a more permanent set of divisions. Regardless of whether there will ever be a “winner” in Syria, the US, Iran and the broader Middle East will have to deal with the lingering effects of the conflict for years, if not generations.

The Challenge of Iran's Role in Lebanon

Iran has scored gains in Lebanon since the Israeli invasion triggered a wave of Shi'ite hostility to Israel in 1982. Here too, however, the scale of Iranian influence will depend on how the overall pattern of unrest in the Middle East plays out over time. Once Iran came under Khomeini's control, it sent Iranian Revolutionary Guard troops to Lebanon to create new ties to the Lebanese Shi'a community. Iran found willing and able allies in an increasingly reactionary and radical Shi'a community angered by the presence of overbearing Palestine Liberation Operation (PLO) commandos followed by a no-less abrasive Israeli military occupation of South Lebanon.

Israel's mishandling of the occupation shifted Lebanese Shi'ite attitudes from one of initial support to one of organized hostility, and Iran took advantage of this situation to create an Iranian sponsored militant group that first began as the “Islamic Amal,” an ideological splinter group of Nabih Berri's Shi'a Amal militia, and then emerged as Hezbollah after the Israeli invasion.¹³ As later sections will show, the group was very much a Lebanese

entity. However, its emergence and consolidation as a leading player in regional security and national sectarian politics would not have been possible without Iranian support.

More than three years after the start of popular protests on December 12, 2010 in what came to be called by some as the “Arab Spring,” the conflict in Syria now defines both instability in Lebanon and how the US and Iran deal with their respective sets of interests in the country and the region. The potential loss or destabilization of the Assad regime could weaken Iran’s ability to project influence and support to Hezbollah to the potential advantage of factions aligned with the West and regional allies, including Saudi Arabia. The conflict could just as easily trigger a dangerous cycle of Sunni-Shi’ite competition that could spiral out of control and return Lebanon to a pattern of sectarian violence where no one can win in measurable ways.

Hezbollah’s decision in 2013 to commit military forces in Syria to support Assad’s forces reflects the primacy of preserving the “Resistance Axis with Iran,” and the view that Hezbollah can choose either to fight Sunni forces in Syria, or it can fight Sunni forces in Lebanon tomorrow, should Assad fall. However, the move has heightened precarious Sunni-Shi’a tensions in Lebanon which also reflect diverging Gulf and Iranian priorities in the broader Middle East. The net result is escalating levels of Sunni-Shi’a hostility, violence targeting Lebanon’s Shi’a community, and the proliferation of militant jihadi groups – including groups with ties to Al-Qaeda.¹⁴

For now, Hezbollah and its allies in Lebanon continue to support the Assad regime. Meanwhile, the country’s Sunnis – which are largely sympathetic to anti-Assad forces – have grown increasingly active in supporting Syrian rebel factions. Neither the US nor Iran have opted to sharply deepen the contest for Lebanon. While sectarian tensions in the country have not yet reached a tipping point, contests between Sunnis and Shi’ites and Sunnis and Alawites in Lebanon have heightened to the point that limited bursts of violence are increasingly common and broader escalation remains possible.

The scale of the Syria conflict has expanded to the point that Lebanon is facing unprecedented levels of pressure from the influx of Syrians refugees. Lebanon – a country of 4.1 million – officially hosts 1,176,971 (registered) displaced Syrians as of August 29, 2014.¹⁵ However, the Lebanese government estimated in October 2013 that the number of Syrian nationals in Lebanon had already exceeded one million; this earlier estimate includes Syrian guest workers and their families, as well as other Syrians of means not registered with any UN agency.

The Lebanese Armed Forces (LAF) is pushing to maintain if not produce relative levels of stability and as of mid-2014 undertook an ambitious project backed by the UK and the US to militarize a previously un-demarcated and still-porous border. The principal national security partner of the US in Lebanon, the LAF, has stood up border forces to deal with pressures from Syria. In parallel to efforts along the eastern border, Lebanon’s security forces have to manage a hot-and-cold peace along the United Nations Blue Line, grow into a growing counter-terrorism role against Al-Qaeda-inspired groups like ISIS, Jabhat al-Nusra and the Abdallah Azzam Brigades, manage growing Lebanese Sunni discontent, and deal with the fact that Hezbollah – in the long term – presents real challenges to the military’s integrity in post-war Lebanon.

While the scale of pressures on Lebanon and its people continues to grow, there are still a broad range of actors and institutions that seek to play a stabilizing role. In 2014, the US worked to support the LAF, the Presidency, and the Council of Ministers led by the Prime Minister. It was also shifting its efforts to support emerging multilateral efforts to stabilize the Levant, include the International Support Group for Lebanon.

The Effects of Regional Uncertainty in Jordan

Events in Syria have potential indirect effects on other regional actors. Jordan's King Abdullah was among the first regional leaders to openly call for Assad to step down. However, three years of Syrian unrest have left Jordan struggling to insulate the kingdom from the corrosive effects of Syria's increasingly protracted civil war.

As of September 3, 2014, the Kingdom was home to more than 614,000 displaced Syrians.¹⁶ This demographic influx places only further pressure on an economy that is largely dependent on Gulf aid, tourism and overseas remittances and hobbled by a poverty rate anywhere between 15 and 30 percent, corruption, declining growth and unemployment that could be as high as 30 percent with a similar level for youth unemployment. The Kingdom is also struggling to cope with systemic micro and macro-economic challenges tied to a growing budget deficit.¹⁷

These socio-economic and demographic pressures are described in greater detail both in chapter six and analysis focusing more narrowly on Jordan in chapter eleven. One side-effect unmet expectations by under and unemployed Jordanians is the gradual expansion of Jordan's Salafi population and their exposure to possible recruitment by mainly Jihadi factions fighting in Syria. By some estimates some 500 to 800 Jordanian jihadists were fighting in Syria in 2013.¹⁸ In 2014, Jordanians were estimated to account for about 700 to 1,000 foreign Jihadi fighters in Syria – among the largest contributions.¹⁹

Jordanian fighters in Syria only serve to compound pre-existing internal pressures in Jordan. The Hashemite monarchy is coming under growing pressure from both hardline Islamist and more mainstream opposition groups to find ways to either intercede in, or deal with, the pressures from Syria. Meanwhile, the US is also struggling to find the ways and means to support a key regional ally's leadership, economy and security forces amid a ballooning Syrian refugee population and the growing penetration of Salafi and jihadi groups into the broader Levant.

The Growing Issue of Egypt, Israel and the Palestinians

The internal upheavals that have overthrown the Mubarak regime in Egypt have, however, created serious new uncertainties about its ties to the US, Egyptian willingness to put pressure on Iran, support for the peace process and tolerance of Israel's security efforts, and Egypt's ties to the Palestinians and the Southern Gulf states. No one can take Egypt for granted, regardless of the trajectory of politics and governance in Cairo. It may be far more stable than Syria in terms of internal violence, but Egyptian security is relative.

The fighting between Israel and the Palestinians in Gaza is a violent indication of the effective collapse of the Arab-Israeli peace process, the growing instability in the Palestinian movement, the growing role the Arab Gulf states are playing in the internal affairs of Arab states and movements outside the Gulf, and the fact that US ties to Israel

present a constant opportunity that both Iran and Islamist extremist movements can exploit. As a worst case, instability in Egypt will lead Cairo to either be far less proactive in keeping its peace with Israel or lead Egypt to reject its peace settlement altogether. It is also impossible to dismiss the prospect that political upheaval in Jordan could have the same result.

There are limits to how much of an advantage such shifts in the Arab-Israeli conflict will be to Iran, given the scale of Sunni Arab polarization against a Shi'ite Iran. However, there is no question that the Arab-Israeli conflict still affects every aspect of Arab public opinion and does impact US ties to even the more friendly Arab states.

While US and Iranian competition plays a role in shaping Palestinian politics, internal Palestinian, and broader regional dynamics are similarly critical. Fatah is trying to fight back against the growing preeminence of Hamas in Palestinian politics and the Arab-Israeli conflict. It continues to struggle against a backdrop of corporate interests, internal corruption, and the perception the current leadership is too close to the US and too dependent upon Israel. Both patterns are uphill battles for Fatah and both work to Iran's advantage in Arab-Israeli politics.

Despite these gains, Syrian unrest has forced Hamas to choose between its regional credentials as a Sunni Islamist movement and its long-time regional partners Iran and Syria. So far Hamas has managed to recalibrate ties with Tehran, and recent military "non-failures" against Israel have offset the effects of regional unrest and the loss of ties to Damascus. However, none of this changes the fact that Hamas and all Palestinian factions must deal with worsening socio-economic realities, a region that will be unstable for years, and continued Israeli responses to efforts by Hamas and Hezbollah to sharpen their asymmetric military capabilities.

Meanwhile, Israel has few viable options in a region undergoing generational change and instability. Siding with opposition forces in Syria could help Iran and its allies link regional developments to accusations of so-called US and Israeli plots to reshape regional politics. Recent advances in missile defense complicate Palestinian and Hezbollah rocket and missile asymmetric capabilities. However, it is unclear that these solutions can be made cost-effective in the short term, or that they can hinder the evolution of Palestinian and Hezbollah asymmetric counter-measures. Conventional and asymmetric military developments also cannot change the reality that both the Israeli and Palestinian political landscapes continue to shift to the right in ways that could permanently scuttle efforts towards a stable two-state solution.

Indirect Military Competition

Both the US and Iran have worked hard to nurture partnerships and relationships in the Levant with regional state and non-state actors to promote their regional interests, project power and shape the broader regional balance of power.

US military aid to Israel has insured the country's preeminence in the regional military balance. In the wake of peace agreements and deepening ties with the US and the West, neither Egypt nor Jordan is actively competing militarily. Syria, which continued to try to compete with Israel, was forced to abandon efforts to achieve strategic parity in favor of

strategic deterrence. As such, the Arab-Israeli remained focused on competition between Israel and Syria.

Popular protests in the Arab world have all but shattered the past structure of the regional conventional military balance. Nowhere is that more the case than in Syria. After two years of protests, violence, and an increasingly sectarian civil war, the Syrian military is no condition to compete directly with any of the other regional militaries.

Meanwhile, Egyptian instability has preoccupied that country's military, and Jordan's military remains squarely focused on internal security and mitigating spillover effects from Syria. Lebanon remains a de facto non-player with the country's military far more focused on trying to find ways to insulate the country from instability in Syria.

At the same time, the asymmetric warfare capabilities of state and non-state actors have become steadily more important. The 2006 Israeli-Hezbollah war marked a major milestone in the growing significance of regional asymmetric competition. While countries such as Syria have focused on building up strategic deterrence against Israel at least since the 1980s, non-state armed groups – such as Iranian and Syrian backed Hezbollah and Hamas – would prove to be key players in the regional asymmetric military balance.

The US and Iran now compete in shaping the dynamics of regional asymmetric dynamics. Both countries are critical to the capabilities and development of their regional allies' respective roles in an ever-shifting asymmetric military landscape.

Competing in an Unstable Levant State System

It is impossible to understand any aspect of how and where the US and Iran compete in the Levant without taking the time to look at the contours of the regional state system in the Levant and the forces that shape it.

The regional system has gone through multiple transformative moments, including the Camp David Accords, Egyptian-Israeli and Jordanian-Israeli deals, multiple regional wars, and shifting alliances. Throughout the last four decades, regional patterns of competition were at least, if not more acute than patterns of US-Iran competition.

Dynamics between Iran and Saudi Arabia are – at least in some ways – far more critical to shaping US-Iran patterns than one initially could surmise. Going back at least to the Islamic Revolution of 1979, Saudi Arabia and Iran have been critical to shaping each other's policies, but also the policy preferences of other regional and international states.

In the wake of the Arab uprisings, this remains largely still the case. However, the danger lies in both countries' over-reliance on sectarianism as a tool of foreign policy. The scale and pace at which Saudi Arabia and Iran are currently competing all but ensure that the US and other states that either focus on the Levant or are *in* the Levant may inherit or have to deal with a mess from hell.

While the conventional and asymmetric balances dominate US and Iranian security competition in the Levant, socio-economic and political competition, in addition to military aid patterns, are important as well.

Any discussion on aid to countries in the Levant focuses mainly on US efforts as no equivalent transparent Iranian aid data exists for the purpose of comparison. It also focuses

on the deep socio-economic, political and sectarian cleavages, the pervasiveness of the Arab-Israeli conflict, and a cycle of popular protests that combine to make the Levant and Egypt a growing challenge to the US in shaping its regional struggle with Iran.

Examining the Struggle for the Levant

This study asks how the US and Iran compete in the Levant, where do they compete, and what are the forces and constraints that shaped this contest in the past, present, and possibly in the future?

- The first chapter of this report introduces the analysis.
- The second explores US and Iranian interests in the Levant.
- The third chapter addresses how the US and Iran compete by considering the conventional military balance in the Levant.
- The fourth chapter goes beyond conventional forces and considers an area where Iran has been especially effective over time, namely in shaping the regional asymmetric balance.
- The fifth chapter looks at the history, evolution and current state of play in the Arab and regional state system.
- A complementary sixth chapter looks at the evolution of socio-economic forces that shaped the Arab uprisings and their lingering regional effects.
- The seventh to twelfth chapters examine how the US and Iran compete in each country in the Levant.
- The thirteenth chapter evaluates persistent and emerging challenge or “wild cards” in the region.
- The final chapter derives key implications that are likely to shape future US policy towards the Levant.

The Levant, in the scope of this report, includes Egypt, Israel, Jordan, Lebanon, the Palestinian Territories and Syria.

II. U.S.-IRANIAN INTERESTS IN THE LEVANT, EGYPT, AND JORDAN

The US and Iran have different geostrategic interests and their reasons for engagement with the region are not easy to compare. The US is a global superpower that has worked hard to shape regional trade, security, socio-economic and political dynamics in the Levant at least since the end of WWII. In contrast, Iran's levels of engagement and its objectives are far more limited. This is due largely to the realities of geography and the real world limitations of Iran's ability to project influence and shape events beyond its immediate Gulf sphere of influence.

U.S. Interests

While the US must make efforts to support the democratic and economic development of the states in the region, Washington must also take account of US strategic and hard power interests. These interests include energy security, sustaining strategic partnerships with key regional allies, and supporting stability and evolutionary change at a time when the alternative can often be civil war, years of turmoil, or a series of unpredictable power struggles. The Arab-Israeli peace process remains a core US strategic interest in the region, in no small part as a result of recent US military involvement in the region and a desire to reshape Arab and Muslim perceptions of the US in the broader Arab and Muslim Middle East.

The US must also be increasingly concerned with the role played by armed non-state Islamist movements – including Palestinian Hamas and Hezbollah in Lebanon – in regional security politics. In short, US interests are predicated on supporting geopolitical forces that favor both long-term stability and the protection of US interests in the Levant.

The US-Israeli Strategic Relationship and Iran

Much of the current pattern of US and Iranian competition is affected by the fact that Israel is one of the US's most important Middle East allies. Few countries have faced as many “existential” military crises in modern times as Israel. This has helped the expansion of a continuing arms race where Israel has developed and maintained a decisive qualitative military edge (QME) over its Arab neighbors with continued US support.

The US has made it clear to regional states that American support for Arab-Israeli peace efforts rests on the preservation of Israel's security and US commitments to Israel's defense against any Iranian nuclear threat. This includes US military aid and support for Israeli missile defense initiatives.²⁰

The US has sought to secure a political order in the Levant that meets both Israel's needs and that of Arab states and the Palestinians. Israel, meanwhile, has sought a political order that favors Israel's security. The US has pushed Israel to create a viable two-state solution to deal with the Palestinians, and create stable bilateral relations with regional states, rather than rely on the “cold peace” that currently exists between Israel and Egypt and Jordan.

Both the US and Israel favor the emergence of political forces in Beirut with close ties to the US and the West in the hope that threats posed by Iran's leading ally in Lebanon, the Shi'a group Hezbollah, can be degraded, thus undermining Iran's asymmetric edge in the

Levant. Both Israel and the US share an interest in seeing the emergence of a Syria – under the current leadership or otherwise – that takes serious steps to downgrade its ties to Iran, Hezbollah, and Hamas as well its role as a confrontation state against Israel.

Israel and the US have both sought to support the Palestinian Authority – albeit to varying degrees and for their own separate reasons – under Fatah’s leadership as a bulwark against Palestinian groups that have been loosely aligned with Iran and Syria, including Hamas and Palestinian Islamic Jihad. The US has, however, put far more emphasis on real progress toward a two state solution to the Israel-Palestinian conflict and has sought to limit Israel’s security actions in Gaza and countries like Lebanon. As a result, the US and Israel often differ over the need for – or the best way of achieving – significant progress in the peace process.

The fact that there has been so little progress towards an Israeli-Palestine peace settlement has aided Iran. While the US has sought to balance its alliance with Israel on the one hand with its alliances with friendly Arab states on the other, the failure to reach an Israeli-Palestinian peace settlement still enhanced Iran’s ability to exploit Arab resentment over US ties to Israel. They have also increased the risk that Islamist extremists and other anti-US elements in the Arab world will be able to exploit the political upheavals in the region in ways that damage US interests. The US and Israel also differ in their strategic priorities in dealing with Iran. Israel is primarily concerned about the risk Iran poses to its own national security. The US view of the Iranian threat gives equal priority to the threats Iran poses to the Gulf and the world’s energy exports, and on the threat it presents to stability and security across the Levant through its regional allies Syria, Hezbollah, and Hamas.²¹

Protecting Energy Security & Regional Infrastructure

The US has broad strategic interests in the Levant, although the impact of US and Iranian competition on these interests has so far been limited. These interests include the security of regional trade and energy infrastructure and the preservation of bilateral and multilateral energy ties in the region. Egypt has been exporting natural gas to Lebanon, Jordan and Syria via the Arab Gas Pipeline (AGP) since the mid-2000s. Egypt also began supplying natural gas to Israel in 2009 – a move many Egyptians appeared to disapprove of and that remains highly unpopular.²²

The Suez Canal – which accounts for the passage of some 8 percent of global seaborne trade – and the adjacent Suez-Mediterranean (SUMED) pipeline are an important part of Mediterranean energy infrastructure.²³ The Canal has sufficient capacity to accommodate the movement of some 2.2 million barrels per day (bpd) of oil, while the SUMED pipeline can support a volume of 2.3 million bpd of oil for a combined total capacity of 4.5 million bpd.

While the volume of oil passing through both has been below maximum capacity in recent years – in part due to the broader problems in the global economy – the security of the Suez Canal and the security of the free flow of trade through its waters remains critical to stability in global energy and commodities markets.

Figure 1 Part I and II shows the overall importance of the Suez Canal and the SUMED pipeline as global energy chokepoints and their impact on world petroleum supplies. The

US Energy Information Administration (EIA) provides additional background data on the Suez Canal and risks associated to its potential closure or disruption:²⁴

Suez Canal

The Suez Canal is located in Egypt, and connects the Red Sea and Gulf of Suez with the Mediterranean Sea, spanning 120 miles. In 2011, petroleum (both crude oil and refined products) and liquefied natural gas (LNG) accounted for 15 and 6 percent of Suez cargoes, measured by cargo tonnage, respectively.

In 2011, 17,799 ships transited the Suez Canal from both directions, of which 20 percent were petroleum tankers and 6 percent were LNG tankers. Only 1,000 feet wide at its narrowest point, the Canal is unable to handle Ultra Large Crude Carriers (ULCC) and most fully laden Very Large Crude Carriers (VLCC) class crude oil tankers. The table above shows weight and capacity for the different tanker types. The Suezmax was the largest ship capable of navigating through the Canal until 2010 when the Suez Canal Authority extended the depth to 66 feet to allow over 60 percent of all tankers to use the Canal, including ships that are 220,000 of dead weight tons in size.

SUMED Pipeline

The 200-mile long SUMED Pipeline, or Suez-Mediterranean Pipeline, provides an alternative to the Suez Canal for those cargos too large to transit through the Canal (laden VLCCs and larger). The crude oil flows through two parallel pipelines that are 42-inches in diameter, with a total pipeline capacity of around 2.4 million bbl/d. Oil flows north through Egypt, and is carried from the Ain Sukhna onshore terminal on the Red Sea coast to its end point at the Sidi Kerir terminal on the Mediterranean. The SUMED is owned by Arab Petroleum Pipeline Co., a joint venture between the Egyptian General Petroleum Corporation (EGPC), Saudi Aramco, Abu Dhabi's National Oil Company (ADNOC), and Kuwaiti companies.

The SUMED Pipeline is the only alternative route to transport crude oil from the Red Sea to the Mediterranean if ships were unable to navigate through the Suez Canal. Closure of the Suez Canal and the SUMED Pipeline would divert oil tankers around the southern tip of Africa, the Cape of Good Hope, adding approximately 6,000 miles to transit, increasing both costs and shipping time. According to the International Energy Agency (IEA), shipping around Africa would add 15 days of transit to Europe and 8-10 days to the United States.

Fully laden VLCCs transiting toward the Suez Canal also use the SUMED Pipeline for lightering. Lightering occurs when a vessel needs to reduce its weight and draft by offloading cargo in order to enter a restrictive waterway, such as a canal. The Suez Canal is not deep enough to withstand a fully laden VLCC and, therefore, a portion of the crude is offloaded at the SUMED Pipeline at the Ain Sukhna terminal. The now partially laden VLCC then goes through the Suez Canal and picks up the portion of its crude at the other end of the pipeline, which is the Sidi Kerir terminal.

Crude Oil

The majority of crude oil transiting the Suez Canal travels northbound, towards markets in the Mediterranean and North America. Northbound canal flows averaged approximately 535,000 bbl/d of crude oil in 2011. The SUMED Pipeline accounted for about 1.7 million bbl/d of crude oil flows from the Red Sea to the Mediterranean over that same period. Combined, these two transit points were responsible for nearly 2.2 million bbl/d of crude oil flows into the Mediterranean. Northbound crude transit has declined by almost half since its level in 2008 when 943,000 bbl/d of crude transited northbound through the Canal and an additional 2.1 million bbl/d of crude travelled through the SUMED to the Mediterranean. Contrarily, crude oil shipments travelling southbound through the

Canal toward the Red Sea, primarily destined for Asian markets, increased from 2008 through 2010, but fell slightly in 2011.

Total Oil and Products

Total oil flows from the Suez Canal declined steeply by more than one-third in 2009 to about 1.8 million bbl/d, down from 2008 levels of over 2.4 million bbl/d. Crude oil flows through the SUMED experienced a much steeper drop to 1.2 million bbl/d from approximately 2.1 million bbl/d over the same period. The year-over-year difference reflects the collapse in world oil market demand that began in the fourth quarter of 2008, followed by OPEC production cuts (primarily from the Persian Gulf), which caused a sharp fall in regional oil trade starting in January 2009. Drops in transit also illustrate the changing dynamics of international oil markets where Asian demand is increasing at a higher rate than European and U.S. markets, and West African crude production is meeting a greater share of the latter's demand. At the same time, piracy and security concerns around the Horn of Africa have led some exporters to travel the extra distance around South Africa to reach West African markets. Total oil flows through the Suez Canal increased year-over-year to almost 2.2 million bbl/d in 2011, but still remain below previous levels prior to the global economic downturn.

Liquefied Natural Gas (LNG)

Unlike oil, LNG transit through the Suez Canal has been on the rise since 2008, with the total number of laden tankers increasing from approximately 210 to over 500, and volumes of LNG traveling northbound (laden tankers) increasing nearly six-fold. Southbound LNG transit originates in Algeria and Egypt, destined for Asian markets while northbound transit is mostly from Qatar and Oman, destined for European and North American markets. The rapid growth in LNG flows over the period represents the startup of five LNG trains in Qatar in 2009-2010. The only alternate route for LNG tankers would be around Africa as there is no pipeline infrastructure to offset any Suez Canal disruptions. Countries such as the United Kingdom, Belgium, and Italy received over 80 percent their total LNG imports via the Suez Canal in 2010, while Turkey, France, and the United States had about a quarter of their LNG imports transited through the Canal.

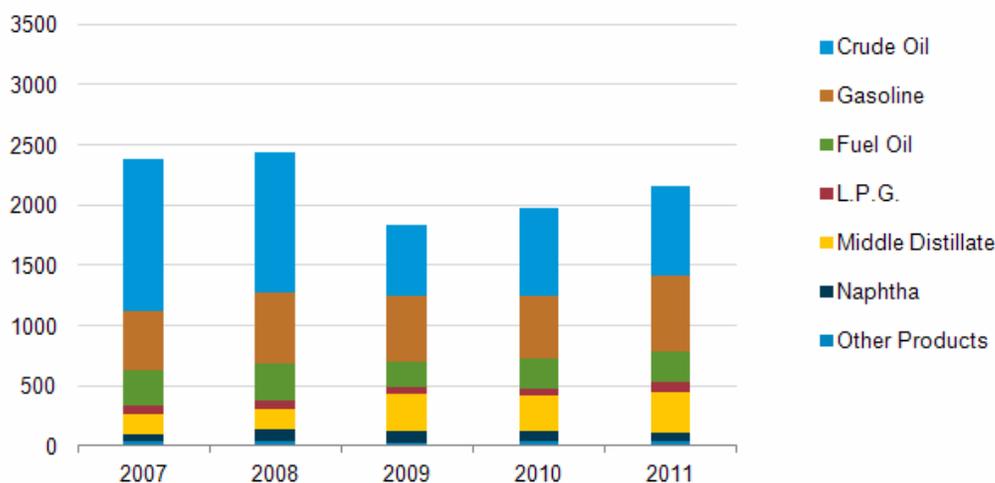
Iran only has an indirect effect on the security of these routes. Its sponsorship of Palestinians militants and Hamas, and tacit if not explicit support of attacks on the US and Israel, may have had some impact on the stability of the Sinai – although this is uncertain. In 2011, lax security in the Sinai Peninsula contributed at least in part to an escalation of attacks to energy infrastructure in Egypt, causing severe disruptions to the flow of natural gas supplies to Israel and Jordan.

There is no evidence – anecdotal or otherwise – that Iran was involved in these attacks. However, changes in internal Egyptian politics, the risk that Egypt may indefinitely suspend energy exports to Israel, regional instability near the Suez, a tenuous Israeli-Egyptian border, and changing bilateral energy trade dynamics are all to the disadvantage of a regional order the US has spent decades nurturing. Iran and other regional opponents of the US stand to gain from any regional instability by default.

Figure 1, Part One: Volume of Crude Oil and Petroleum Products Transported Through World Chokepoints and the Suez Canal, 2007-2011

Location	2007	2008	2009	2010	2011
Bab el Mandab	4.6	4.5	2.9	2.7	3.4
Turkish Straits	2.7	2.7	2.8	2.9	N/A
Danish Straits	3.2	2.8	3.0	3.0	N/A
Strait of Hormuz	16.7	17.5	15.7	15.9	17.0
Panama Canal	0.7	0.7	0.8	0.7	0.8
Crude Oil	0.1	0.2	0.2	0.1	0.1
Petroleum Products	0.6	0.6	0.6	0.6	0.6
Suez Canal and SUMED Pipeline	4.7	4.6	3.0	3.1	3.8
Suez Crude Oil	1.3	1.2	0.6	0.7	0.8
Suez Petroleum Products	1.1	1.3	1.3	1.3	1.4
SUMED Crude Oil	2.4	2.1	1.2	1.1	1.7

thousand barrels per day

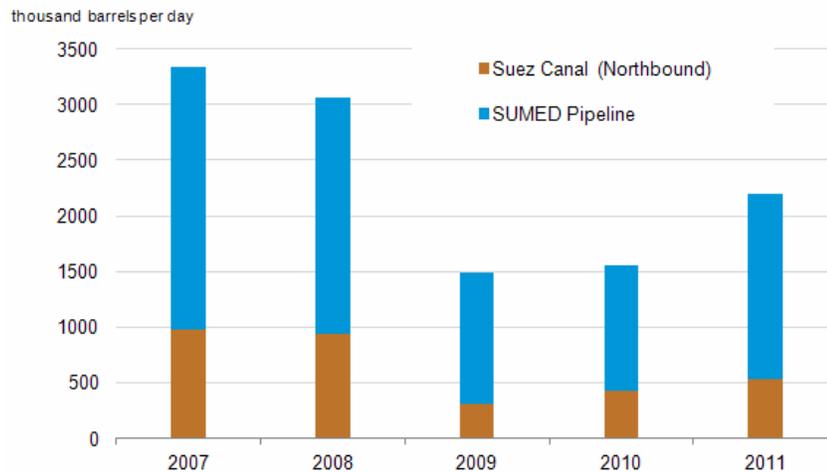
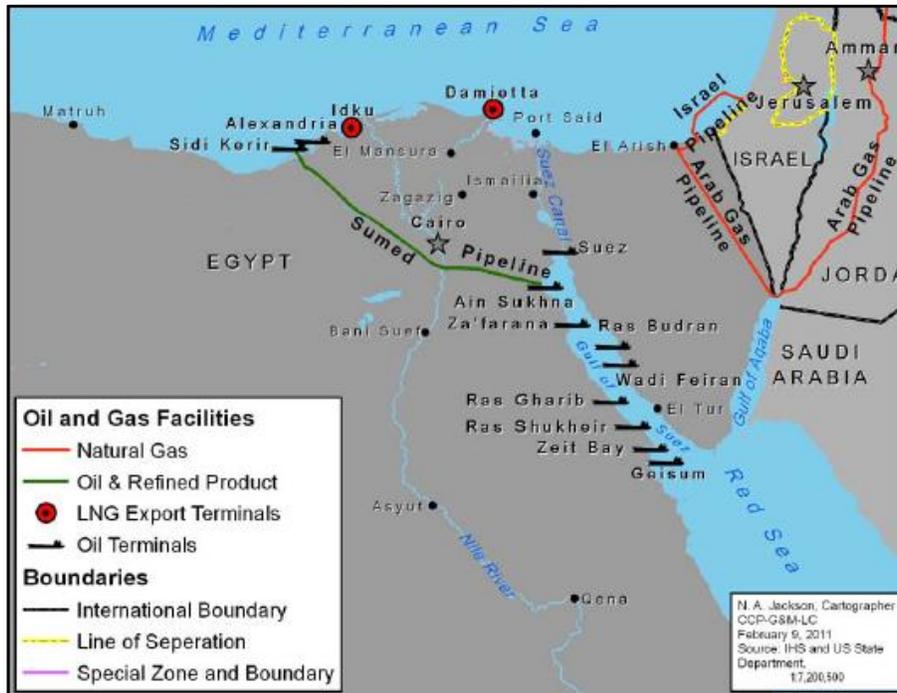


Source: Suez Canal Authority, *Traffic Statistics (with EIA conversion factors)*

Notes: All estimates presented in the table above are in million barrels per day. "N/A" is not available. The table does not include a breakout of crude oil and petroleum products for most chokepoints because only the Panama Canal and Suez Canal have official data to confirm breakout numbers. Adding crude oil and petroleum products may be different than the total because of rounding. Data for Panama Canal is by fiscal years.

Source: "World Oil Transit Checkpoints," August 2012, the Energy Information Administration, available at <http://www.eia.gov/countries/regions-topics.cfm?fips=WOTC&trk=p3>. EIA estimates based on APEX Tanker Data (Lloyd's Maritime Intelligence Unit). Panama Canal Authority and Suez Canal Authority, converted with EIA conversion factors.

Figure 1, Part Two: Volume of Crude Oil & Petroleum Products Transported Through the Suez Canal, the SUMED Pipeline and the Vulnerability of Mediterranean Energy Infrastructure 2007-2011



Source: Suez Canal Authority (with EIA conversion factors) and APEX Tanker Data (Lloyd's Maritime Intelligence Unit)
 *Note: Suez Canal (Northbound) includes crude oil moving in one direction from the Red Sea to the Mediterranean. It does not include southbound shipments.



Source: Adapted by Aram Nerguizian from "World Oil Transit Checkpoints," August 2012, the Energy Information Administration, available at <http://www.eia.gov/countries/regions-topics.cfm?fips=WOTC&trk=p3>, "World Oil Transit Checkpoints," February 2011, the Energy Information Administration, available at http://www.eia.gov/cabs/world_oil_transit_chokepoints/Full.html, other EIA data & Congressional Research Services cartographic data.

Countering the Threat of Non-State Armed Groups

Iran competes with the US, most Arab states, and Israel in its dealings with Hezbollah and Hamas in cooperating with Assad's Syria. The threat from non-state or subnational actors is not a new one, but these groups have become increasingly important player in the Levant over time. The Palestine Liberation Organization (PLO) played a destabilizing political and security role in Jordan and Lebanon. US military forces witnessed firsthand what non-state armed groups can do in the wake of the 1983 Marine barracks bombing in Beirut by the Islamic Jihad Organization – elements of which were later reported to go on to become Hezbollah.

Hamas and other Palestinian groups did not have the resources, or the levels of external aid from Iran and Syria to pose a critical threat to Israel, especially given US-backed Israeli efforts to create effective countermeasures to militant rocket fire. Hezbollah, however, was and remains a growing threat. It has the support of the majority of one of Lebanon's most populous communities, the Shi'a, and enjoys quasi-autonomy in its areas of operation in South Lebanon and the Bekaa. It has growing rocket and missile capabilities (discussed later), and the organizational wherewithal, training and unity of purpose to present a far more decisive organized threat, not only to Israel but US regional hegemonic aspirations.

The latest threat from non-state armed groups is movements that are affiliated to Al-Qa'eda, or can trace their ideological and institutional origins to the Jihadi terror network. While Al-Qa'eda in Iraq (AQI) and Al-Qa'eda in the Arabian Peninsula (AQAP) have been active in the northern and southern Gulf over much of the period following the US-led invasion of Iraq, the most potent threat from a Jihadist non-state group comes from AQI's spiritual successor, the Islamic State in Iraq and al-Sham (ISIS), also known as the Islamic State in Iraq and the Levant (ISIL) or the recently rebranded so-called "Islamic State" (IS). The group's emergence can be credited to the security vacuum in eastern Syria as a side-effect of the uprising against the Assad regime. ISIS now operates across much of eastern Syria and the mainly Sunni western provinces of Iraq.

While the evolution and consolidation of many of these groups presents a growing regional threat, the risks the present must also be kept in proportion. Hezbollah's boasts about defeating Israel in any future conflict are propaganda fantasy, not reality. Israel, the US and key regional allies do not face anything approaching critical or existential threats from today's subnational armed groups. Such non-state actors do, however, pose a risk to US preferences on regional stability and the development of the Arab-Israeli peace track, which in turn informs US concerns about their future development and roles in regional security politics. They also threaten the long-term viability of regional states like Syria, Iraq, Jordan and Lebanon that have histories of being permeable to regional instability, and that have underlying communal and socio-economic cleavages and governance shortcomings that groups like ISIS can exploit to their advantage.

The number of armed groups is also rising. The predominantly Sunni northern Akkar governorate in Lebanon has struggled with a legacy of socio-economic neglect by successive governments in Beirut, high levels of illiteracy and extreme poverty, a limited state security and military presence, and growing popular frustration with the perceived growth of Shi'a influence in the north and Lebanon more broadly. These factors have

facilitated the recruitment of northern Lebanese Sunni groups eager to battle Assad and contest Hezbollah's power in Lebanon by emerging militant and Islamist groups.²⁵

In Syria, civil conflict has led to an explosion in the number of armed groups and militias in the country. Some are local forces meant to protect neighborhoods. Others – like the Al-Qa'eda affiliated Jabhat Nusra or ISIS – were created to fight Assad and include large numbers of foreign fighters. The spectrum of groups includes everything from secular nationalists to Salafi Jihadi fighters with ideological precepts that emulate or rival Al-Qa'eda. Meanwhile, Kurdish, Alawite and other minority factions fight to protect communal or sectarian interests. Regardless of what happens to Assad and Ba'ath rule, if central rule in Syria continues to decay, the Levant as a whole may have to contend with the proliferation of Syrian non-state armed groups in a country flooded with weapons for years to come.

Similar patterns also exist in rural parts of Jordan where Salafi Jihadi groups are expanding in part thanks to the civil war in neighboring Syria. Lastly, political unrest and instability in Egypt have also led to greater militancy and armed activity in the Sinai Peninsula with implications not only for security there but also for the future stability of Egyptian-Israeli bilateral ties. Post-Mubarak Egypt has seen escalating violence between the Egyptian security forces and militants, smugglers and Bedouin tribes. Whether or not the authorities in Cairo can impose order there could also impact stability and non-state armed activity in neighboring Israel and Gaza as well.²⁶

The Impact of US Military Assistance to Egypt, Israel Jordan and Lebanon

The US has sought to make military aid and arms transfers an important tool in competing with Iran, building up and sustaining US influence in the Arab states in the Levant and supporting Arab-Israeli peace treaties. The US has used military aid to support key Arab allies, such as Egypt and Jordan, while working to build support in regional “battleground” states and arenas, including Lebanon and the Palestinian Territories. US military aid to the Levant during 1971-2001 totaled some \$82.5 billion, with aid to Israel and Egypt accounting for 61.2% and 33.4% of total loans and grants.²⁷

Figure 2 shows the overall pattern of more recent US foreign military assistance to Egypt, Israel Jordan and Lebanon over the 2000 to 2014 period. Meanwhile, **Figure 3** shows major orders of defense articles by Egypt, Israel, Jordan, Lebanon and Syria by supplier over the 2000 to 2011 period. **Figure 4** in turn shows major US orders more narrowly by Levant states over the 2005-2014 period. It is important to remember that such notifications only offer an approximate and potential picture of future arms sales 3-10 years on the horizon.

The US has used foreign military aid to Egypt and Jordan as key tools in securing each country and the Arab-Israeli peace treaties, while also seeking to strengthen US ties with other states in the region that policymakers consider moderate.²⁸ Building up strong military partnerships and aid ties are also tools the US has used to try to keep international and regional players hostile to the US from undermining US interests and the stability of US regional allies.

Egypt, Israel and Jordan have been allies of the US and had access to priority delivery of US excess defense articles (EDA), the ability to purchase depleted uranium (DU) anti-tank

shells, are eligible for no-cost loans of materials in support of cooperative research and development programs with the US, and other benefits.²⁹ Syria is the only regional country that does not have security or military aid ties with the US.

This use of military aid and arms sales has its critics. Some see such aid as supporting oppressive regimes and regional critics charge that US aid to Israel could be indirectly contributing to Palestinian fatalities in ongoing clashes between the IDF and Palestinians. Others point to the impact of foreign military aid in bolstering conservative authoritarian regimes or undermining democracy and human rights in the region.

More analysts feel, however, that US military aid significantly boosted Israeli security, ensured Egyptian stability, consolidated ties of friendship between America and Jordan, and are helping Lebanon mitigate the impact of Syrian instability. The promise of Foreign Military Financing (FMF) dollars helped move Egypt and Jordan to sign peace deals with Israel.³⁰

As for Iran, it has not been able to compete directly with the US in using aid and arms transfers to build up traditional military partnerships in the region. The Islamic Republic has had to resort to supporting armed Palestinian and Lebanese non-state factions as a means of undermining US allies in the Levant.

Transfers and Aid to Israel

Israel has been the top recipient of US military aid since 1976, and the largest cumulative recipient since WWII.³¹ Israel has also had access to a number of other benefits that other countries in the region do not have access to, such as the ability to use US military aid dollars for research and development in the US or use 26.3% of annual aid funds towards military purchases from Israeli industry. The US delivers all assistance earmarked for Israel in the first 30 days of a given fiscal year, unlike other countries that receive staggered installments of aid at varying times.³²

The end result is that Israel is heavily dependent on US FMF, which represents 21 to 22 percent of Israeli defense spending. In 2007, the Bush Administration announced that US military aid to Israel would increase by \$6 billion over the coming decade, reaching an annual aid level of \$3.1 billion by FY2018. In addition to offsetting the end of US economic support funds in FY2007, it is expected that increased levels of FMF will allow Israel to fund sophisticated US purchases, such as a possible sale of F-35 Joint Strike Fighter (JSF) aircraft.³³

Transfers and Aid to Egypt

Egypt has also benefited from major US aid and arms sales since 1979. The promise of US military (and economic) aid was critical to bringing post-Nasser Egypt closer to the US and helped the ruling establishment under President Hosni Mubarak consolidate peace with Israel. Egyptian military aid has settled into a relatively consistent pattern, with FY2013 requests for \$1.3 billion in FMF holding at similar levels of funds provided or estimated for Egypt in FY2011 and FY2012.

US FMF aid has allowed the acquisition of new systems, upgrades for existing military systems, and follow-on support and maintenance. Egypt generally seeks to allocate 30% of annual FMF to new systems acquisition in order to gradually replace what remain of aging Soviet holdings with US equipment.

Egypt receives additional “as is, where is” aid worth hundreds of millions of dollars through the excess defense articles (EDA) program. The Egyptian military also participates in US international military education and training (IMET) programs. In recent years Egypt has lobbied the US to increase US FMF dollars in a bid to offset the rising costs associated with contract support and maintenance.³⁴

Despite temporary holds on US security assistance programs, the flow of US military aid has not been significantly disrupted by the recent upheavals in Egypt and the ousting of long-time US ally President Hosni Mubarak. One anecdotal indicator that the military-to-military relationship between the US and Egypt continues to be robust is a July 5, 2011 notification to Congress for the potential sale and co-production of 125 M1A1 Abrams tank kits, supporting weapons systems, equipment and maintenance worth some \$1.3 billion.³⁵ Another would be US plans to go ahead with the delivery of 12 AH-64D Bk II *Apache Longbow* attack helicopters initially ordered in 2014.³⁶

Transfers and Aid to Jordan

Jordan, another key regional ally, has been a recipient of US military aid since 1951. US aid dollars are in recognition of Jordan’s position as a key moderate state, an important regional ally and as a means of sustaining some two decades of formal peace with Israel. US FMF allocations to Jordan increased significantly in the wake of the 1994 peace agreement, jumping from \$7.3 million in FY1995 to \$200 million FY1996, with elevated levels since then. On September 22, 2008, the US and Jordan agreed on a five-year aid framework over the FY2010-FY2014 fiscal cycles that saw US commitments of FMF to Jordan increase to \$300 million per year.³⁷

US aid has helped Jordan modernize its air forces through recent purchases and upgrades of F-16 fighters, air-to-air missile systems and radar equipment. FMF also allowed Jordan to modernize its logistics and transport helicopter fleet. This facilitates Jordanian border management operations and supports Jordanian contributions to UN peacekeeping operations.³⁸ While patterns of aid are generally stable, **Figure 2** shows that aid levels have gradually increased over the 2006 to 2014 period.

Transfers and Aid to Lebanon

Lebanon received some \$268 million in FMF over the 1946 to 2005 period. While the bulk of those funds were allocated in 1983 at a time of heightened US interest in Lebanon, this was followed by very limited aid during 1985 to 2005, mainly IMET. The US has provided significantly higher levels to Lebanon, however, in the wake of Syria’s withdrawal from the country in 2005. Lebanon received some of \$960 million in US military assistance over the FY2006 to FY2014 period, driven by FMF and “Section 1206” counter-terrorism funds.³⁹

This was a significant increase given Lebanon’s tenuous regional position, the presence of Hezbollah and a continued technical state of war between Lebanon and Israel. Unlike Egypt, Israel and Jordan, it is still uncertain as to whether Lebanon may enter into a stable pattern of assistance from the US. While aid levels were reduced to some \$75 million in FMF starting in FY2011, that level appears to be holding from through FY2014 with supplemental support from Section 1206 in key fiscal cycles. The challenges to long-term military assistance to Lebanon – and the growing importance of Lebanon’s US-trained

armed forces in regional security politics – will be discussed in greater detail later in the Lebanon chapter of this study.

Security Aid to the Palestinians

Figure 2 does not show US security assistance to the Palestinians, as aid dollars are not provided from FMF funds. Security aid to the Palestinian Authority (PA) is driven by funds from the International Narcotics Control and Law Enforcement (INCLE) account, which has earmarked some \$629 million to the PA over the FY2008 to FY2013 period with an addition \$140 million requested for FY2014 and FY2015 at a relatively stable level of \$70 million per year.⁴⁰ INCLE funding, training and equipment were intended to assist security forces loyal to President Abbas (mainly in the West Bank) in their efforts to counter militants belonging to groups the US labels as terrorist organizations, such as Hamas and Palestinian Islamic Jihad.

Security assistance to the PA was also intended to strengthen rule of law and the criminal justice sector for a future Palestinian state.⁴¹ The US effort to train and equip Palestinian security forces has not been an easy task and has been hobbled by the inherent idiosyncrasies of US aid programs, the challenges of building up domestic legitimacy, the perception of the US and Israel as sponsors of the PA, and the disconnect between US aid prerogatives and local security realities.⁴² This too will be touched upon in greater detail later in a chapter on the West Bank and Gaza .

The Centrality of U.S. Orders to Levant Force Recapitalization

As **Figure 3** showed, the US is not the only country selling major combat systems to the Levant states. However, the US is the only major arms exporter that generates any real-world public data on the size, scale, costs and nature of the systems it sells or provides to countries in the form of grant assistance.

Figure 4 puts this US aid in greater perspective by showing the overall patterns of military orders in the Levant by country of origin over the 2000 to 2011 period. The US remains the most important source of military sales to the region, with Israel and Egypt as its top clients. Military sales to Jordan and Lebanon are similarly dominated by imports from the US. Syria, which continues to have a mutually confrontational relationship with the US, has traditionally relied on Russia for its arms acquisition and modernization needs. China has also played a growing role when it comes to Syrian arms imports.

The data compiled by the Congressional Research Service and illustrated in **Figure 3** has not been updated since 2012, in part as a side-effect of cost-cutting and sequestration. As such **Figure 4** more effectively illustrates current US major military orders from Levant states. These orders have lead-times to delivery that range nominally between two to seven years, depending on the size, scale and complexity of the order in question.⁴³ Major orders from U.S. by Egypt, Israel, Jordan over the 2005 to 2014 period amount to about \$38 billion in foreign military sales (FMS).

Figures 5, Part I and II shows the breakdown of orders from the US by country in the Levant (excluding Syria and the Palestinian Authority who do not receive FMF) over the 2005-2014 period. The first part shows the total number of total major FMS orders by country. The second part shows the total value of orders by country. As **Figure 5, Part I** clearly shows, Egypt has made the largest number of total orders over the 2005-2014

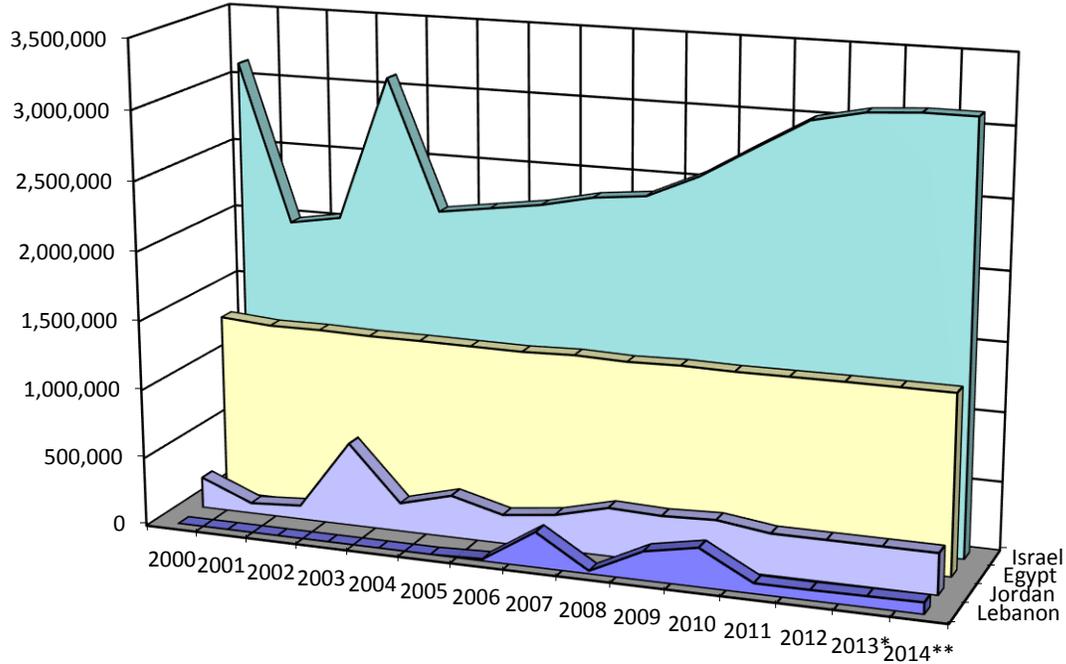
period, followed closely by Israel. However, it is important to remember that the number of orders is a limited estimate of acquisition and recapitalization without factoring the scale, complexity and costs of any single order. It is equally critical to note that any single order may be an amalgam of multiple FMF or national funding-supported FMS cases.

Figure 5, Part II illustrates these nuances effectively. Israel maintains the lion's share in terms of total value of major orders and remains the single largest recipient of FMF-funded FMS. This is largely thanks to its ability to get into acquisition pipelines tied to cutting edge combat systems that other regional states either do not have access to, or are unable to sustain or resource with either national funds or grant aid. Key Israeli orders include 75 F-35 CTOL JSF aircraft, large orders of Joint Direct Attack Munitions (JDAM) and 6 V-22B Block C aircraft. Israel also relies on FMF to acquire principally JP-8 jet fuel from the US, including more than 1.3 billion gallons worth some \$5.97 billion – which alone is worth the approximate value equivalent of all Egyptian major orders over that same period.

There are some caveats when analyzing any estimate of the scale of acquisition in the Levant. First, different countries have different cycles of overlapping orders and deliveries. The 2005-2014 period, which can conflate or deflate assessments overall force recapitalization over a much longer timeframe. These estimates also undervalue the overall pattern of orders over this period, as 36b notifications to Congress only account for major arms sales, which include major defense articles valued at \$14 million or more, defense articles or services valued at \$ 50 million or more, or design and construction efforts valued at or in excess of \$200 million.⁴⁴

Many if not all of these countries have multiple orders that do not meet these thresholds, and while the amounts appear small on their own, they accumulate over time and in scale. On paper, Lebanon has only order \$63 million-worth of systems based on major orders. Lebanon is a key example in this regard: **Figure 5, Part I and II** cannot accurately reflect the true scale of Lebanese military recapitalization efforts, which are valued in the hundreds of millions thanks to multiple separate smaller FMS and pseudo-FMS orders, backed by FMF or Section 1206 funds.

Figure 2: Actual and Projected US Military Assistance to Arab-Israeli States from 2000 to 2014
(In thousands of current US dollars)



	2000	2001	2002	2003	2004	2005	2006	2007	2008	2009	2010	2011	2012	2013*	2014**
Lebanon	582	546	560	700	700	0	15,097	256,305	23,540	210,830	283,300	77,326	77,372	82,150	86,550
Jordan	226,394	76,535	102,012	606,400	208,010	307,411	210,920	255,822	351,200	338,100	353,800	303,160	303,650	303,800	303,800
Egypt	1,326,0	1,298,2	1,301,2	1,292,7	1,293,6	1,290,8	1,288,2	1,301,2	1,290,7	1,301,3	1,295,7	1,298,6	1,301,3	1,301,8	1,301,8
Israel	3,120,0	1,975,6	2,040,0	3,086,3	2,147,2	2,202,2	2,257,2	2,340,0	2,380,0	2,550,0	2,775,0	2,994,0	3,075,0	3,100,0	3,100,0

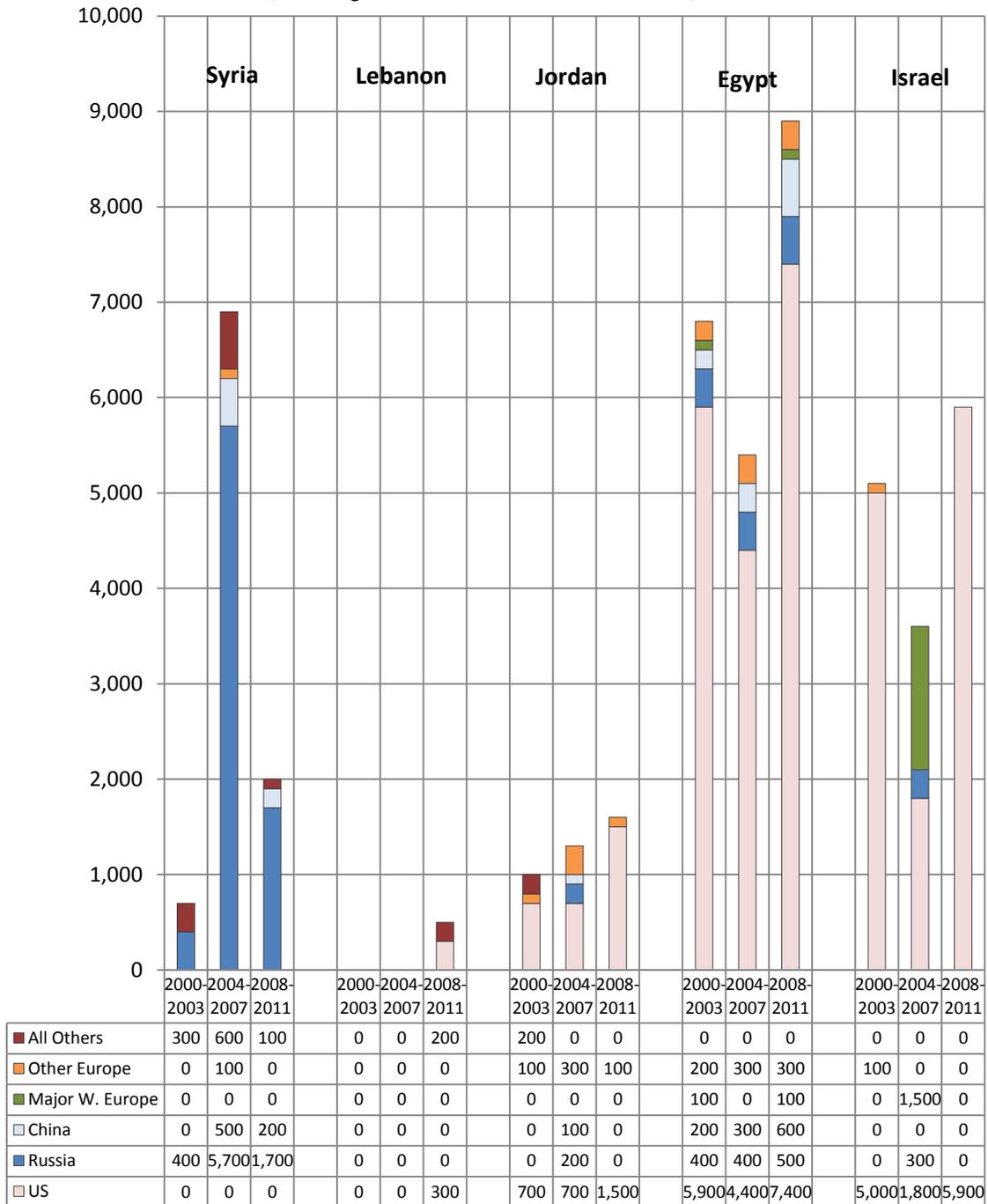
* Data for 2013 reflect estimated amounts.

** Data for 2014 reflect requested amounts.

Note: Includes supplemental funding and FMF/IMET funds tied to the Wye River Agreement. Data shown include FMF, IMET and Department of Defense Section 1206 funding for Lebanon. “FMF” is Foreign Military Financing, “IMET” is International Military Education and Training and Section 1206 is “Title 10” funding.

Source: Adapted by Aram Nerguizian from *Congressional Budget Justification for Foreign Operations*, various fiscal years.

Figure 3: Arab-Israeli Arms Orders by Supplier Country: 2000-2011
(Arms Agreements in \$U.S. Current Millions)



Note: 0 = less than \$50 million or nil, and all data rounded to the nearest \$100 million.

Source: Adapted by Anthony H. Cordesman and Aram Nerguizian from Richard F. Grimmett, Conventional Arms Transfers to the Developing Nations, Congressional Research Service, various editions.

Figure 4: Select U.S. Foreign Military Sales Congressional Notifications for Egypt, Israel Jordan and Lebanon 2005-2014
(In current US dollars)

Country Recipient	Date	Weapon System/ Equipment	Cost
Israel	April 29, 2005	100 GBU-28 with equipment and services	\$30 million
Egypt	July 29, 2005	200 M109A5 155 mm SP howitzers with equipment and services	\$181 million
Egypt	June 27, 2005	25 AVENGER Fire Units with equipment and services	\$126 million
Egypt	June 27, 2005	50 CH-47D, T55-GA-714A turbine engines for CHINOOK Helicopters with equipment and services	\$73 million
Israel	July 14, 2006	JP-8 aviation fuel	\$210 million
Jordan	July 28, 2006	M113A1 to M113A2 APC upgrade and sustainment with equipment and services	\$156 million
Jordan	September 26, 2006	C4ISR System with equipment and services	\$450 million
Jordan	September 28, 2006	UH-60L Black Hawk helicopters with equipment and services	\$60 million
Israel	August 3, 2007	JDAM, PAVEWAY II tail kits, MK-83 bombs, MK-84 bombs, GBU-28, BLU-109, components, equipment and services	\$465 million
Israel	August 24, 2007	200 AIM-120C-7 AMRAAM air-to-air missiles with equipment and services	\$171 million
Israel	August 24, 2007	30 RGM-84 BkII HARPOON SSMs, 500 AIM-9M SIDEWINDER air-to-air missiles with equipment and services	\$163 million
Egypt	September 18, 2007	125 M1A1 Abrams tank kits with equipment and services	\$899 million
Egypt	September 28, 2007	139 RIM-116B Bk1A Rolling Air Frame with equipment and services	\$125 million
Egypt	October 4, 2007	164 STINGER Bk1 missiles with equipment and services	\$83 million
Egypt	October 19, 2007	2 E-2C AEW C2 aircraft with equipment and services	\$75 million
Israel	October 29, 2007	TOW-IIA, AGM-114 MSLs, PATRIOT GEM+ , HEDP, HE rounds, various munitions with equipment and services	\$1.329 billion
Egypt	October 29, 2007	2,000 TOW-IIA ATGMs	\$99 million

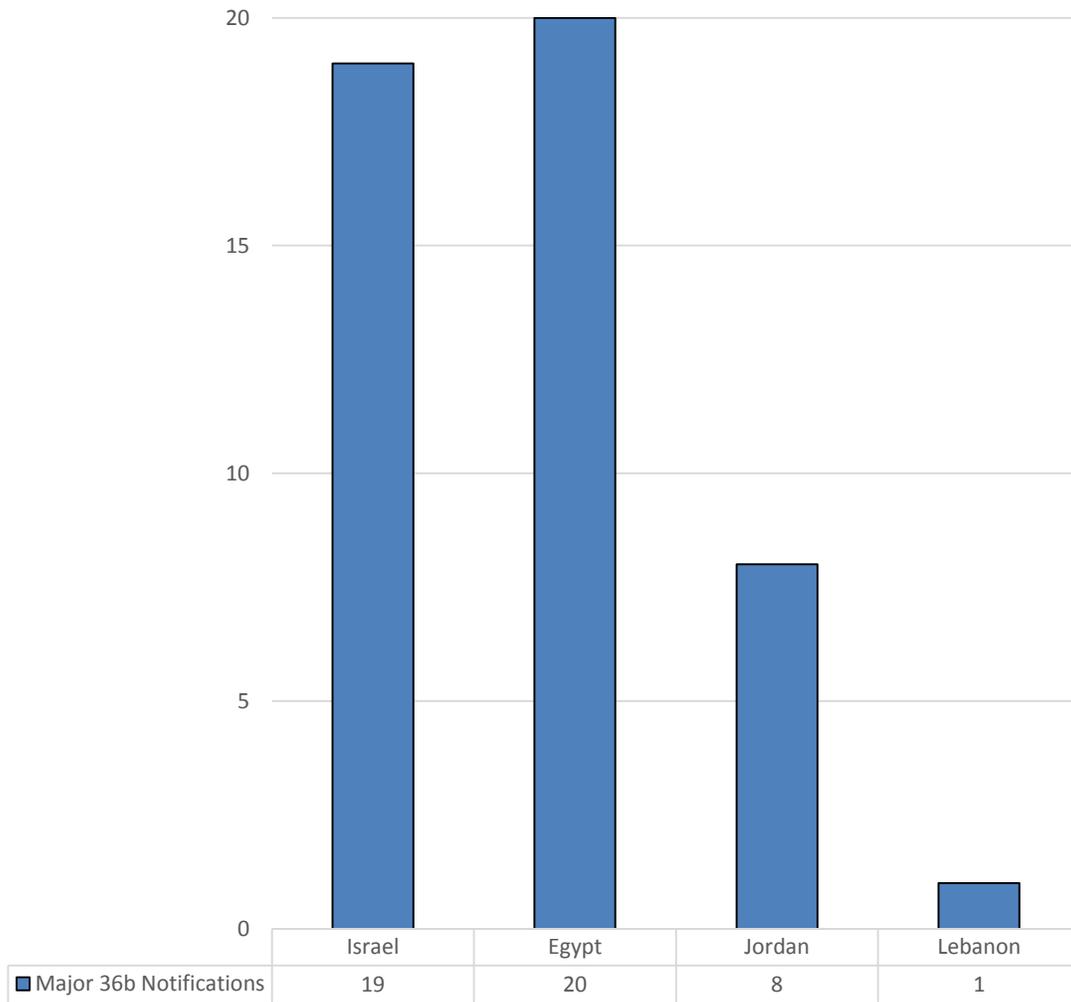
Israel	June 9, 2008	25 T-6A Texan aircraft, equipment and services	\$190 million
Israel	July 15, 2008	4 Littoral Combat Ships (LCS-I), weapons, systems equipment and services	\$1.9 billion
Israel	July 15, 2008	JP-8 aviation fuel	\$1.3 billion
Israel	July 30, 2008	9 C-130J-30, engines, systems, equipment and services	\$1.9 billion
Israel	September 9, 2008	1,000 GBU-39, mounting carriages, simulators, trainers, systems, equipment and services	\$77 million
Israel	September 9, 2008	28,000 M72A& LAAW, 68,000 training rockets, equipment and services	\$89 million
Israel	September 9, 2008	3 PATRIOT System Configuration 3 fire unit upgrades, equipment and services	\$164 million
Jordan	September 9, 2008	Increment 2 Requirements for Border Security Program, equipment and services	\$390 million
Egypt	September 9, 2008	6,900 TOW-IIA ATGMs	\$319 million
Egypt	September 9, 2008	15,500 120 mm HE-T rounds, other systems, equipment and services	\$69 million
Egypt	September 9, 2008	4 UH-60M BLACK HAWK helicopters, engines, parts, systems, equipment and services	\$176 million
Israel	September 29, 2008	25 F-35 CTOL JSF, 50 F-35 CTOL, engines, C4/CNI, other systems, equipment with services	\$15.2 billion
Egypt	May 26, 2009	12 AH-64D Bk II APACHE Longbow helicopters, engines, systems, equipment with services	\$820 million
Jordan	August 3, 2009	85 AIM-120C-7 AMRAAM air-to-air missiles, equipment and services	\$131 million
Egypt	August 6, 2009	6 CH-47D CHINOOK helicopters, engines, systems, equipment and services	\$308 million
Jordan	September 9, 2009	12 M142 High Mobility Artillery Rocket Systems, systems, equipment and services	\$220 million
Jordan	November 30, 2009	1,808 JAVELIN ATGMs, systems, equipment and services	\$388 million
Jordan	December 8, 2009	61 F100-PW-220E engines with equipment and services	\$75 million

Egypt	December 14, 2009	450 AGM-114K3A HELLFIRE II missiles with equipment and services	\$51 million
Egypt	December 18, 2009	156 F-110-GE-100 engine modification and upgrade kits with equipment and services	\$750 million
Egypt	December 18, 2009	4 Fast Missile Craft (FMC) with systems, equipment and services	\$240 million
Egypt	December 18, 2009	20 RGM-84L/3 HARPOON Bk II SSMs with equipment and services	\$145 million
Egypt	July 2, 2010	40 Skyguard AMOUN Solid-State Transmitters for upgrade of Skyguard-SPARROW Launcher/Illuminator with equipment, training and services	\$77 million
Israel	August 5, 2010	60 million gallons of unleaded gasoline, 284 million gallons of JP-8 aviation jet fuel & 100 million gallons of diesel fuel	\$2 billion
Egypt	July 5, 2011	125 M1A1 Abrams Tank kits for co-production, 125 M256 Armament Systems and other military equipment, training and services	\$1.3 billion
Lebanon	July 20, 2012	Six Huey II helicopters with equipment, parts, training and logistical support	\$63 million
Israel	December 20, 2012	6,900 Joint Direct Attack Munitions (JDAM) tail kits, spare parts, equipment with services	\$647 million
Israel	April 17, 2013	864 million gallons of JP-8 aviation fuel, diesel fuel and unleaded gasoline	\$2.67 billion
Israel	January 14, 2014	Six V-22B Block C, engines, other systems, equipment with services	\$1.13 billion
Egypt	July 3, 2014	Personnel support services to support 140 U.S Government and contractor representatives at nine locations	\$69 million
Israel	July, 14, 2014	600 AIM-9X-2 Sidewinder Block II All-Up-Round Missiles, 50 CATM-9X-2 Captive Air Training Missiles, spare parts, equipment with services	\$544 million

Note: Costs are letter of offer and acceptance (LOA) estimates that are subject to change and re-costing. 36(b) notifications do not include proposed sales with a value under \$50 million & actual proposed sales in any fiscal cycle exceed totals.

Source: Adapted by Aram Nerguizian from DSCA data on 36(b) Congressional arms sales notifications.

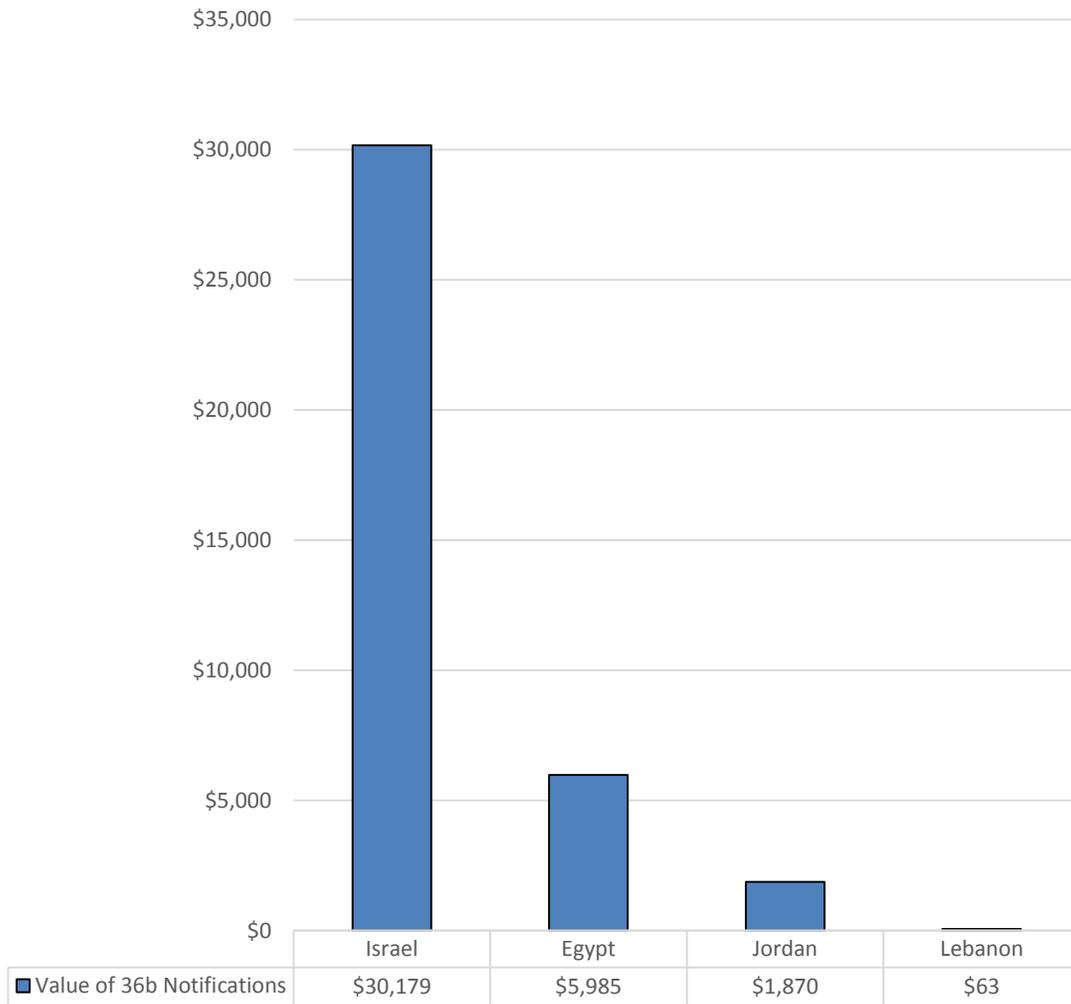
Figure 5, Part I: Number of Select U.S. Foreign Military Sales Congressional Notifications to the Levant by Country 2005-2014



Note: Costs are letter of offer and acceptance (LOA) estimates that are subject to change and re-costing. 36(b) notifications do not include proposed sales with a value under \$50 million & actual proposed sales in any fiscal cycle exceed totals.

Source: Adapted by Aram Nerguizian from DSCA data on 36(b) Congressional arms sales notifications.

Figure 5, Part II: Value of Select U.S. Foreign Military Sales Congressional Notifications to the Levant by Country 2005-2014
(In current US millions)



Note: Costs are letter of offer and acceptance (LOA) estimates that are subject to change and re-costing. 36(b) notifications do not include proposed sales with a value under \$50 million & actual proposed sales in any fiscal cycle exceed totals.

Source: Adapted by Aram Nerguizian from DSCA data on 36(b) Congressional arms sales notifications.

Competition and US Support of the Arab-Israeli Peace Process

Successive US administrations have held the position that a lasting Arab-Israeli peace would be in the best interest of the US and the broader Middle East.⁴⁵ Views have differed over time as to whether the peace process was a US policy “want” rather than a “need.” What is clear is that despite regional protests in 2011 across the Arab and Muslim world, the lack of Palestinian statehood remains a core issue for people across the region and an enduring lens through which US intentions and resolve are perceived.⁴⁶

A number of interest groups have a stake in shaping how the US deals with the Arab-Israeli peace process, but the US military’s position and views on the issue have become critical to the debate. This is in no small part thanks to the military’s experience in Iraq dealing with the local and regional factors that drive and sustain conflict instability.

Many senior US military officers have made it clear that they consider US interests in the Middle East to be at risk so long as there is no lasting Middle East peace.⁴⁷ In January, 2010, General David Petraeus – then head of USCENTCOM – reportedly underscored in a report to the Chairman of the Joint Chiefs of Staff Admiral Michael Mullen the military’s concern that Israeli “foot-dragging” on peace efforts was detrimental to the US. It went on to underscore that the conflict was a core source of regional instability, that lack of movement on the peace track was harming US standing in the Arab and Muslim worlds, and that lasting Arab-Israeli peace was a critical American national security and strategic interest.⁴⁸

Such criticism should be kept in perspective. American officers and officials fully understand that that Israel alone is not responsible for the lack of successes in the peace process. Other regional state and non-state actors, including the Palestinian Authority, Syria, Hezbollah, and Hamas have contributed at least as much to these failures over the years. What should also be obvious, however, is that the roadblocks to peace have been exploited and aggravated by Iran for close to three decades.

Nevertheless, the failure to reach an Israeli-Palestinian peace – and a broader peace settlement between Israel and the Arab League states – has allowed Iran to exploit the Palestinian issue. As a result, Iran has had some success playing the role of the Palestinian’s leading defender through its support of groups like Hamas, Palestinian Islamic Jihad and Hezbollah.

The Broader Quest for Regional Stability

The Levant has proven to be a repeated epicenter of regional instability. This has been due in large part to multiple Arab-Israeli wars, continued paralysis in the Israeli-Palestinian track, the repeated mobilization of political ideologies (including pan-Arab nationalism and Islamist politics), and continued crises of legitimacy and governance in fragile often-contested post-Ottoman states.

During the Cold War, the US sought to shore up pro-Western governments, such as Israel, Lebanon and Jordan while opposing or containing states with strong ties to the Soviet Union, such as Egypt and Syria. The US has also repeatedly interceded in the Levant in the post-WWII period to try to preserve regional stability, although sometimes with caution

and reluctance. In 1956, the US supported a resolution to the Suez War that favored Egyptian and broader Arab concerns over those of Israel, the United Kingdom, and France. The US also authorized troop deployments to Lebanon in 1958 during the country's short-lived civil war, and again in 1982-1984.⁴⁹

As was discussed earlier, US military assistance has been a critical foreign policy tool in US efforts to build ties with regional states and preserving stability. Economic aid, however, has also been crucial to such efforts. While the US provided only limited aid during the 1950-1971 period, economic assistance to the Levant during 1971-2001 totaled some \$62.4 billion, with aid to Israel and Egypt accounting for 45.4% and 40.2% of total loans and grants.⁵⁰

However, economic aid levels to most of the countries in the region underwent significant reductions during 2003 to 2012. Economic support levels to Egypt, Israel, Lebanon and Jordan – specifically through the Economic Support Fund (ESF) program – totaled some \$13.2 billion over the 2003 to 2012 period. However, annual aid to these states declined from some \$2.5 billion in 2003 to \$972.9 million by 2012. In a departure from previous patterns, Jordan gradually became the Levant's primary recipient of US ESF. Over the 2003 to 2012 period, Egypt, Israel, Jordan and Lebanon accounted for 29.45%, 16.41%, 44.25% and 9.89% of US ESF to these states.⁵¹

The wave of popular unrest in the Middle East & North Africa that started in early 2011 presented very different challenges at a time when the US faced major fiscal problems and with limited support for either economic or military aid. Egypt is a key case in point. The Mubarak regime in Egypt was overthrown in 2011. However, so too was the Muslim Brotherhood led government of Mohamed Morsi in 2013. Accordingly, Egypt's transition from authoritarian and military rule to civilian rule remained deeply uncertain in 2014. Moreover, the Egyptian economy had suffered more than three years of significant setbacks in the wake of popular unrest.

One means of responding to political unrest with very real socioeconomic effects would have been aforementioned US aid programs like ESF. With few exceptions, US patterns tied to ESF did not fundamentally change over the 2012 to 2014 fiscal cycles. Collectively, Egypt, Israel, Jordan and Lebanon received or were allocated more than \$3.7 billion in economic support in FY2012, FY2013 and FY2014.⁵² For the first time since FY1979, the US resumed providing significant levels of ESF to Syria as of FY2012 at a level of \$51.9 million for the fiscal year.⁵³ This was followed by ESF worth \$20.78 million in FY2013 and a requested \$125 million for FY2015.⁵⁴ As will be touched on in chapter seven on Syria, most if not all of those funds were being directed towards supporting programs designed to provide nonlethal aid efforts tied to Syria.

However, within these figures, only Jordan has seen an increase year-on-year with economic aid levels growing sharply from \$362 million in FY2011 to some \$700 million in requested funds in FY2014.⁵⁵ This reflects a September 22, 2008 agreement between the US and Jordan whereby the former would provide Amman with some \$660 million in total annual assistance over the FY2010 to FY2014 period.⁵⁶ Meanwhile, Israel – which has not suffered any of the core socioeconomic effects of regional unrest – had not received direct economic aid from the US since 2007.⁵⁷

Other regional states saw their levels of ESF reduced to different degrees over the 2011 to 2014 period largely in spite of the uprisings. Aid levels to Lebanon – which stood at \$84.7 million in FY2011 and FY 2012 – held at the lower level of \$70 million for FY2013 and FY2014.⁵⁸ Meanwhile Egypt – a key focus of US foreign policy interest and key state in the regional state system – has not seen any increase in aid to counter or deal with the effects of economic losses due to political unrest and uncertainty.⁵⁹ Lastly the Palestinian Authority saw one of the sharpest declines in economic aid from the US, dropping from some \$395.7 million in 2012 to a requested level of \$270 million in 2014.⁶⁰

Despite these trends in US ESF, the US responded in other ways to instability over the 2011 to 2014 period. One suggested approach was to encourage regional economic growth by bolstering US trade and investment with and within the broader MENA region. In May 2011, the Obama Administration announced the MENA Trade and Investment Partnership Initiative (MENA-TIP) to boost trade and investment between the US and Egypt, Jordan, Morocco and Tunisia. The prospects for MENA-TIP remained questionable in 2014 across the MENA region, given continued unrest in potential partner states like Egypt, Iraq, Libya and other states, and the broader US approach remained fundamentally incremental and focused on the long-term.⁶¹

Cash transfers and other grants were also considered as a means of promoting regional stability in the Levant. On September 28, 2012, the Obama Administration approved the transfer of \$450 million in previously unobligated ESF funds to Cairo.⁶² However, Congressional concerns surrounding the policy choices of the Morsi government led to a hold on the transfer which was only partially lifted in March 2013, allowing the transfer of \$190 million to Egypt.⁶³ The remaining \$260 million remained in bureaucratic limbo, especially in the wake of the ouster of President Morsi in July 2013 after which the transfer of the balance had become incumbent upon the formation of a credible, democratically elected civilian government.⁶⁴ Other programs such as the Egyptian-American Enterprise Fund (EAEF) also ran into similar hurdles in the wake of the ouster of the Morsi government.⁶⁵

Egypt was not the only country that stood to benefit from direct cash transfers from the US. Approximately 53% of Jordan's annual ESF from the US was in the form of cash transfers.⁶⁶ Transfers by key allies – like the US and Saudi Arabia – serve to alleviate chronic fiscal and budgetary pressures in Amman. The pattern in US aid to the Palestinian Authority bears similar characteristics, as a major portion of US ESF was geared toward direct cash transfers under the auspices of a presidential waiver to Congress.⁶⁷ During the Obama presidency, the US authorized some \$898 million in direct budgetary assistance to the Palestinian Authority.⁶⁸

Lastly, the Arab uprisings and growing regional instability prompted the US government to focus, and at times increase, its aid and support levels tied to regional migration, internally displacement persons (IDPs) and regional refugee populations. When the Arab uprisings began taking hold, the US had already been providing massive levels of support to the United Nations Relief and Works Agency for Palestine Refugees in the Near East (UNRWA). Over the FY1950 to FY2014 period, the US provided more than \$4.9 billion in contributions to UNRWA.⁶⁹ Beyond the Palestinians, the humanitarian crisis in Syria also shaped US aid efforts with Washington pledging more than \$1.75 billion over the 2012-2014 period – more than any other country since the start of the Syria crisis.⁷⁰

Despite a plethora of US aid and support programs, there were real limits in 2014 when it came to any expectation about just what limited US resources could do to fundamentally alter many of the underlying pressures driving regional instability. Nowhere was this more apparent than in Syria. More than three years into a divisive civil war, stabilizing Syria appeared to be an elusive prospect in the short to medium term. The Alawite-dominated Ba'athist government of President Bashar al-Assad repressed popular unrest and largely peaceful protests movements in ways that have led to a nation-wide insurgency and calls for an end to the Assad regime. However, the staying power of the regime and its regional allies, along with the deployment of sectarianism by key regional states – including Iran, Saudi Arabia, Qatar and Turkey – have only made the conflict that much harder to resolve. Regional patterns of competition in Syria and the broader Levant are discussed in greater detail in chapter five and in the country analysis on Syria in chapter seven.

Syria's civil war also had a massive socio-economic impact that stretches well beyond the country's borders. Syrian instability has helped exacerbate growing internal socio-economic and political unrest in neighboring states like Lebanon, Iraq and Jordan. All three states – along with Turkey – played broadly reluctant hosts to millions of Syrians displaced by the fighting. Furthermore, it presented significant challenges to non-Arab states in the region such as Israel and Turkey as they have sought to mitigate the conflict's spillover effects.

This shifting environment also presented the US with challenges to shaping coherent US policy responses to regional events. The US – like most other nations – was still coming to grips with the reality that the “Arab Spring” was more of an Arab decade of popular discontent. Washington continued to weigh the benefits and potential costs of pursuing as-yet uncertain reform-driven policy responses to events in the Levant against a long-term US interest in regional stability. It was unclear in 2014 what this would require by way of US aid and assistance, but the US must be ready to deal pragmatically with years of continued regime change, internal conflicts, and other tensions, and be ready to use every tool it can to help the states involved move towards some new form of governance, economy, and stability.

Iranian Interests in the Levant and Egypt

Post-revolutionary Iran has gone from being a status quo player to one actively seeking to expand its influence in the Levant. The Iranian regime has contested the legitimacy of some of the region's Arab states, enhanced the Islamic Republic's geopolitical position, and gained access to arenas that were closed to Iran under the Shah.⁷¹ While the ideological dimension is significant – given Iran's support for Shi'a groups in Lebanon and Iraq – ideology is often subordinate to more traditional or pragmatic state interests. As later sections show, Iran – much like its regional rivals – persistently seeks to balance against the US and its allies as it seeks to consolidate and expand its regional influence.⁷²

The Broader Quest for Geopolitical Advantage

Iran has sought to deepen its alliance with Syria while building on the increasing politicization of Lebanon's Shi'a community. Exploiting the Arab-Israeli conflict serves as a means for Tehran to gain greater traction in the Arab Middle East. This first meant

exploiting the Israeli-Syrian standoff in Lebanon during the 1980s, and second, focusing on Arab and Palestinian grievances against Israel.

Iran has come a long way from the Israeli-Iranian alliance under the Shah.⁷³ Some 30 years after the Islamic Revolution, Iran has consolidated its ties to Syria, Lebanon's Shi'a community, and Palestinian Islamist group, and is likely to continue to leverage its regional spoiler role so long as that continues to secure Tehran's efforts to grow its regional geopolitical advantage.

Israel, Iran, and the Arab-Israeli Conflict

During the time of the Shah, Iran and Israel were allies that shared common interests and threats, as well as a mutually beneficial trade partnership shaped by Israel's need for non-Arab energy resources and mutual enmity with Iraq and Egypt during the 1960s and 1970s. Both countries were also stalwart supporters of the US and the West.⁷⁴

Iranian policy towards Israel reversed drastically after the 1979 Iranian revolution both because of ideological dogma and pragmatic state interests.⁷⁵ Iran has sought a leadership role in opposing Israel in order to advance the Islamic Republic's credentials. While it has done so, Iran's efforts have had to deal with major limitations. This includes the fact that Iran and its regional allies have little real-world ability to either challenge Israel's existence or aid the Palestinians decisively.

These Iranian policies have also not been totally consistent. As David Menashri has observed, "some Iranians doubted the advisability of being more Palestinian than the Palestinians."⁷⁶ Iran's views concerning Israel seemed to soften during the Khatami presidency, with officials indicating publicly that Iran may need to come to terms with Palestinian aspirations for peace with Israel.⁷⁷

Since the end of Khatami's presidency, however, President Ahmadinejad has refocused Iran's foreign policy on a clearly anti-Israeli narrative, and has defined Iran's role in the Arab-Israeli conflict in terms of a broader confrontation with the West. Iran's continued pursuit of a nuclear capability – peaceful or otherwise – has further served to deepen the perception that Iran's struggle with Israel and opposition to Israeli interests remains deeply entrenched.⁷⁸ While there have been very public tensions and disagreements between President Ahmadinejad and Supreme Leader Khamenei, opposition to Israel seems to have been an area where Iran's current leaders were in broad agreement.

What is not clear is how much of Iran's current policy represents real ideological opposition to Israel's existence versus acting as a means to advancing Tehran's regional ambitions by winning popular Arab support and deflecting opposition by Arab regimes. What is clear is that Iran has made good use of its contest with Israel to bolster its position. The mainly Sunni Arab Middle East remains broadly opposed to Israel, no thanks to the lack of momentum on the peace process and the perception that the US cannot be a neutral arbiter of the conflict. Iranian support for Hamas and Hezbollah, especially the latter in the context of the group's "non-defeat" in an open military contest with the IDF in 2006, has been a source of legitimacy and influence.

It is also unclear how much Iran can exploit the situation in the future, especially during a period of upheaval in the Arab world. The possible resurgence of "dormant" or "absent" Arab regional forces with strong national credentials and regional legitimacy, such as

Egypt, could downgrade Iran's ability to leverage its antagonistic policy towards Israel. This also applies to any headway Turkey may make in its regional role, and if there is any true international and Israeli-Palestinian movement towards a lasting resolution of regional Arab-Israeli grievances.

Iran's Partnership with Syria

Iran's current ties to Syria go back to the early days of the revolution. Syria met the US embassy in Tehran's takeover by Khomeini loyalists with a declaration of support for the move, which went on to call for greater Arab support for the new Iran.⁷⁹ Then Syrian Foreign Minister Abdul Halim Khaddam went on to add that "the Iranian revolution gave appreciable help to the Palestinian cause" and that it was "normal that [Iran] should be backed by the [Arab states]."⁸⁰ Today, the Syrian-Iranian axis remains a key part of Iran's regional efforts to thwart US, Western and Israeli interests in the Levant.

Shaping the Relationship

The Syrian-Iranian axis was shaped by both countries' regional isolation and common interests. One of the pillars of the early alliance was the common threat posed by Saddam Hussein's Iraq. This led to significant intelligence cooperation and the execution of covert operations by both countries in Iraq in an effort to destabilize the Hussein regime.⁸¹

In addition, Syria sought to strengthen its ties with Iran in order to play a larger role in Gulf Arab security politics, given the poor state of Iran-Gulf relations during the 1980s. Syria also remained keen to scuttle any Saudi-led effort to promote a settlement in the Arab-Israeli conflict based on UN Security Council Resolutions 242 and 338 – a settlement that would have been at the expense of Damascus's position and interests.⁸²

The al-Assad regime considered a strong Syria-Iran axis as a means of exerting leverage in dealing with Iraq, Saudi Arabia, and Israel from positions of relative strength. The partnership in Syria in turn provided Iran with the geographic and political means through which to increase its influence in the Levant and its role in the Arab-Israeli conflict.

The relationship has not been without its problems, chiefly rooted in both players' efforts to exploit the strategic partnership to their own advantage. The 1985 to 1988 period proved the most challenging to the Iran-Syria relationship, largely due to increasingly divergent foreign policy interests and priorities. Syria and Iran had effectively curtailed US and Israeli efforts to relocate Lebanon into the pro-Western camp by spring 1985.

However, both countries pursued conflicting foreign policy goals. Syria wanted to stabilize Lebanon by bringing into its own uncontested sphere of influence and to pursue a more prominent role in regional Arab politics. Meanwhile, by virtue of its own role in thwarting US and Israeli ambitions in the Levant, Iran had hoped not only to spread its revolutionary model, but also to provide it with the ability to harass and strike at Israel in the name of Palestine.⁸³ Eventually, competing Lebanese Shi'a factions, Amal loyal to Syria and the then-newly formed pro-Iranian Hezbollah, came to blows.⁸⁴

In the mid-1980s both the Soviet Union and the Arab states that Syria hoped to mend ties with encouraged Syria to distance itself from Iran. While the prospects of remaining part of the Arab political mainstream, reducing the risk of confrontation with Israel, and greater access to economic and financial resources held promise, the Syria-Iran relationship proved

far more resilient. This was due to both countries' shared long-term strategic interests grounded in security politics, distinct yet complimentary ideological worldviews, and a desire to abide by foreign policy orientations that did not rely upon (or were subject to) great power politics.⁸⁵

A Current Climate of Uncertainty

The loss of Syria as a strategic partner and asset in the Levant would signal a significant downgrading of Iranian interests and strategic posture in the broader Levant. Accordingly, the strategic partnership between Iran and Syria remained a cornerstone of Iran's policy in the Levant in spite of the Syrian civil war or Assad's more uncertain ability to regain total control of parts of northern and eastern Syria now outside the authority of the regime. Iran has also sought to preserve the alliance even at significant cost to itself and its regional allies and clients in Lebanon and Iraq.

As early as 2011, Iranian Revolutionary Guards were reported to be supporting the security forces of President Bashar al-Assad in suppressing a months-long cycle of popular protests and civil disobedience.⁸⁶ Iran has provided financial relief to the Syrian government while the Iran Revolutionary Guards Corps-Quds Force (IRGC-QF) provided logistics, technical assistance, training to Assad forces, and helped to stand up militias and pseudo-regime forces made up of Alawite, Shi'a and other Syrian minority groups.⁸⁷

Assessing the true pattern of Iranian support to Syria is difficult and uncertain. However, enough open source data exist to show that Iran is shoring up its only major regional ally in the Middle East. The following chronology illustrates some key Iranian actions in 2011 and 2014, and is based on publicly available press reporting, data published by the Congressional Research Service and in part on data compiled by the American Enterprise Institute's Iran Tracker program.

- March 15, 2011 – The Israeli Navy captured a ship carrying weapons including shore-to-ship Chinese-made C-704 missiles. Reports speculated that the missiles were intended for Palestinian militants. However, Israeli Prime Minister Benjamin Netanyahu commented that the weapons came from Iran and were meant to be delivered, at least in part, to Syria.⁸⁸
- March 23, 2011 – Turkey seized an Iranian cargo meant for Syria. While details remained limited, it was reported that the shipment included 60 AK-47 assault rifles, 14 BKC/Bixi machine guns, 8,000 rounds of 7.62 mm ammunition, 560 60 mm mortar shells and 1,288 120 mm mortar shells. If the shipment's intended destination was the Assad regime and its security forces, that would constitute a violation of UN sanctions banning Iranian arms exports.⁸⁹
- June 23, 2011 – Members of the UN Security Council's Panel of Experts monitoring sanctions against Iran showed concern that Iran was violating arms embargoes with three new examples of illegal arms transfers that included Syria.⁹⁰ It was not immediately clear what the exact violations were, or whether or not Syria was a benefactor of actual arms transfers from Iran.
- July 15, 2011 – Iran's Supreme Leader Ayatollah Khamenei was reported to support a proposed transfer of \$5.8 billion in aid to Syria. *Reuters* reported that the funds were meant to bolster Syria's economy and that the aid package included \$1.5 billion in immediate cash assistance. It was also reported that Iran could have provided Syria with as much as 290,000 barrels of oil per day to Syria during the month of August. Neither report could be decisively verified.⁹¹
- July 25, 2011 – Iran, Iraq and Syria signed a natural gas agreement worth an estimated \$10 billion. The deal would see the three countries building a pipeline from Iran's natural gas fields to Syria and

- potentially terminating on the Mediterranean via Lebanon. According to the deal, Iraq would initially receive 20 million cubic meters of gas per day, and Syria would receive 20 to 25 million cubic meters of gas per day.⁹²
- August 2, 2011 – Iranian Foreign Ministry spokesman Ramin Mehmanparast cautioned Western states not to interfere in Syria’s domestic affairs, adding that “the West [should] learn [its] lesson from its previous mistakes and interference in different countries and not to enter new issues to complicate the problems in the region.”⁹³
 - August 12, 2011 – Iran agreed to provide Syria with \$23 million to build a military facility at the Mediterranean coastal city of Latakia. The agreement was the result of a June 2011 meeting between Syria Deputy Vic-President Muhammad Nasif Kheirbek and Islamic Revolutionary Guard Corps Quds Force (IRGC-QF) commander Qassem Suleimani in Tehran. The base is intended to be built by the end of 2012 and is reportedly intended to house IRGC officers and personnel to coordinate weapons transfers from Iran to Syria. Given increasing difficulty in transferring Iranian arms to Syria via Turkey, the construction of the new facility would reportedly provide Latakia with more of the infrastructure necessary to receive larger volumes of arms and equipment by air.⁹⁴
 - September 9, 2011 – Iranian President Mahmoud Ahmadinejad proposed to host a meeting of Islamic states to help Syria to resolve its political crisis. While the Islamic Republic continued to provide both material and rhetorical support to its ally, it was reported that the Iranian president called on Syria to find a “solution” with opposition forces “through dialogue and not violence.”⁹⁵
 - January 26, 2012 – Arab media and opposition sources reported the capture of members of the IRGC.⁹⁶ Iran has repeatedly denied reports that it is covertly sending troops and military aid to Syria.⁹⁷ However, reports citing Iranian government sources claim that while Iran has yet to interfere directly in Syria, the Islamic Republic was ready provide aid should its ally come under external attack or military intervention.⁹⁸ Despite these reports, there is little reliable open source data on the quality and scope of Iranian support to the Assad regime.
 - February 6, 2012 – The Syrian National Council, a mainly expatriate-led Syrian opposition umbrella group reported that General Qassem Suleimani, the commander of the Iranian Revolutionary Guard’s Quds Force, was in Syria to provide the Assad regime with aid and support in suppressing popular unrest and a growing insurgency.⁹⁹ There is little reliable data or confirmation with regards to the role and scope of Suleimani’s presence in Syria.
 - March 23, 2012 – U.S. and EU security officials claimed that Iran was providing the Assad regime with technical assistance to help it quell anti-government protests, including surveillance equipment, guns, ammunition and drones to monitor opposition forces.¹⁰⁰
 - May 28, 2012 – Iran’s semi-official Iranian Students’ News Agency (INSA) took down an interview with IRGC Quds Force deputy commander Brigadier General Ismail Ghaani quoting him as saying that “thanks to Iran’s presence in Syria – physically and non-physically – big massacres were prevented,” adding that the Quds Force had an “effective” presence in the country.¹⁰¹
 - August 7, 2012 – Saeed Jalili, the head of Iran’s Supreme National Security Council, meets with Assad to reaffirm Tehran’s support the Ba’ath regime, adding that Syria was vital to the “axis of resistance” linking Iran, Syria and Lebanese Hezbollah. The public show of support came a day after the defection to the opposition of Syrian Prime Minister Riad Hijab.¹⁰²
 - August 15, 2012 – U.S. Secretary of Defense Leon Panetta and Chairman of the US Joint Chiefs of Staff General Martin Dempsey accused Iran of helping to train and equip the so-called “Jaysh al-Sha’b” militia. Made up mainly of recruits from the Syrian Shi’ite and Alawite communities, the force was reported to benefit from training from Iran’s elite Quds Force in a bid to take pressure off of strained Syrian military forces.¹⁰³

- September 16, 2012 – The commander of the Iranian Revolutionary Guard Corps, General Mohammad Ali Jafari, admitted that members of the Corps' elite Quds Force were advising the Assad regime. Jafari was careful to stress that his forces were providing “intellectual and advisory help” and that whether Iran would expand military aid to Syria would “depend on the circumstances.”¹⁰⁴
- October 9, 2012 – U.S. officials claimed Iran was providing hardware and technical expertise to assist the Assad regime in its efforts to disrupt and compromise opposition communications and access to the Internet. This was reported to include Iranian “lessons learned” on tracking dissident groups, surveillance/counter-surveillance, computer network penetration, hacking opposition web forums and disseminating false information.¹⁰⁵
- October 31, 2012 – Brigadier General Muhammad Reza Naghdi, the commander of Iran's Basij paramilitary force, commented that pro-Assad Shabiha irregulars were very similar to the Islamic Republic's Basij. Naghdi's comments come after growing accusations that Iran was actively aiding the Assad regime against its opponents in Syria.¹⁰⁶
- February 10, 2013 – Iran and Hezbollah were reported to have trained and built up a 50,000-strong military force composed of Syrian militiamen to support the Syrian Armed Forces in their fight against opponents of the Assad regime.¹⁰⁷
- February 14, 2013 – The Iranian embassy in Beirut, Lebanon, reported that a top IRGC commander was assassinated by opponents of the Assad regime in Syria. General Hassan Shateri, also known as Hessam Khoshnevis, was killed in his car while travelling from Damascus to Beirut. Syrian opposition groups claimed that the Shateri was killed in a pre-planned attack carried out by rebel groups in Zabadani near the Syrian border with Lebanon.¹⁰⁸
- June 5, 2013 – Syrian government forces took full control of the strategic town of Al-Qusayr along the north-eastern portion of the Lebanese-Syrian border. The military operation was conducted in close coordination with the Lebanese militant group Hezbollah, a close ally and regional client of Iran. Qusayr was a key node for the rearming and resupplying of anti-regime rebel forces via Lebanon.¹⁰⁹
- June 16, 2013 – *The Independent* reported that Iran had decided to send 4,000 Iranian Revolutionary Guards Corps troops to support Assad regime forces.¹¹⁰
- July 13, 2013 – The Assad regime and Iran signed an agreement that brought online a \$3.6 billion credit facility to buy oil and oil derivatives with long options for long-term repayment. The deal was the implementation of an agreement reached in May 2012 by the two countries, wherein Iran also sought to acquire equity in investments in Syria.¹¹¹
- October 13, 2013 – Major General Mohammad Ali Jafari, the commander of the IRGC, reiterated Iran's commitment to support the Assad regime. While not admitting to direct military assistance, the head of the IRGC noted that Iran was nonetheless providing “material, spiritual and intellectual support for Syria.”¹¹²
- February 19, 2014 – Iran was reported to be providing additional support to the Assad regime in the form of hundreds of elite units tasked with intelligence collection and military training, in parallel to Russian military aid to Syria in the form of ammunition and military equipment.¹¹³
- April 8, 2014 – Iran delivered 30,000 tons of food aid to Syria to alleviate a food shortage in areas controlled by the Assad regime. The aid package also coincided with plans by President Bashar al-Assad to stand for reelection in June 2014.¹¹⁴
- May 4, 2014 – A former IRGC, General Hussein Hamedani, was censored in Iran for commenting publically on the formation of an Iranian committee to plan for Iranian provinces to contribute to

the reconstruction of parts of Syria damaged by the conflict. The committee was also allegedly to establish a new organization in Syria based on the model of Lebanese Hezbollah. Hamedani also note that Iran was critical to helping the Syrian government develop new strategies against their asymmetric opponents and in the formation of 42 separate groups, 128 battalions and some 70,000 Alawite, Sunni and Shi'a fighters to bolster the Assad regime. Lastly he noted that 130,000 freshly-trained Iranian Basij militiamen stood ready to enter the Syria conflict.¹¹⁵

- June 2, 2014 – General Abdulla Iskandari – an IRGC commander tasked with the security and defense of the Shi'a shrine Sayyidah Zaynab in Damascus – was reported as killed in action in fighting against predominantly Sunni anti-Assad fighters in the Syrian capital. Iskandari was reported to be the highest ranking Iranian officer to have died in Syria.¹¹⁶

As many of these selected highlights show, Iran continued to provide Syria with increasing levels of both indirect and direct assistance, resources and expertise the Assad regime continued to need in 2014 to fend off and push back the multitude of armed groups that have taken shape since the start of protests in 2011.

Iran provided Syria with critical non-military assistance, including billions of dollars in credit for oil purchases, food imports and other goods from Iran.¹¹⁷ Meanwhile, as multiple reports showed, the IRGC in general and the Quds Force in particular appeared to be working closely with Lebanese Hezbollah with as many as several thousand IRGC troops – mainly in a non-combat role – active in Syria in 2014.¹¹⁸

Hezbollah and Lebanon's Shi'a Community

Iran has also benefited from the fact that the continued marginalization of the Shi'a by Maronite-Sunni coalitions in post-independence Lebanon has served to entrench sectarian identities and a Shi'ite lack of confidence in state structures. This left the Shi'ite community – the largest single faction in the Lebanese population – searching for political, sectarian, and security vehicles that could advance Shi'a communal interests – even if these platforms were ideological, if not radical, in nature.¹¹⁹

Iran maintained close relations with Lebanon's Shi'a community even during the reign of the Shah. The new Islamic Republic of Iran, however, saw a war-torn Lebanon and the country's increasingly radicalized Shi'a community as ideal terrain for exporting the revolution. In particular, Israel's 1982 invasion of South Lebanon facilitated a more prominent Iranian role in Lebanon, and broadened Tehran's influence among the country's Shi'a. The invasion and de facto occupation of the south that followed created growing hostility towards Israel and the Maronite-dominated government. It also gave Iran added leverage over Syria and helped reverse the damaging effects of Iraq's invasion of Iran and the strengthening position of Damascus vis-à-vis Tehran.¹²⁰

While Syria had reservations about Iranian operations and ties to Shi'ite groups in the Bekaa, Syria's defeats at the hands of the IDF left Damascus with little alternative but to allow Tehran to gain greater influence. With Syria's tacit consent, Iran maintained some 1,500 Revolutionary Guards in the Bekaa Valley in 1982. The force worked closely with local Shi'a groups, including Hussein al-Musawi's Islamic Amal and Hezbollah, led at the time by Abbas al-Musawi and Sheikh Subhi al-Tufayli.¹²¹

In addition to moral and ideological support, Iran provided Hezbollah with political, economic, and military support as a means of maintaining a foothold on Israel's northern

flank and to maintain its role in Levantine security politics. Hezbollah's arsenal (described in greater detail in a chapter describing the regional asymmetric balance) is in large part the byproduct of more than 25 years of consistent and unyielding support for the group. The closest regional analogy to Iranian "security assistance" to Hezbollah is US military support for Israel: no other two players in the region have received such consistent support over so long a period.

Hezbollah has since grown and evolved into one of the most formidable political and military forces in the country. Despite Hezbollah's political orientation and stated ideological narrative of support for the Iranian political model, there has been no overt effort to establish theocratic rule in Lebanon. This is in no small part thanks to the fact that Lebanon's Shi'a community has more to gain by systematically mobilizing sectarian politics than trying to steer Lebanon away from an overtly sectarian power structure.¹²²

Iran increasingly seeks to use Hezbollah to influence the Levant, particularly as the civil war in Syria diminishes that country's value. It is important to note, however, that Hezbollah's decision to work within the current system of Lebanese politics limits Iran's influence. Hezbollah is not simply a proxy of Iran or Syria, and has become far more autonomous, and far more rooted in its local Lebanese environment than many seem to realize.¹²³ This limits Iran and Syria's ability to deploy the Shi'a community in their efforts to influence regional security politics.

Moreover, Iran's ability to rely on Hezbollah is increasingly uncertain due to other factors. The Persian-Arab and the Sunni-Shi'a divides are increasingly relevant in a region rocked by instability. Hezbollah's military prowess during the 2006 war has also done little to entrench a long-term pattern of Sunni Arab support.¹²⁴ Hezbollah's willingness to support popular protests and regime change in Arab states with close ties to the US – such as Tunisia, Egypt and Bahrain – seemed opportunistic at a time when Iran continued to support the Assad regime's crackdown on Syria's predominantly Sunni population.

The Syria conflict and the choices Iran and Hezbollah have made there over the last three years alienated support from the region's largely Sunni Arab population, and some observer predicted Sunnis would grow increasingly hostile towards a Shi'ite Iran over time.¹²⁵ As polling data presented in chapter twelve on Lebanon and the section on the US, Iran & regional public opinion in chapter thirteen showed, predications of further polarization along Sunni-Shi'a lines over the 2011 to 2014 period have all but crystalized as Iran and Hezbollah suffered broadly negative rating in polling conducted across the Arab world.¹²⁶ That being said, Iran clearly believed in mid-2014 that it obtained clear geopolitical benefits from its ties to Hezbollah and the group's role in Lebanon and Syria, and support for Hezbollah is likely to remain a core Iranian foreign policy interest for the foreseeable future.

III. THE CONVENTIONAL MILITARY BALANCE IN THE LEVANT

This chapter addresses the conventional military balance in the Levant and – where relevant – the role played principally by the US and to a lesser extent by Iran in shaping regional forces. The chapter examines the military forces of Egypt, Israel, Jordan, Lebanon and Syria. Hezbollah, the Palestinian Authority and other Palestinian forces do not have or cannot be described as conventional standing militaries; as such the asymmetric strategies and tactics of groups like Hezbollah and Hamas are discussed in greater detail in chapter four.

The US and Iran may not deploy forces in the area, but the competition between US and Iran does have some effect on the military balance in the Levant. This in turn affects a range of capabilities from low-level terrorism through asymmetric and conventional combat to missile warfare. The US seeks to preserve the qualitative edge and the support of its regional allies, including Egypt, Jordan, and especially Israel. It also seeks to support military forces in Lebanon as a means of mitigating other sources of risk from the Syrian conflict and the proliferation of mainly Sunni militant and jihadi organizations. Iran in turn continues to try to find the means to erode Israel's military supremacy in all aspects of the conventional military balance.

While the Levant is part of CENTCOM's area of responsibility (AOR), the US maintains few ground forces in regional countries, with the exception of Incirlik Air Force Base in Turkey. In contrast to Army and Air Force deployments, US naval forces account for the bulk of American forces in the broader Levant. In addition, the US relies on regional alliances and partnership with states, such as Israel and Egypt, to maintain stability in the region.

In contrast, Iran has few regional allies and none that can project conventional power and deter the US and Israel. Military personnel and trainers from the IRGC and the Quds Force in particular have been actively operating in train-and-equip, command and control, and intelligence collections roles in Syria possibly as far back as 2011 and in growing numbers into the low thousands through to 2014.¹²⁷ However, these forces are not present in large scale combat roles, do not enjoy the infrastructure and logistical supply chain that the US benefits from in forward bases and installations across the MENA region, and are narrowly focused on Syria's own internal struggle for power.

An Overview of Regional Military Forces

Every country in the Levant regional military balance was defined by its own unique civil-military history, budgetary environment, manpower pressures, access to arms supplies and technology transfers. Furthermore, each country faced its own unique national security environment. However, every single regional state was important to both the US and Iran in regional terms, especially in light of the ongoing civil war in Syria which in many ways transferred if not shattered long-held military truths and a sense of uneasy military equilibrium in the Levant.¹²⁸

In 2014, Israel remained Washington's principal and most capable military partner in the Levant – a trend that is likely to be sustained for many years to come. Despite military campaign setbacks in the 2006 Israel-Hezbollah war – and in some ways, as will be discussed later, in the 2014 round of fighting with Hamas – the Israel Defense Forces (IDF) remained the most capable fighting force in the Levant and the broader Middle East and North Africa region.

As this chapter and chapter four show, Israel increasingly had to adapt to deal with asymmetric forces – a process that was not without its challenges. Israel also had to shift its military doctrine in the wake of the 2011 Arab uprisings to be more reactionary as regional states showed growing signs of fragility and unrest – especially in how Israel could deal with a long-term crisis in Syria.¹²⁹

For decades, Iran's role in the conventional balance in the Levant was shaped and depended on the military capabilities of its regional ally Syria. Syria in turn had focused much of its own military energy in terms of resourcing, budgeting and acquisition toward securing, if not maintaining a viable degree of strategic deterrence against Israel through the acquisition of surface-to-surface missiles, increasingly modern air defense systems and developing a diffuse and expansive chemical weapons program.

The conventional balance between Israel and Syria largely defined the regional balance in the Levant between the Camp David Accords in 1978 and the beginning of the political upheavals in the region in 2010. However, after more than three years of fighting, more than an estimated 130,000 casualties by January 2014,¹³⁰ the conventional military balance in the Levant in 2014 was a shattered balance.

Military losses from defections, desertions, combat fatalities and other attrition affects, the Syrian Armed Forces were estimated in 2014 to be at 50% of its pre-war size.¹³¹ Furthermore, a Syrian military that had spent decades and decreasing national resources on developing capabilities meant to deter a conventional military in Israel found itself fighting an increasingly kinetic counter-insurgency against diffuse paramilitary opponents of both Assad rule and Iranian influence in the Levant.

While regime forces – aided by Iran, Hezbollah and Russia – have found ways to adapt to confront the multiple threats posed by the plethora of armed groups current facing the Assad regime, there was no way to predict when and how Syria's conventional forces could or would recover. However, as the following analysis will show, even at full strength prior to protests and the current pattern of violence, the Syrian military was outclassed by Israeli forces in all of the most important areas of the conventional military balance in the region.

Jordan continued to be yet another critical military ally of the US in the Levant. The Jordanian Armed Forces were among the most professional in the region and were considered well-trained and organized despite persistent resourcing challenges. As chapter eleven on Jordan will show, Jordan's resource-scarcity makes the country imminently dependent upon foreign aid. However, the country proximity to the Israel, Syria, Saudi Arabia and Iraq made the Hashemite monarchy critical to a key zone of US influence in the MENA region.¹³²

It was this importance that prompted the Obama Administration to send US military personnel to Jordan in 2012 for joint military exercises and to help the country plan and

deal with potential spillover effects from Syria.¹³³ Some of the approximately 200 US military personnel have remained in Jordan through mid-2014 – including a contingent of US *Patriot* anti-missile batteries, F-16 fighter aircraft and command and control personnel.¹³⁴

A Levant security architecture favorable to the US would not be complete – let alone feasible – without Egypt and its armed forces. Decades after the 1978 Camp David Accord, the Egyptian Armed Forces remained the largest Levant military force in 2014. Despite a number of high technology transfer from the US supported by annual FMF and other aid programs, the Egyptian military remained far too focused on quantity versus quality with an unwieldy military structure and deep roots in economic life in Egypt – well outside the bounds of other regional military forces.

Despite a military-led regime change in 2013 that ousted the government of President Mohamed Morsi, the US sought to preserve its relationship with Egypt – and critically its military – to preserve what remained of the regional security architecture and a critical if often complicated bilateral peace between Egypt and Israel.¹³⁵

The Lebanese Armed Forces (LAF) had limited military capabilities when compared in raw terms to all if not most other regional militaries in the Levant. The force also suffered in 2014 from decades of neglect in military development terms by successive government spanning back as far as independence from France in 1943.

However, the force's post-civil war officer corps remained broadly competent, professional and well trained over the 1990 to 2005 period, despite the often over-bearing politics of Syrian military fiat over Lebanon. In the wake of the withdrawal of Syrian military forces from Lebanon in 2005, the LAF – supported by the US, the United Kingdom, France and other Western states – underwent a gradual but substantial process of military recapitalization and force development.

Not unlike the IDF in the years between 2000 and 2006, the Lebanese military – though in this case by virtue of Lebanese political divisions – was primarily focused on internal stability operations. The advent of the Syrian civil war, however, shifted some if not all of the LAF's focus on expanding border management systems, ISR, C2 and C4I, training both conventional and SOF units, and bolstering the country's counter-terrorism capabilities in ways that ultimately coincide with US regional geopolitical preferences. While Lebanon remained a relatively marginal player at best in terms of both US policy and military engagement, the country's proximity to Israel and Syria and the LAF's track record of combatting Al-Qa'eda affiliated and inspired groups increasingly defined the US-Lebanon bilateral relationship in 2014.

In their own way, every country in the regional conventional military balance was important to how the US and Iran chose to compete in the Levant. At the same time – and as chapter four on the Levant asymmetric balance shows in greater detail – conventional military power had steadily lost at least some of its importance as non-state actors came to play a growing role in the region, especially in the wake of the 2006 Israel-Hezbollah war. Both state and non-state actors have come to rely on asymmetric warfare and threats. Moreover, the civil war in Syria, revolution and counter-revolution in Egypt, and increasing tensions in Jordan all had major impacts on the kinds of threats facing Levant states, the US and Iran.

Ground Forces

While air and naval forces have experienced important military developments in the Levant, ground forces account for the bulk of military forces. Every regional state prioritized army development when faced with limited resources or funding restrictions. US aid and Israeli military industries – along with Israel’s military professionalism – ensure Israeli ground forces remained superior to any regional threat. In contrast, Iran could not and cannot help Syria to present a meaningful conventional ground forces threat to either Israel or US interests in the region.

Military Manpower

Figure 6 shows the development over time of active duty manpower levels in the Levant. Israel’s active manpower strength has not changed radically over time, but has fluctuated according to fiscal and security pressures. Israel also remains dependent on reserve versus active manpower. Israel still has a small active force, although it has halted a recent trend toward force cuts and is rebuilding the training and readiness of both its active manpower and reserves.

Figure 6 also reflects the effect of the Arab uprisings on regional manpower trends. Egypt’s standing active duty forces saw a small reduction of some 22,000 troop between 2011 and 2014 from 460,500 to 438,500. By contrast, the Syrian Armed Forces saw the country’s civil war slash the country’s 325,000-strong force slashed almost by half to 178,000 in 2014.

By contrast, the country that did see an increase in manpower in the wake of the Arab uprisings was Lebanon, which saw its military forces increase from some close to 11% from 59,100 in 2011 to 65,500 in 2014.¹³⁶ This increase was driven by efforts to rehabilitate and expand atrophied Lebanese air and naval forces, stand up new units – including two land border regiments along the frontier with Syria – in an effort to stem pressures from the presence of fighters from Syrian – including groups like Jabhat al-Nusra and possibly ISIS – operating along the anti-Lebanon mountain range and al-Qalamoun in contested areas along the Lebanese Syrian border.

Israel is one of only two regional states – the other being Jordan – not to undergo dramatic shifts in total manpower levels in the wake of the 2011 uprisings. Ultimately, the combination of Israel’s high-quality reserves and its active manpower strength made it far more competitive with its Arab neighbors than a comparison of active manpower would indicate. Historically Syria had recurring manning problems even before its civil war. Syria maintained extremely high manpower levels after the 1982 war with Israel, but had to cut back in the late 1990s, partly because of their cost and partly because it could not properly equip, train, and support such forces.

Manpower Quality, Training & Military Reform

Beyond total manpower numbers, training, experience, and personnel management and development are critical "intangibles" that are hard to compare and quantify, and which can differ radically between countries and units.

Virtually all experts agree that Israel has long had a major advantage over Syria, Egypt, Jordan, Lebanon and any other major MENA military power. While this was as a result of

high quality training for a professional standing and reserve force, it was also in no small part thanks to the IDF's ability to pursue often difficult military reforms based on lessons learned after major military engagements. For example, the IDF signaled an intent to refocus emphasis on ground forces, cross-service jointness, and combined arms after the limits of air power became apparent both during and after the 2006 Israel-Hezbollah conflict. The 2006 war also reversed a process set in motion years earlier intended to disband the post of Corps Commander and brought greater emphasis on training for combat in areas saturated with mines, IEDs, and underground tunnels.¹³⁷

Manpower numbers, training and reform as lessons learned were only been part of the story as human factors and mission design driven by emerging and future threats have long been as important. The challenge Israel faced in the wake of the Arab uprisings was how best to reallocate its manpower resources to better respond to current and emerging threats in the Levant – especially in recent cuts and shifts to existing manpower structures. In an indication of the growing importance of Syria and the Golan Heights – once Israel's quietest military front – the IDF announced in February 2014 the formation of a dedicated division tasked with combating threats from Syria. The new Bashan Division was largely a reconfiguration of a former reserve division tasked with defending sensitive positions in the Mount Hermon sector.¹³⁸

Only Israel has historically been able to maintain both excellent SOF units and superior conventional forces. For example, historically, Israel set much higher training standards than its neighbors – especially Syria – although it did reduce many aspects of its training activity between 2003 and 2005. The Israeli-Hezbollah War of 2006 made the Israeli Defense Force (IDF) aware of the need to rebuild its manpower quality as soon as possible, to carry out large-scale exercises of its conscripts and reserves, and to expand and improve the training of its experienced, combat-ready cadres.

Egypt, Jordan, and Lebanon benefit from US, British and other Western training efforts, and all three are trying to stand up increasingly professional career soldiers. Lebanon benefited from unprecedented levels of US assistance over the 2007 to 2014 period, which resulted in the training of thousands of military personnel in that period. By one estimate, the US-sponsored and funded Comprehensive Training Program may have trained as much as 25% of the Lebanese Armed Forces by 2014. Jordan and Lebanon both emphasized the development of their special operations forces (SOF) and both militaries fielded units that their US trainers deemed to be the equivalent of elite forces by regional standards.

The quality of Syria's active manpower prior to the 2011 uprising was mixed. While poorly trained conscripts constituted the majority of Syria's active land forces, its special operations forces (SOF) and elite units benefited from higher levels of training. In addition, while the Syrian army was slow to adapt in combat and emphasizes static defense and garrison operations, units such as the Republic Guard and the 4th Mechanized Division have been trained to deal with both conventional and asymmetric combat environments.¹³⁹ As such, these units have seen the most action against the armed opposition in Syria, but with commensurate implications on overall unit readiness and limited opportunities to rotate out of theater for rest and additional training.

As **Figure 6** shows, defections, desertions and attrition after three years of civil war saw Syria's total manpower declined from a high of 325,000 in 2001 to 295,000 in 2012 to an

estimated 178,000 in 2013 and 2014. How Syrian manpower would change and adapt to meet the needs of the Assad regime's survival strategy will be discussed in more detail in chapter seven on Syria. The 2011-2014 uprising and insurgency in Syria forced Syrian ground forces, and manpower in general, to either adapt or die.

By early 2013, a major force transformation included having to learn or re-learn how to fight an insurgency in the urban battlefield. Large units were divided up into smaller nimbler units, ineffective and ageing leadership were sidelined, and new or emerging junior officers began to take on greater operational responsibility. Meanwhile, the once-critical issues of attrition by defection or desertion had not slowed to a trickle as Syrian military personnel were forced to reassess any future role in an armed uprising increasingly dominated by Salafi-Jihadi groups.¹⁴⁰

The days are gone when the Syrian Army was made up largely of conscripts with potentially questionable loyalties. By late 2013, its manpower seemed to have stabilized at roughly 50% of its pre-war fighting strength with casualties being replaced by loyalist recruits, volunteers, and manning from otherwise low-strength units on the path to being disbanded or merged with larger and more capable units.

Army personnel continued to receive their full salaries and even were allowed to rotate out on leave.¹⁴¹ In short, 100,000 to 150,000 loyal troops tested in battle over more than two years of fighting are arguably more lethal than a 300,000-strong Syrian military in 2010, complacent after some 30 years of sitting idle along the Golan Heights.

In addition to the restructuring of existing units, new forces were also brought online, or created from existing militia or paramilitary forces. Supporting by funding from Iran, the Assad regime deployed a new unit branded the National Defense Force (NDF). An amalgam of different locally sourced pro-regime militias, NDF recruits were drawn all but exclusively from the Alawite community and other minority sects that had tied their fates to Assad. Many of the so-called *Shabiha* organizations – most of which were composed of Alawites – were gradually absorbed into the NDF while other units – like the Popular Front for the Liberation of Iskenderun – were reported to maintain their relative autonomy.¹⁴²

As was discussed in chapter two, former IRGC General Hussein Hamedani commented publically in May 2014, on Iranian and Syrian plans to establish a new organization in Syria based on the model of Lebanese Hezbollah. Hamedani also noted that the Syrian government was integrating new manpower strategies against their asymmetric opponents, including the formation of 42 separate groups, 128 battalions, and some 70,000 Alawite, Sunni and Shi'a fighters to bolster the Assad regime.¹⁴³

Regional Reserve Forces

The differences in the quality of each country's full-time active manpower are compounded by more serious quality gaps in the case of most reserve forces.

Israel does have modern and relatively well-trained reserves totaling some 465,000 troops, many of which have had extensive practical experience in asymmetric warfare since 2000. While Egypt maintained some 479,000 forces in reserve in 2014, it was difficult to measure across the entire force given the level of conscription. Jordan maintained reserves of some 65,000 troops in 2014, but questions remained about their readiness and quality compared to the level of attention standing and SOF units received. Meanwhile, since the end of

conscription 2005, Lebanon maintained little to manpower in reserve to speak of, with much of the LAF's combat units on active deployment across in the country in support of internal stability, counter-terror and border management operations.

Historically, Syria's reserve military forces – once numbering some 314,000 men – were little more than "paper" forces with no real refresher or modern training, poor equipment and readiness support, and little or no experience in mobility and sustainability. In addition these forces have often been given cadres of low-grade or failed officers and NCOs. They did little more than pointlessly consume military resources that would be better spent on active forces. As of 2014, the state of Syria's reserve forces was uncertain – especially in light of the Assad regime's recurring reluctance to draft from increasingly reluctant if loyal pro-regime demographics.

Armor and Equipment

Equipment numbers are another major indicator of conventional strength, although quality again is as important as numbers, sustainability, maintenance, and specialized training. Israel dominated Syria in terms of the quality of its artillery – both fixed and mobile – and its ability to deal with battle damage in the field, and the ability to make use of anti-tank guided missile (ATGM) holdings and other light and medium arms.

Israel's greatest conventional advantage, however, is in joint warfare, combined arms, and especially armored warfare and maneuver. **Figure 7** compares total armored forces and equipment. **Figure 8** shows the trends in main battle tanks (MBT). This includes both modern high quality armor and aging systems.

Israel had a distinct lead in tank quality. As of 2014, Israel only held some 480 MBTs in regular active service, including 200 *Merkava* MkIVs, 160 *Merkava* MkIIIs and 120 *Merkava* MkIIs. However, the majority of Israeli MBT holdings is now either in storage or assigned to reserve units. These include both modern *Merkava* MBTs and older *Magach-7* and M60 variants. Despite the scale of Israeli armor reserves, in 2013 the IDF planned to order additional *Merkava* MkIVs even though the military was planning for an overall reduction in the size of Israel's armored holdings. The multi-year plan was intended to bring new armor online while retiring older M60 and *Merkava* MkI-based systems.¹⁴⁴

Despite plans for future purchases, Israel faced other pressures on how it would chose to manage and direct its efforts to recapitalize its armor holdings. One such pressure that any military can relate to was tighter budget controls. Another was changing threat profiles in a changing Levant security landscape. In 2013, both the Armored Corps and Artillery Corps had high hopes for new missions and force doctrine. In the case of the former, the IDF was pushing to sustain armor production, curtail downsizing and maintain capacity in the event of a future conventional war. The latter, meanwhile, was hoping to transition from a fire support role that of primary standoff attack in line with the so-called "Fire2025" master plan. Fiscal pressures would, however, force the IDF to adopt a more limited and narrow "interdisciplinary" strategy for training and equipping future land forces.¹⁴⁵

The export versions of Syria's T-72s have competent armor and drive trains, but poor ergonomics and inferior fire control, targeting, and night-vision systems. The armor, night-fighting and long-range engagement capabilities of export versions of such T-72s also proved to be significantly more limited than many unclassified estimates had predicted.

While pre-civil war Syria had large holdings in terms of total MBTs, these included some 2,000 obsolete T-54/55s, half of which had been relegated to static positions or storage. This use of tanks could at best only diminish the Israeli edge in terms of mobility, maneuver battle, superior logistics and network centric warfare and then only where they are used in relatively static defenses.¹⁴⁶

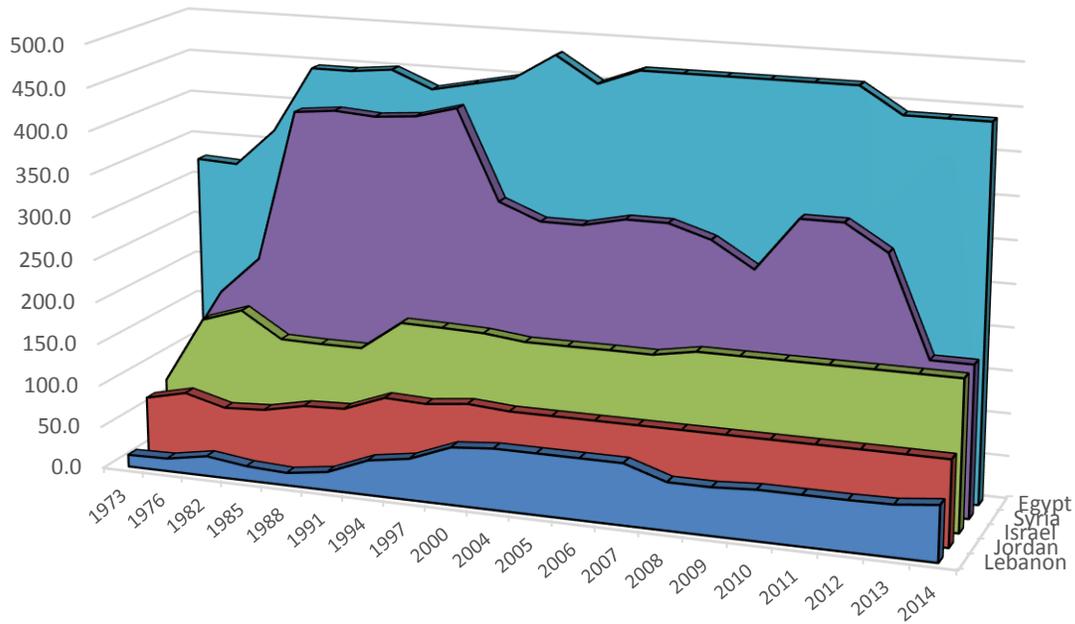
It is also important to note that preparations for conventional warfighting have not prepared Syrian armored units to deal effectively with an asymmetric internal threat. **Figures 7 and 8** do not reflect the degradation of Syrian armor holdings in the wake of close to three years of counter-insurgency and internal security operations against an increasingly significant anti-armor and improvised explosive device (IED) threat posed by the Assad regime's armed opponents.

There is significant evidence that Syrian rebel groups inflicted significant losses on the Assad regime's holdings of MBTs and AIFVs. According to one report based on multiple Syrian rebel sources, Syrian T-72s and BMPs were particularly hard-hit, with the regime losing a suggested 534 MBTs, 77 BMPs and some 600 destroyed, damaged or captured vehicles over the March 2013 to July 2013 period alone.¹⁴⁷ There were also recurring reports in 2014 that Syrian mechanized infantry units were facing increasing difficulty to conduct combined arms maneuvers – even in areas as critical as Damascus – as a result of the combined effects of attrition on infantry and Syrian armor.¹⁴⁸

There is no way to qualify with certainty the status of Syria's armored combat systems based on open source data. It is not clear how many MBTs remain fully combat-capable, have fallen into rebel hands, or are being kept in Syrian Army reserves. However, it is safe to assume that a meaningful number were lost to attrition warfare and anti-tank fire. Critically, reports in late 2013 indicated that the vast majority of the Assad regime's massive and effective holdings of 2,500 field artillery pieces, 500 MLRS, 1,000 mortars and some 2,000 ground fire-capable anti-aircraft guns were largely intact.¹⁴⁹

Regardless of the Syria uprising, years of emphasis on long-range conventional engagements with little training in maneuver warfare added to the vulnerability of Syrian armor, leading to the increased dependence on artillery, other forms of indirect fire and the heavy use of fixed and rotary wing airpower.

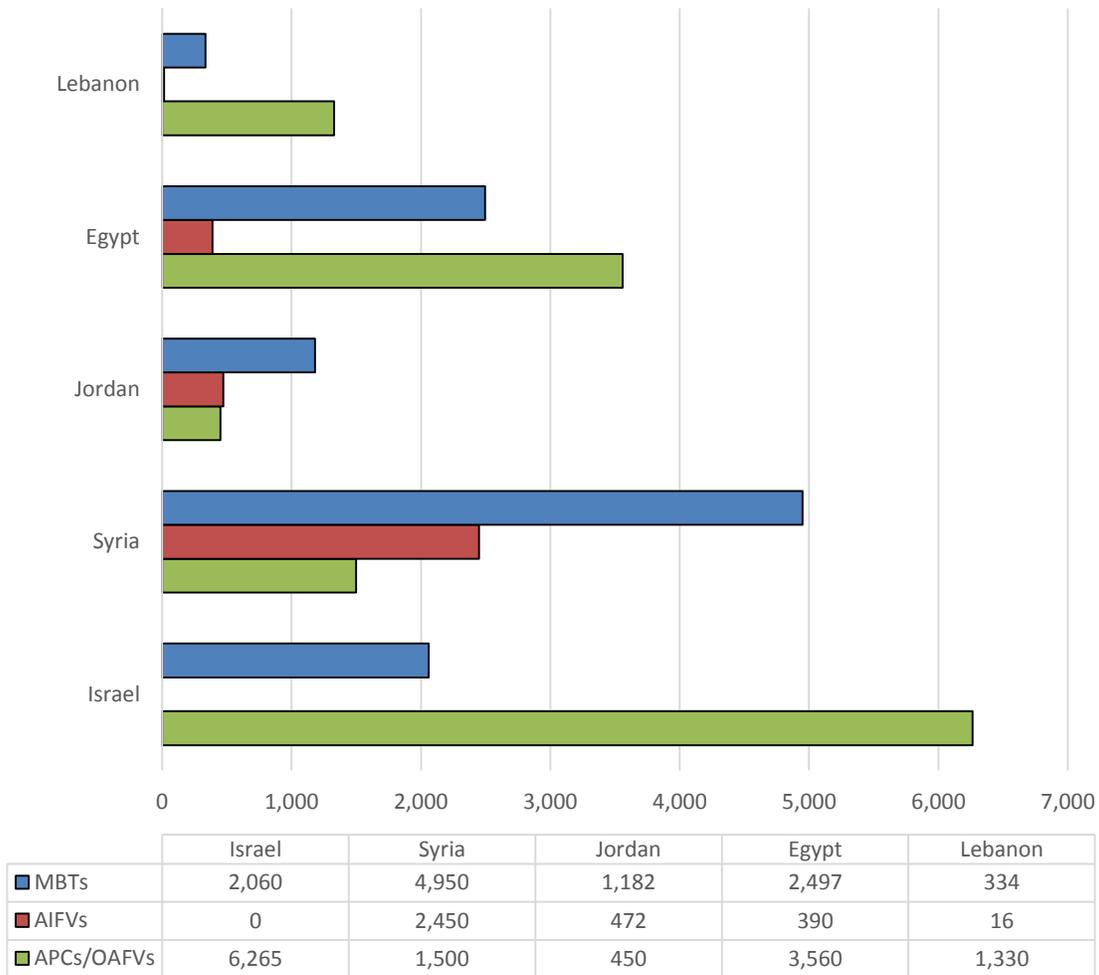
Figure 6: Total Arab-Israeli Active Military Manpower: 1973-2014
(Troops in thousands)



	1973	1976	1982	1985	1988	1991	1994	1997	2000	2004	2005	2006	2007	2008	2009	2010	2011	2012	2013	2014
Lebanon	14.3	15.3	23.8	17.4	15.0	21.8	41.3	48.9	67.9	72.1	72.1	72.1	72.1	56.0	56.0	59.1	59.1	59.1	60.0	65.5
Jordan	69.3	80.3	67.5	70.3	80.3	82.3	100.6	98.7	104.0	100.5	100.5	100.5	100.5	100.5	100.5	100.5	100.5	100.5	100.5	100.5
Israel	77.0	156.0	172.0	142.0	141.0	141.0	176.0	175.0	173.5	168.0	168.0	168.3	168.0	176.5	176.5	176.5	176.5	176.5	176.5	176.5
Syria	100.0	177.5	222.5	402.5	407.5	404.0	408.0	421.0	316.0	296.8	296.8	307.6	307.6	292.6	262.9	325.0	325.0	295.0	178.0	178.0
Egypt	325.0	322.5	367.0	445.0	445.0	450.0	430.0	440.0	450.0	480.0	450.0	468.5	468.5	468.5	468.5	468.5	468.5	438.5	438.5	438.5

Source: Adapted from the IISS, *The Military Balance*, various editions. Some data based upon discussions with US experts.

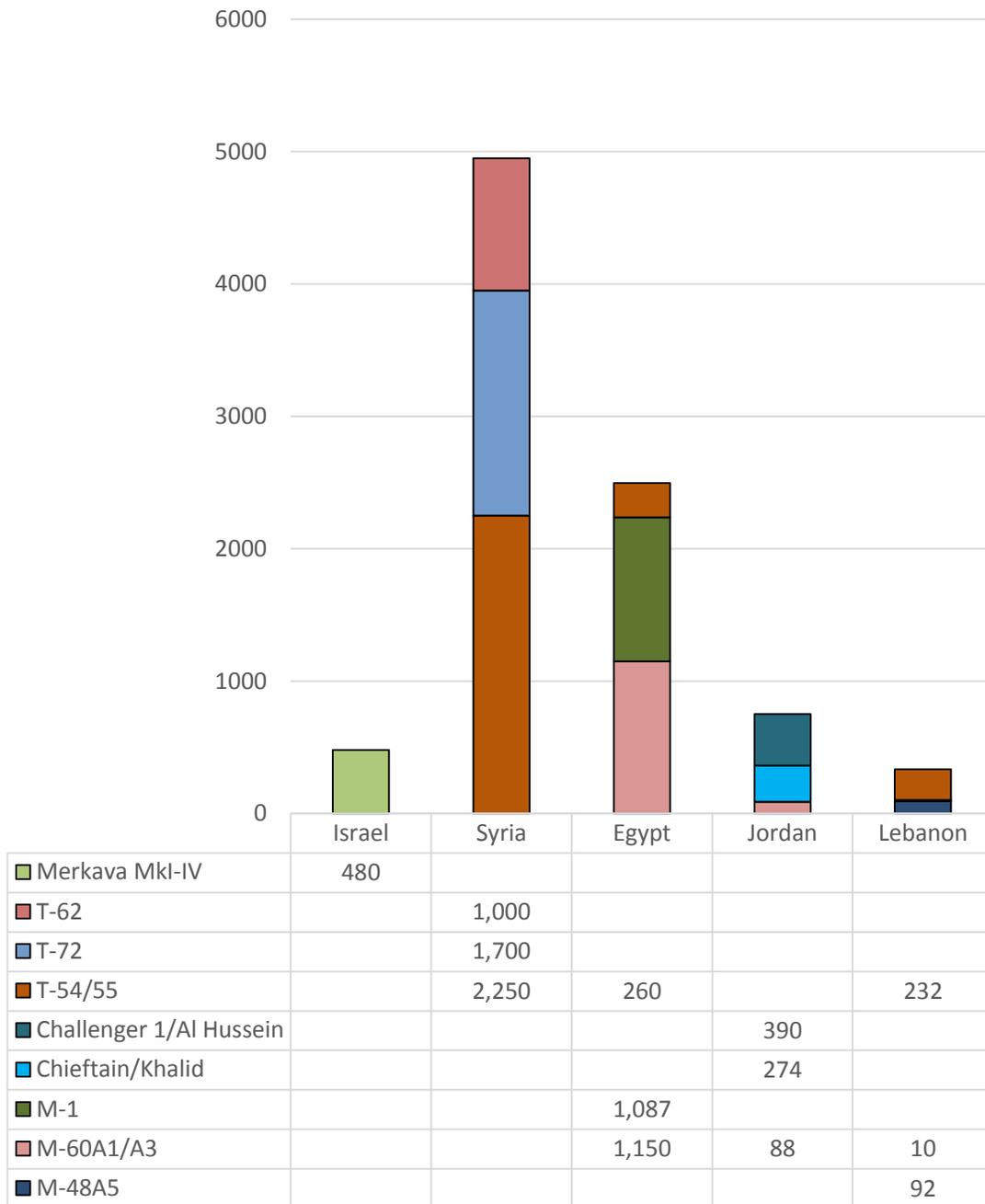
Figure 7: Total Arab-Israeli Armored Forces in 2014
(Numbers of major combat weapons)



Note: Includes Egyptian, Israeli, Jordanian and Syrian holdings in reserve or storage. Does not include old half-tracks and some combat engineering and support equipment. Lebanese holdings include 10 M60A3s transferred from Jordan in 2009. Syrian figures are pre-civil war figures.

Source: Adapted from the IISS, *The Military Balance*, various editions. Some data based upon discussions with US experts.

Figure 8: Israel versus Egypt, Jordan, Lebanon and Syria: Operational Main Battle Tanks by Type in 2014



Note: Numbers do not include Egyptian, Israeli, Jordanian or Syrian equipment in storage. Israeli reserve holdings significantly outnumber active duty systems. These include 440 Merkava MKI, 290 *Merkava* MKII, 270 *Merkava* MKIII, 140 *Merkava* MKIV, 111 *Magach-7* and 711 M60A1-A3. Some equipment categorizations include modified versions (e.g. Egypt Ramses II is modified T-54/55)

Source: Adapted from the IISS, *The Military Balance*, various editions. Some data adjusted or estimated by the author. Data differ significantly from estimated by US experts.

Air Forces

US aid to Israel shapes the air aspects of the regional balance in ways that neither Syria nor Iran can directly counter – although Iranian and Syrian transfers of longer range rockets and missiles to Hezbollah have had an important indirect impact.

While Syria maintained a large number of pre-civil war combat aircraft, it did not present a viable air threat to Israel. If one looks only at the total aircraft numbers, Syrian forces at their peak would have had a lead in aircraft. However, this was only because there were so many obsolete and obsolescent aircraft in the Syrian forces.

Fixed Wing Combat Assets

Figure 9 shows the number of high-quality aircraft in the region in 2014. While the number of total combat aircraft is not irrelevant, in war-fighting terms, high quality air assets are the ones that really count. **Figure 10** shows regional holdings of reconnaissance and ISR-capable platforms in the Levant

Figure 9 shows that Israel maintained major air superiority over Syria, whose export versions of the MiG-29s and Su-24s were equipped with obsolescent avionics and could not compete with Israeli types on a one-on-one basis. In a 2011 report, RAC MiG revealed that the company had upgraded four of Syria's MiG29s to the MiG-29SM standard. If accurate, these aircraft would have been equipped with an upgraded N019ME radar, the ability to carry larger payloads and some upgrades to cockpit displays and navigational equipment.

The standard MiG-29SM was equipped with the ability to carry a larger mix of air-to-ground weapons systems, including the Kh-29T/TE (AS-14 *Kedge*) and Kh-31A/P (AS-17 *Krypton*) air-to-ground missiles and KAB-500KR guided bombs.¹⁵⁰ Despite some potential upgrades to its fleet of existing MiG-29 aircraft, Syria had still largely failed to effectively sustain its ageing mix of combat aircraft, and it is believed that many of Syria's current holdings are no longer combat capable.

In 2013, the IISS reported that Syria maintained 50 Su-22, 20 Su-24, 120 MiG-21MF/U, 100 MiG-23s, 32 MiG-25s and 40 MiG-29s. However, in 2014 the IISS reported by contrast 40 Su-22, 20 Su-24, 95 MiG-21MF/U, 90 MiG-23s, no MiG-25s and 30 MiG-29s. If these figures were reliable – and there was nothing to indicate that they were, the Syrian air force had lost some 87 aircraft within a year.¹⁵¹

Reporting on Syrian fixed wing attrition rates remained largely uncertain. Other reports showed that rebel estimates of the number of downed Assad regime combat aircraft stood at 120 as of September 2013; however those figures did not distinguish clearly between fixed wing and rotary aircraft. Syrian L-39 *Albatros* trainers – which were extensively used in from 2011 to 2013 in a close air support role – may have also been eliminated from Syrian military holdings thanks to the overrunning by rebel forces of key airfields in northern Syria.¹⁵²

The Syrian air force may have continued to try and rebuild and sustain its fixed wing assets in 2014 despite limits on resourcing and the national budget. In May 2014, *Jane's Defense Weekly* reported that 12 MiG-29M/2M multirole fighters ordered by Syria were planned to be delivered in 2016 or 2017. The report noted that the aircraft were ready for deliver, but

that obstacles remained in terms of a stable delivery schedule tied to the pace and scale of the Syria conflict. In 2011, Syria had ordered 36 YaK-130 jet trainers/light fighters which could support Assad ground force in a close air support (CAS) role. There were indications in 2013 that the planned delivery may have initially been put on hold. However, the Russian newspaper *Kommersant*, citing Russian industry sources, noted that the deal may have gone through and that the first nine YaK-130s could be delivered by the end of 2014.¹⁵³

None of the reporting – including from the IISS and IHS *Jane's* can accurately capture the state of Syrian fixed wing air power in 2014. However, what remained was that long before its civil war, Syria was always trying to maintain, arm, sustain and train for far too many different types of aircraft, and the size and scale of Syrian holdings put a major – and costly – burden on the air force. The burden of maintaining and fielding a mix of aging fixed and rotary aircraft diluted manpower quality. This burden was compounded by a lack of spare parts, airframe fatigue, general wear and tear, field and base repair, and logistics associated with the current high tempo of Syrian air force operations against anti-Assad insurgent groups.

IISS reported that Jordan had some 55 F-16 *Fighting Falcon* variants in 2014, although the total number of Royal Jordanian Air Force (RJAF) F-16s – initially standing at 60 aircraft – could expand further. Jordanian squadrons were configured to fulfill attack and ground attack roles and were supported by a core of very effective fixed wing pilots. Beyond costly high maneuver platforms like the F016, plans were also announced in mid-2014 to supplement Jordan's close air support (CAS) capability by converting one of two existing RJAF C295 transport planes into a gunship platform. The converted C295 would in the footsteps of the RJAF's existing two AC235 gunships by integrating mission and fire control systems, electro-optical and radar sensing, AGM-114 *Hellfire* missile rails, a side-mounted M230 30mm chain gun, 70mm guided rocket systems and an integrated defensive suite.¹⁵⁴

While Jordanian efforts to expand and consolidate holdings were commendable, years of chronic underfunding had nonetheless forced the RJAF to operate with lower levels of fleet modernization, modern electronic warfare and combat systems, or the kinds of battle management systems that could approach the standard set by Israel.

As **Figure 10** shows, the RJAF had expanded its force to incorporate low-cost and easily sustainable fixed ISR platforms centers largely on the Cessna 208B *Grand Caravan* platform. However, as of 2014, Jordan still lacked Airborne Early Warning & Control (AEW&C) aircraft. Were it not for increased multi-year US FMF support, the RJAF would face real challenges in pursuing long-term air power sustainment.

Egypt is second only to Israel in the regional fixed wing air power balance. The Egyptian air force was considered one of the most capable in the Levant with capable aircrew, good aircraft serviceability and high standards of maintenance following the introduction of mainly US combat systems after decades of reliance on Soviet aircraft and support. Egypt's priority in 2014 remained largely unchanged from its goals set prior to mass protests in 2011: upgrading its air arm, modernizing the country's existing fleet of 197 F-16 multirole fighter variants. While not as political or influential as the country's land forces, the Egyptian air force was nonetheless considered an elite and western-oriented service centered on large pool of fixed wing aircraft.¹⁵⁵

Efforts to recapitalize Egypt's fixed wing combat capability faced multiple and often persistent challenges. The first was that Egypt had yet to truly incorporate modern precision-guided munitions and battle management systems. Another was that Egypt had not engaged in real-world air combat operations since a brief border war with Libya in 1977. A more immediate challenge may have been the effects of military-led regime change in Cairo in 2013. In July 2013, a dozen or so remaining F-16s deliveries to Egypt were suspended in the aftermath of President Morsi's removal.¹⁵⁶ As of mid-2014 – and despite a resumption in most aspects of US-Egyptian bilateral military cooperation – the delivery of these aircraft remained on hold.

Lebanon has never maintained a sizeable air force and has not maintained or acquired modern combat systems since it purchased 12 *Mirage III E/Ds* in the 1960s that it could neither sustain nor deploy with any real degree of effectiveness. After decades in mothballs and storage in France, Lebanon eventually sold its 10 remaining *Mirage III E/Ds* to Pakistan in 2000.¹⁵⁷ By the time Syrian forces had withdrawn from Lebanon in 2005, The Lebanese Air Force maintained only three vintage Hawker *Hunter Mk70/70A* ground attack aircraft in relative operational condition. The Lebanese air corps also had only a handful of qualified pilots in 2005 and the air service was the smallest branch of the Lebanese Armed Forces.

With the advent of US FMF and Section 1206 funds over the 2007 to 2014 period, the Lebanese Air Force began to gradually rebuild both the pilot corps and the country's fixed wing holdings. While still the LAF's smallest service, the Air Force nonetheless expanded from a total of 1,000 men in 2007 to a force of 1,680 by 2014 as it stood up new or rehabilitated fixed wing units and the manpower needed to sustain national holdings. Lebanon's fixed wing holdings in 2014 remained limited to one armed Cessna AC208 *Armed Caravan* and one unarmed Cessna B208 *Grand Caravan*.

Both aircraft are equipped with sophisticated electro-optical ISR packages mounted in an under-fuselage ball turret, and the armed variant was equipped with M299 railings for AGM-114/R *Hellfire* guided missiles. Both aircraft have seen extensive service conducting ISR, Recce and CAS operational deployment throughout 2013 and 2014

Lebanon's *Armed Caravan* was also used extensively in combat missions against Al-Qa'eda affiliated militants near the north-eastern Lebanese town of Arsal in August 2014. The Lebanese air force was expected to receive a third aircraft in future fiscal cycles for a total of three 208 variants, and there were plans for Lebanon to acquire another future ISR-capable light attack armed reconnaissance (LAAR)-type platform - possibly based on the Embraer EMB314 *Super Tucano* – to build up the country's fixed wing CAS and ISR capabilities.

Despite the efforts of other regional states, what was clear from both **Figure 9** and **Figure 10** was that Israel was very likely to maintain aerial fixed wing superiority, if not outright supremacy for the foreseeable future – especially if the Israeli Air Force manages to cost-effectively integrate future deliveries of F-35 Joint Strike Fighters into Israeli holdings. The civil war in Syria, the Assad regime's financial problems and the limits on both Iran and Russia in terms of resupply and redevelopment of the Syrian air force also ensure that this Israeli lead can only grow in the near term. Israel has much better real-world access to aircraft improvement programs and to the next-generation F-35 platform. Israel had access

to many next-generation upgrades in US systems with “stealth,” “supercruise,” advanced avionics, and advanced guidance packages, and both access to and military research and development cooperation with the US is only likely to expand further.

Rotary Wing Combat Assets

Figure 11 shows total air force and army strength in rotary-wing combat aircraft – less naval assets – in the Levant in 2014.

Israel maintained truly advanced attack helicopters such as the AH-64 Apache. In 2014, it was taking final delivery of 18 AH-64D Apache *Longbow* helicopters with extremely advanced avionics and “fire and forget” capabilities that do not require the aircraft to wait and track the missile to its target.

Israel was also the only country with access to cutting edge rotary craft such as the V-22B Block C *Osprey* tilt-rotor craft, of which it ordered six in 2014.¹⁵⁸ Syrian attack helicopter units were considered elite units prior to the country’s civil war, but Syria was not able to modernize its rotary-wing combat forces, and its training and tactics have not been fully updated over the last two decades.

Syria’s ageing mix of rotary wing aircraft was sharply degraded by its civil war due to structural and airframe damage from continued use against rebel forces and increasing incidents wherein insurgents successfully targeted, damaged, and/or destroyed Syrian helicopters using anti-aircraft guns or short range man-portable air defense systems (MANPADS).

The first shoot-down by rebels was believed to have taken-place in August 2012. Un-armored transport platforms like the Mil Mi-8/17 *Hip* have proven especially vulnerable to fire – especially in the wake of rebel units acquiring truck-mounted 23 mm ZU-23-2 anti-aircraft guns.¹⁵⁹

By the end of August 2012, members of the Ahrar al-Sham Islamist militant group claimed to have destroyed as many as 10 helicopters at the Taftanaz airbase in Idlib province. Meanwhile in late November 2012, the first major report emerged of a rebel surface-to-air missile hitting and downing a Syrian military transport helicopter near Aleppo. Despite a growing number of downed transport helicopters, there were initially few verifiable and confirmed losses of Syrian combat helicopters such as the Mi-24 *Hind*. In 2012, Syria was reported to have as many as 36 *Hinds*. However, their operational readiness levels were increasingly uncertain.¹⁶⁰

Regime losses to attrition, the overrunning of military bases and rebel acquisition of MANPADS and other systems following the Western military intervention in Libya further degraded Syria’s rotary holdings. According to some estimates, the seizure of Taftanaz airbase in Idlib province in 2013 led to at least 25 Mil Mi-8/17 *Hips* and one Mi-25 *Hind* falling out of regime control.¹⁶¹ However, rebel forces were unable to make use of these helicopters due to the absence of sufficient flight crews, a WWI-equivalent level of command and control, and the very real threat that regime surface to air missiles (SAMs) and anti-aircraft guns still posed.

One of the results of the Egypt’s military ties to the US was the ability to dramatically modernize Egyptian rotary holdings. On paper, Egypt had the Levant’s largest holdings at

105 attack or attack capable helicopters in 2014. These included 35 modern AH-64D *Apache* helicopter gunships. However, Egypt also maintains a mix of attack lighter and less capable rotary platforms such as the SA342K/L *Gazelle*, which offered little protection to aircrews when operating at low altitude.

By contrast, Israel maintained 44 more capable variants of the AH-64D in addition to its holdings of older but still very capable 33 AH-1E/F *Cobra* attack helicopters. Egypt did, however, take steps to acquire newer BkII *Apache Longbows*, of which it ordered 19 in 2009.¹⁶²

Jordan and Lebanon maintained far more limited combat-capable rotary aircraft fleets than their larger or better funded neighbors. The JDAF maintained a small force of 25 AH-1F *Cobra* attack helicopters. The JDAF also had some combat-capable EC635s. Meanwhile, Lebanon – which had not modernized its attack-capable aircraft since the 1975-1990 civil war – continued to operate 8 multirole SA342L *Gazelle* helicopters armed with .50 caliber guns and often with limited or insufficient stocks of HOT ATGMs. Lebanese *Gazelles* have proven repeatedly vulnerable at low altitude and during strafing runs. An LAF SA342L sustaining damage at low altitude from 14.5mm anti-aircraft fire during a gun strafing run against Salafi Jihadi militants near the north-eastern town of Aarsal in early August 2014.

With the resumption of US military assistance to Lebanon, the LAF moved to gradually replace or modernize its rotary fleet which remained heavily reliant on a fleet of 23 older (if not vintage) UH-1H *Huey* light transport helicopters. In 2012, Lebanon placed an order for 6 new *Huey II* transport helicopters. However, it remained unlikely in 2014 that the LAF would find a short term solution to its inadequate attack helicopter holdings. This may change in light of increased fighting between the LAF and Sunni militants with tied to or inspired by Al-Qa'eda. In the interim, the LAF took steps to up-arm other rotary craft, including some of the LAF's 10 AS330/IAR330 *Super Puma* medium transport helicopters.

Munitions and Sustainability

It is difficult to make comparisons of air-to-air and air-to-ground munitions, but the disparity is increased by the fact that Israel can modify imports and has a wide range of its own systems, some of which are classified. It is clear, however, that Israel has extensive stocks of state of the art systems and ready access to US weapons and technology.

Syria's stocks were often badly dated before its civil war began, and Syria faces particularly serious limits in terms of comparative precision strike and long-range air-to-air missiles that have high terminal energy of maneuver and effective counter-countermeasures. The IAF also has a significant advantage in the ability to add specialized external fuel tanks, add on pods with special electronic warfare and precision strike capability, the ability to modify and develop external jammers, and adapt wing loading to new munitions needs.

Israel has taken significant steps over the past decade to sustain, maintain and expand its holdings of sophisticated air-to-air weapons systems. In 2007, Israel placed an order for 200 AIM-120C-7 AMRAAM and 500 AIM-9M *Sidewinder* air-to-air missiles.¹⁶³ It expanded its inventory of shorter-range air-to-air missiles by placing an order in July 2014 for some 600 AIM-9X-2 *Sidewinder* Block II missiles and 50 CATM-9X-2 Captive Air Training Missiles.¹⁶⁴

The chances of Israel using its air-to-air munitions in any large quantity in the Levant remained low in 2014, given peace with Egypt Jordan, the absence of a viable Lebanese Air Force and the declining quality of Syria's air force – let alone its historic aversion to engage in air to air combat since the 1982 air war over Lebanon.

US FMF was also critical, however, to enabling Israel in acquiring more modern air-to-ground munitions systems. Air-to-ground systems form a critical aspect of Israeli munitions holdings, given the IDF's targeting requirements tied to any future confrontation with Hezbollah in Lebanon or Palestinian militant groups.

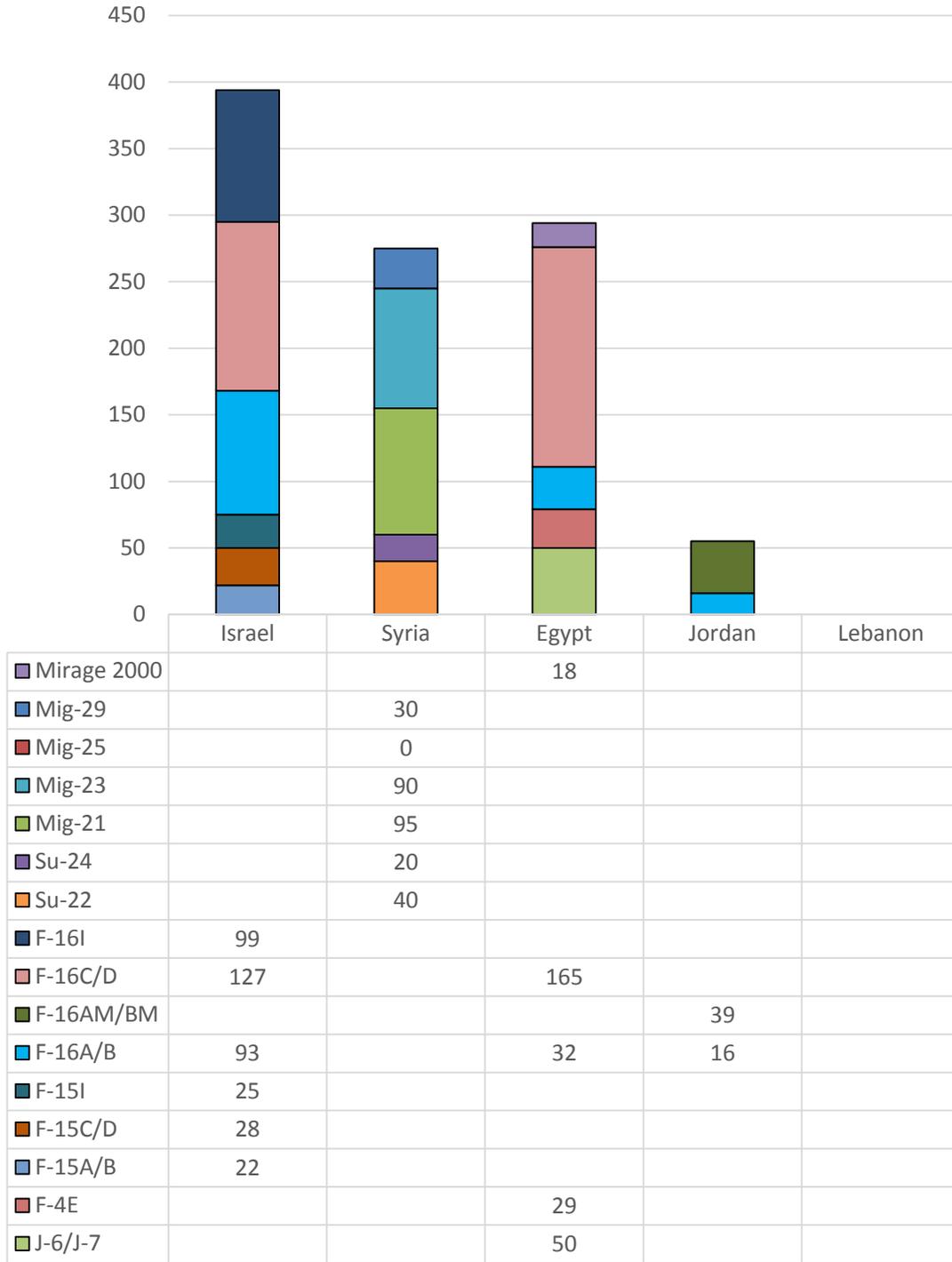
In 2005, Israel ordered 100 GBU-28 5,000-pound laser-guided “bunker busting” bombs. Two years later, the IDF placed an additional order for an additional 50 GBU-28s, in addition to 10,000 Joint Direct Attack Munitions (JDAM) tail kits, 4,000 *Paveway II* kits for Mk-82, Mk-83 and Mk-84 warheads. Israel also ordered some 10,000 Mk-84, 1,500 Mk- 82 and 2,000 BLU-109 live bombs.¹⁶⁵ In 2008, Israel ordered 1,000 GBU-39 small diameter bombs (SDBs) – 250-pound precision guided glide bombs intend to provide aircraft with both the ability to carry more bombs and to deliver them on target from long range and with greater accuracy.¹⁶⁶

Despite the size of its air force, Egypt did not undertake large-scale recapitalization of its munitions systems. In 2008, Egypt requested 450 AGM-114K3A *Hellfire II* guided missiles. Meanwhile, other plans tied to modern missile acquisition were principally for ground-based use. Jordan, however, did order air-to-air systems, in part driven by the RJAF's recent acquisition and integration of the F-16 *Fighting Falcon*. In 2009, Jordan order 85 AIM-120C-7 AMRAAM air-to-air missiles.

Lebanon for its part had no meaningful stores of air-to-air systems – let alone aircraft in 2014 capable of deploying them. However, Lebanon did receive 20 AGM-114R *Hellfire* air-to-ground missiles in 2009 for deployment on Lebanon's sole Cessna AC-208 *Armed Caravan* CAS/ISR platform. The LAF also placed a request for an additional 100 *Hellfires* – a request that become far more urgent in 2014 as the LAF engaged Al-Qa'eda inspired Jihadi militants in north-east Lebanon in August 2014.

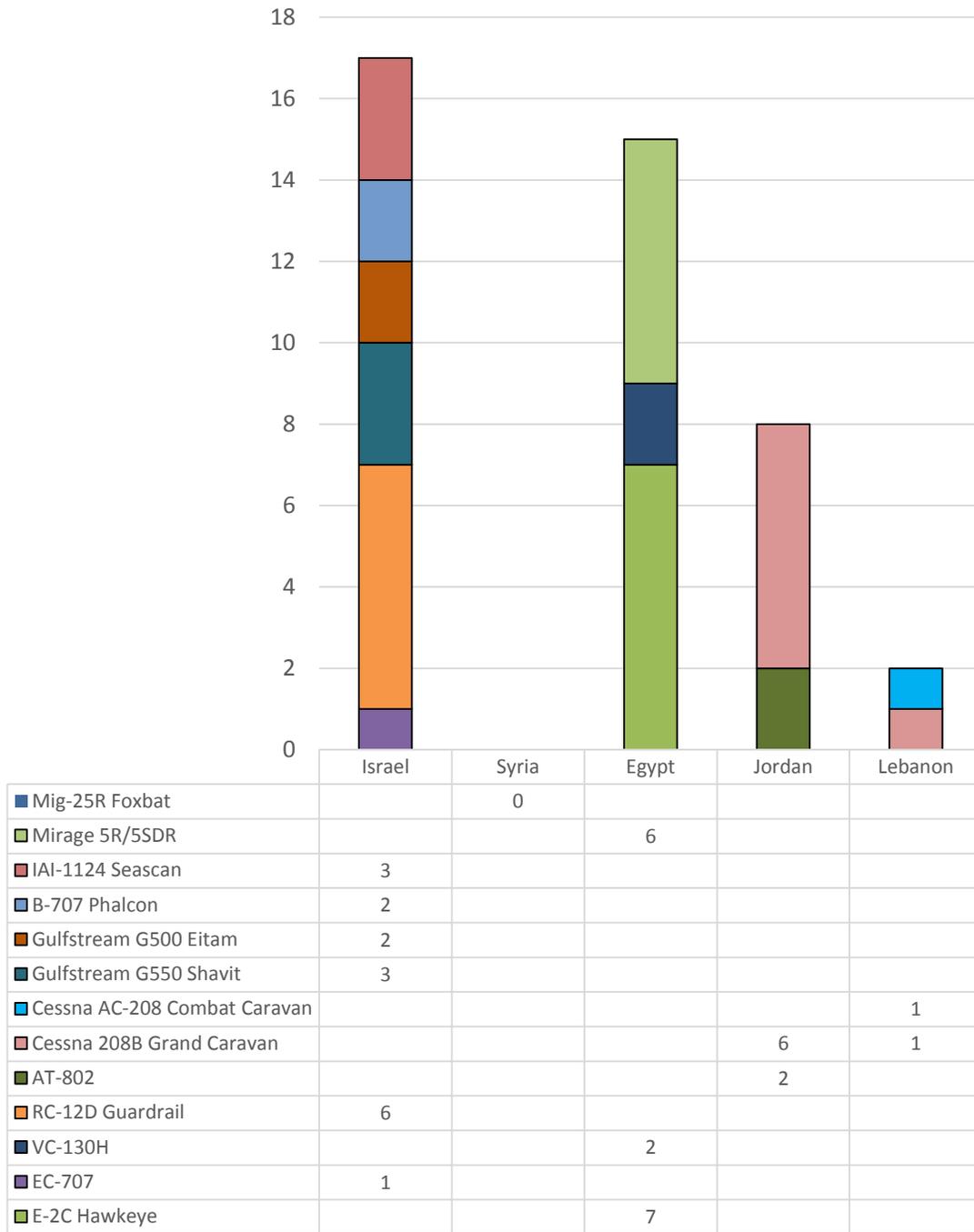
Figure 9: High-Quality Operational Arab-Israeli Combat Aircraft in 2014

(Does not include stored, unarmed electronic warfare or combat-capable RECCE and trainer aircraft)



Source: Adapted by Aram Nerguizian from the IISS, *The Military Balance*, various editions, and discussions with U.S. and regional experts.

Figure 10: Operational Arab-Israeli Electronic Warfare, ISR or Combat-Capable RECCE Aircraft in 2014

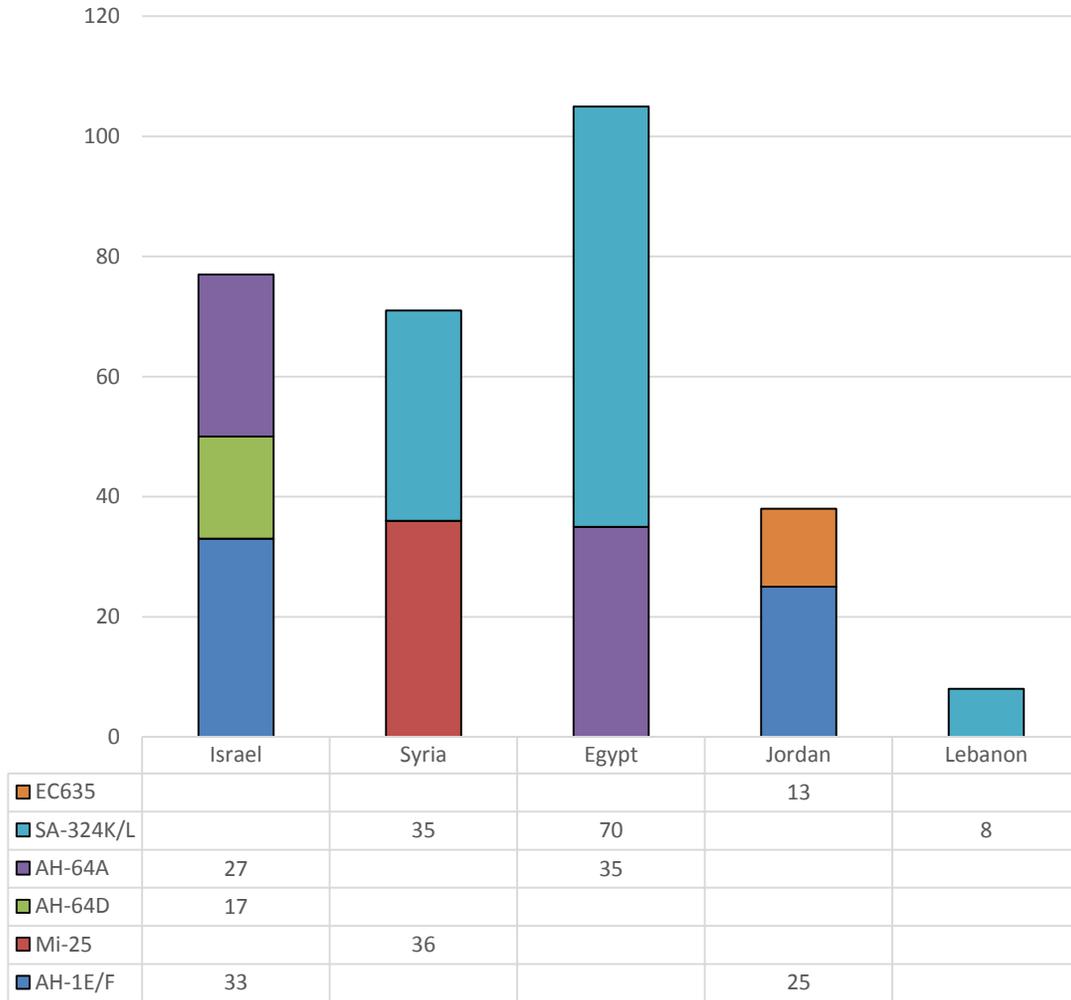


Note: Syrian Mig-25Rs are non-operational.

Source: Adapted by Aram Nerguizian from the IISS, *The Military Balance*, various editions, and discussions with U.S. and regional experts.

Figure 11: Operational Arab-Israeli Attack and Armed Helicopters in 2014

(Does not include antisubmarine warfare or antiship helicopters)



Note: Table does not include 10 retrofitted or weapons-capable Lebanese AS330/IAR330 *Puma*.

Source: Adapted by Aram Nerguizian from the IISS, *The Military Balance*, various editions, and discussions with U.S. and regional experts.

Surface-to-Air and Missile Defenses

While countries in the Levant maintained very different levels of readiness and investment in either surface-to-air systems or modern missile defenses, this nonetheless remained a key and increasingly relevant piece of the regional conventional balance.

Israel

No country in the Levant could compare – or come close – the scope, scale and sophistication of Israeli surface-to-air and missile defense systems. The Israeli Air Defense Corps (ADC) – along with the IAF’s fighter squadrons – was tasked with the defense of

Israeli airspace. This included protection of northern Israel from incursions across the UN Blue Line separating Israel and Lebanon. In 2014, The ADC had three batteries with the *Arrow/Arrow II* high altitude air defense systems, six batteries of the *Iron Dome* short range anti-rocket defense system, 17 batteries equipped with older MIM-23 I-HAWK surface-to-air missiles (SAMs) and six batteries equipped with the MIM-104 *Patriot* SAMs.¹⁶⁷

While modern surface-based air defenses were not unimportant and Israel continued to invest in and modernize its holding, the IAF's regional air superiority was a key deterrent to any regional airpower threat. The real challenge from the point of view of Israel was the need for overlapping layers of low, medium and high altitude defenses against missile attacks at a time when Hezbollah alone was estimated to have more than 80,000 rockets in 2014 – including some that could target any part of Israel. The IAF was unique relative other regional air forces in that it could rely on local industry – albeit often in partnership with the US – to develop a complex and comprehensive mix of multi-tiered missile defense systems. Once completed, the planned defense structure would include:¹⁶⁸

- *Iron Dome*; short range rocket interception; ranges of 4 km to 70 km.
- *David's Sling*; medium range missile interception; ranges of 70 km to 250 km
- *Arrow II*; upper atmosphere missile interception; ranges of 250 km to 1,500 km
- *Arrow III*; ballistic missiles space interception; ranges of 1,500 km to 2,500 km

As of mid-2014, only *Iron Dome* and the *Arrow II* system were operational and on active deployments. Due to budget shortfalls, the operational deployment of *David's Sling* was reported in 2014 to be slipping beyond 2015.¹⁶⁹ While the *Arrow III* system was slated for entry into operational service in 2015, it too may fall prey to unexpected developmental or budgetary hurdles.

Despite nominal setbacks that are common to any ground-breaking major combat system, Israel remained unique among regional states in its ability to tap into its technologically advanced national defense sector – both private and tied to the Israeli government – in pursuit of force modernization and development of key ballistic systems. The Israeli-developed *Silver Sparrow* missile system was one such example. Developed in 2013 by Rafael Advanced Defense Systems, the *Silver Sparrow* is a medium-range air-launched ballistic missile used as a target missile in trials of the *Arrow III* anti-ballistic missile system. The *Silver Sparrow* – which could carry a high explosive warhead – was unique in that it was designed specifically to simulate the characteristics of Iran's *Shahab-3* ballistic missile – which had a range of 1,500 to 2,000 km – to aid in the development of the top-tier anti-missile system.¹⁷⁰

It is also important to point out just how critical US military assistance, funding and partnership on research and development have been to Israel's effort to build up its multi-tier anti-missile systems. **Figure 12** shows historical data on US aid and support in the funding and development of *Iron Dome*, *David's Sling*, *Arrow II* and *Arrow III* from FY2006 to FY2015. Given growing Israeli national defense budgetary pressures discussed later in this chapter, US funding was also critical in funding Israeli efforts to sustain its inventory of missile defense holdings.

The US continued to play an important role in helping to develop and bring to fruition Israeli missile defense capabilities. In March 2010 the Obama Administration announced that it would provide Israel with \$205 million in defense aid for the purchase of up to 10 *Iron Dome* anti-rocket batteries. The *Iron Dome* system was successfully used for the first time in April 2011, with batteries deployed in Ashdod, Ashkelon, and Beersheba by August 2011.¹⁷¹

In May 2012 the US House of Representatives authorized an additional \$680 million in *Iron Dome* funding, to be spread over three years.¹⁷² The US Congress and successive administrations have supported joint-US Israeli missile defense projects, including ongoing work on David's Sling, which is designed to counter medium-range (40km to 300 km) threats, and longer-range high altitude systems such as the *Arrow III*.¹⁷³

From FY2006 to FY2014, the US allocated some \$2.5 billion to the current mix of Israeli missile defense programs and an additional \$272.7 million for FY2015. On August 4, 2014, the Obama Administration signed broadly supported congressional legislation allocating a further \$225 million to support the restocking of Israel's *Iron Dome* short-range rocket defense systems after weeks of fighting between the IDF and the Palestinian militant group Hamas.¹⁷⁴

Syria

Neither Syria nor any other Levant state has a capability that can compete with Israel's multi-tiered air defense systems. However, neither the US nor its regional allies can afford to ignore Syria's air defenses, even after more than three years of bloody civil conflict and the degradation of Syria's air force.

On paper, with some 200 active SAM batteries and early warning complexes, Syria had the largest integrated air defense system (IADS) in the MENA region. However, in real terms, Syria maintained largely aging surface-to-air systems with little or no missile defense capability and cannot afford the latest weapons and technologies. Israel had a much more modern and better integrated mix of radars and other sensors, IS&R, and battle-management systems to integrate its surface-to-air and anti-missile defenses. Syria's early warning (EW) system which was based primarily on ageing P-12/18 *Spoon Rest* radar systems were far less capable than more modern Israeli EW holdings.¹⁷⁵

According to the IISS, Syria's 30,000-strong Air Defense Command had pre-civil war air defense holdings that included two air defense divisions composed of some 25 air defense brigades armed with at least 150 SAM batteries with S-125 *Pechora* (SA-3 *Goa*), 2K12 *Kub* (SA-6 *Gainful*), S-75 *Dvina* (SA-2 *Guideline*) and some batteries equipped with 9K33 *Strela-2/M* (SA-7A *Grail*/SA-7B *Grail*). Syria also operated two air defense regiments armed with two battalions equipped with 2 S-200 *Angara* (SA-5 *Gammon*) long-range SAMs.¹⁷⁶ In addition, Syria maintained Soviet-made short-range air defense (SHORAD) systems centered around the 9K35 *Strela-10* (SA-13 *Gopher*) and 9K33 *Osa* (SA-8 *Gecko*). These in turn were supplemented by hundreds of anti-aircraft artillery (AAA) and man-portable air defense systems (MANPADS).¹⁷⁷

Figure 13 showed the estimated spread and coverage of medium and long-range Syrian SAMs. Syria's major SAMs were stationed in four key areas: the Mediterranean coast, the area between Homs and Aleppo, Damascus and along the south-west near the Israeli-

occupied Golan Heights. When counting SAM sites at Deir el-Zor and the in the east, Syria's IADS provides coverage of all major cities and military facilities in the country thanks to overlapping fields of fire and force redundancy. However, coverage was only one part of the story. The US and its allies have had access to Soviet-era SAMs for years, found ways to defeat all or most of the older legacy systems, and conceived of effective tactics and electronic warfare strategies to counter Syria's IADS.¹⁷⁸

Damascus faced the vulnerability of its IADS and SAM forces in 2007 when the IAF penetrated deep in to Syrian territory, bypassed or defeated Syria's EW network, and destroyed a nuclear reactor Syria had been building in Deir el-Zor.¹⁷⁹ This only served to accelerate a process that had begun a few years older to either upgrade or close key gaps in Syria's air defense network. In August 2007, the Russian press reported that deliveries of modern 96K6E *Pantsyr-S1E* (SA-22 *Greyhound*) SHORAD gun and missile systems had been delivered. A mobile platform combining twin 30 mm guns with guided missiles, the *Pantsyr-S1E* could target and down incoming precision munition systems and was intended as a turn-key system for the defense of critical infrastructure – such as larger immobile SAM sites. Syria also sought to upgrade its medium-range SAM capability. In 2011 Syria took deliveries of 9k40 *Buk-M2E* (SA-17 *Grizzly*) SAM systems – the first Syrian medium SAM platform capable of multi-target acquisition. It was also reported that some Syria's aging S-125 had been upgraded to conform to the *Pechora-2M* standard.¹⁸⁰

The IISS did not maintain an account of Syrian modern SAM holdings in 2014. However, IHS *Jane's* analysis compiled by Sean O'Connor noted that Syria maintained the following systems in inventory in 2014:

System	Fire Units	Missiles	Active	Inactive
S-75/S-75M	5/52	384/2,047	42	74
S-125M1A <i>Pechora</i>	47	1,927	31	22
S-200VE	8	164	4	2
2K12 <i>Kub</i>	50	3,800	42	31
<i>Pechora-M2</i>	12	n/a	2	-
<i>Pantsyr-S1E</i>	36	700	-	-
<i>Buk-M2E</i>	8	160	-	-

While Syria did much to enhance its medium-range SAM capability in the wake of the 2007 IAF attack near Deir el-Zor, questions remained in 2014 surrounding Syria's plans to acquire major long-range SAMs. Acquisition of sophisticated S-300P series major SAM system would have complemented the country's upgraded short and medium range capabilities, replaced ageing S-200VEs, modernized the country's IADS and enhanced Syrian air deterrence against Israel.

Whether or not Assad's Syria would ever receive let alone integrate the S-300P was unclear as of August 2014. In 2010, Syria signed a deal worth \$900 million with Russia to acquire the system, and the sale of the S-300P quickly became a strategic football between the US and its allies on the one hand and Russia, Iran and Syria on the other.¹⁸¹ The US and Israel both repeatedly applied pressure on Russia to forestall if not cancel the planned sale of strategic air defense systems to Syria.¹⁸² Nonetheless, reports in the Russian press surfaced in January 2014 that Moscow had begun the delivery of S-300P components, including

48N6E2 missiles.¹⁸³ However, an August 11, 2014 report by Russian news agency *RIA Novosti* seemed to indicate that Moscow may have been ready scrap the sale and delivery of S-300P complexes to Syria altogether.¹⁸⁴

The intensification of Syria's civil war and advances by rebels against key regime facilities made the security of the country's SAM network far more precarious. According to IHS *Jane's*, since 2012, attacks by armed factions opposing the Assad regime threatened no fewer than eight Syrian military facilities equipped with air defense systems, SAM positions and early warning assets. These included the loss of two EW facilities in northwest Syria. The loss of regime territory in Aleppo and Der'a provinces had the potential to threaten seven S-75, four S-125 and five 2K12 batteries, in addition to ten EW assets. However, as of 2014, none of Syria's newer holdings have been compromised, and IHS *Jane's* reported that the Syrian IADS remained broadly intact due to the country's layered air defense infrastructure.¹⁸⁵

Israel presented another threat to Syria's IADS in the wake of protests in 2011. Driven by its long-term concern that non-state armed groups would continue to pursue the acquisition of increasingly modern air defense, anti-tank and anti-ship systems, the IAF was both able and willing to conduct counter-proliferation airstrikes over intervals against alleged Syrian and Hezbollah targets in Syria in 2013. Weapons transfers from Iran and Syria to Hezbollah are discussed in greater detail in chapter four. Among these Israeli airstrikes, at least two appeared to have targeted Syrian SAM assets. The first such strike was in May 2013, when the IAF may have targeted *Buk-M2E* SAMs. The second strike against Syrian air defense assets appeared to be an October 2013 strike against a *Pechora-M2* battery. In both cases, the reporting cited Israeli concerns that these and/or other systems were about to be transferred to Hezbollah.¹⁸⁶

While there was little doubt in 2014 that Syrian air defenses in and around the greater Damascus region had been upgraded, the failure of Syria's IADS to engage Israeli aircraft in 2013 elicited mixed assessments of both Syrian SAM systems and Israeli air power. Some argued that the IAF's utilization of stand-off munitions from outside Syrian airspace reflected Israeli risk-aversion in the face of newer and more capable short and medium SAM systems like the 96K6E *Pantsyr-S1E* and the *Buk-M2E* respectively.¹⁸⁷ Others, meanwhile, saw the IAF's choice of munitions and tactics centered on terrain masking to minimize the risk of detection by Syrian EW systems as the latest in a long line of lapses in Syria's air defenses.¹⁸⁸ Either way, Syria's ability to deter attacks from the air by either Israel or allies like the US remained in serious jeopardy.

Egypt, Jordan and Lebanon

Apart from Israel and Syria, only Egypt had an extensive national air defense system in 2014 with a mix of some ageing Soviet SAM systems and some more recent and more capable US systems. According to the IISS, Egypt's 80,000-strong Air Defense Command still operated legacy systems such as the S-75M *Volkhov* (SA-2 *Gudeline*) and more than 210 S-125 *Pechora-M* (SA-3A *Goa*) strategic SAMs. Egypt has also turned to US military assistance to acquire more modern surface-to-air and EW systems. These included *Skyguard-Sparrow* launcher/illuminator systems equipped with RIM-7F *Sea Sparrow* SAM. These were complemented by 12 MIM-23B *I-HAWK* major SAM batteries, *Skyguard* towed SAMs and shorter range *Crotale* and M48 *Chaparral* SAMs.¹⁸⁹

While Egypt sought to acquire ever more sophisticated systems, most of its acquisitions showed little signs of a wholesale effort to upgrade the country's IADS in 2014, focusing instead on modernizing some of its holdings and acquiring limited numbers of largely mobile short range SAM systems. These included orders in 2005 of 25 *Avenger* fire units and 164 *Stinger* BkI configured for vehicle launch ordered in 2007.¹⁹⁰ Egypt also acquired 40 *Skyguard AMOUN* solid-state transmitters to support the upgrade of the *Skyguard-Sea Sparrow* systems Egypt maintained in inventory.¹⁹¹ Lastly, Egypt – along with Jordan – sought US support in 2014 to upgrade Egypt's 12 MIM-23B *I-HAWK* batteries – the country's only static major SAM system.¹⁹²

While Jordan had far more limited air defense capabilities than Egypt, the Kingdom's importance as a key regional non-NATO ally, and growing instability from Syria's civil war served as reasons to enhance Jordan's air defense systems and deterrence. In June 2013, the US deployed MIM-104C PAC-2 to Jordan.¹⁹³ While the missiles were initially deployed by US forces in a bid to defend the Kingdom from the risk of missile attacks from neighboring Syria, the US government later announced that it would abide a request by the Jordanian government to keep the *Patriot* batteries – along with F-16 fighter aircraft – in Jordan for an indeterminate period.¹⁹⁴ As of 2014, Jordan's air defense forces included five to six MIM-104C PAC-2 *Patriot* batteries. However, beyond PAC-2 batteries supported by the technical expertise of US military personnel, Jordanian air defenses remained limited to five batteries equipped with MIM-23B Phase III *I-HAWK* SAMs and six batteries equipped with *Skyguard/Aspide* SAMs.¹⁹⁵ Not unlike Egypt, Jordan was also reported to be modernizing missiles tied to the country's *I-HAWK* systems.¹⁹⁶

Lastly, in 2014, Lebanon remained the only country in the Levant without any major SAM holding, medium SAMs, modern SHORADs or even ageing electronic warning capability. The IISS reported that Lebanese man-portable air defense systems (MANPADS) holdings included some 83 9K32 *Strela-2/2M* (SA-7A *Grail*/SA-7B *Grail*), however it was not clear whether these systems were combat-capable or disposed of altogether in light of their age and obsolescence. Lebanon also maintained some towed and mobile anti-aircraft artillery (AAA), including 57 23 mm ZU-23s.

In early 2014, The Lebanese Armed Forces (LAF) began trilateral negotiations to acquire some \$3 billion-worth of new weapons and combat systems from France with funding from Saudi Arabia. While the final end-state of the planned acquisition path remained anything but certain in August 2014, the LAF was nonetheless hopeful that the effort could secure the future delivery of limited EW and ground radar capability, along with limited deliveries of relatively modern short range SAM systems.

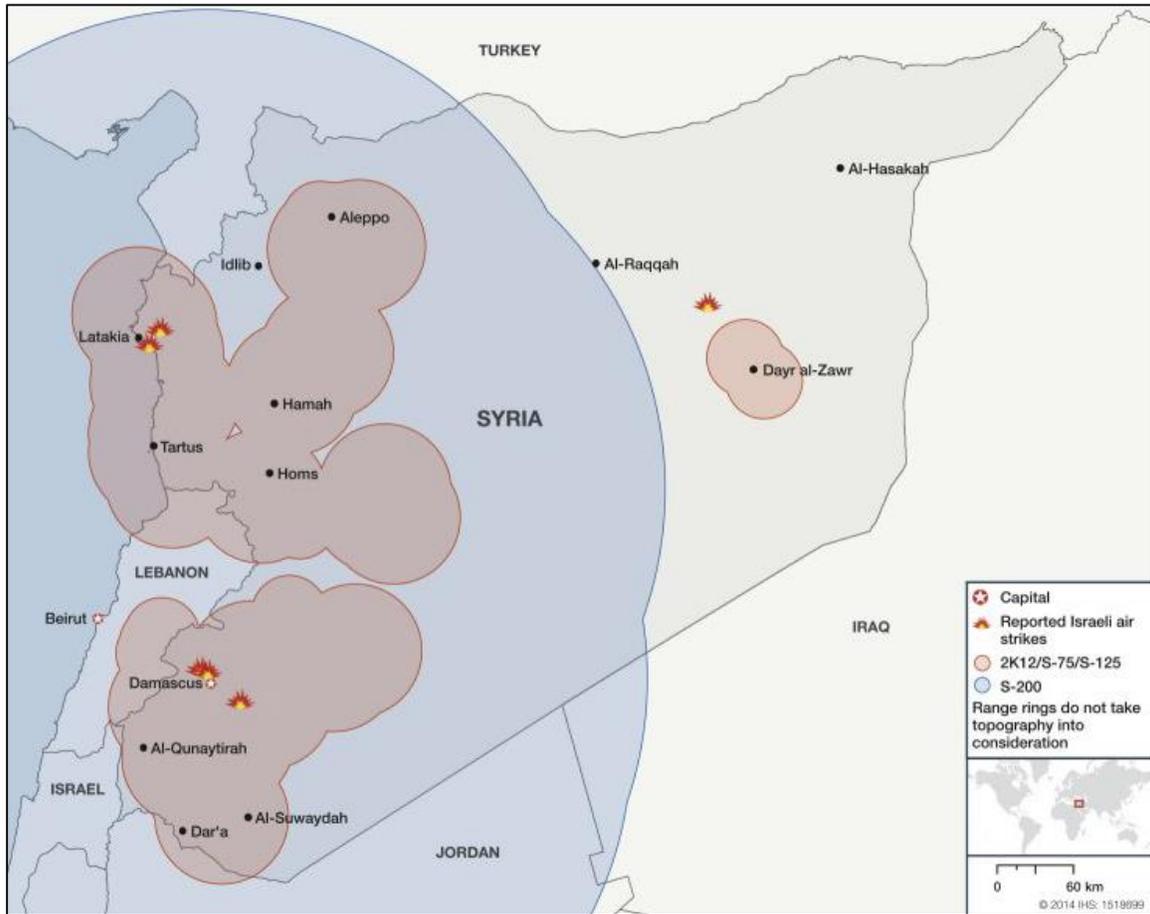
Figure 12: Defense Budget Appropriations for U.S.-Israeli Missile Defense: FY2006-FY2014
(Historical \$ in millions)

Fiscal Year	Arrow II	Arrow III (High Altitude)	David's Sling (Short-Range)	Iron Dome	Total
FY2006	122.866	—	10.0	—	132.866
FY2007	117.494	—	20.4	—	137.894
FY2008	98.572	20.0	37.0	—	155.572
FY2009	74.342	30.0	72.895	—	177.237
FY2010	72.306	50.036	80.092	—	202.434
FY2011	66.427	58.966	84.722	205.0	415.115
FY2012	58.955	66.220	110.525	70.0 ^a	305.700
FY2013 ^b	40.800	74.700	137.500	194.0	479.736
FY2014	44.363	74.707	149.712	235.309	504.091
FY2015 Request	(Part of total)	(Part of total)	(Part of total)	175.972	272.775 ^c

- a. These funds were not appropriated by Congress, but reprogrammed by the Obama Administration from other Department of Defense accounts.
- b. Figures for FY2013 calculated after factoring in budget sequestration.
- c. The Missile Defense Agency(MDA)'s FY2015 request includes \$96.803 million for all three Israeli Cooperative Programs (Arrow II, Arrow III, and David's Sling) and a separate request for \$175.9 million for Iron Dome. The MDA forecasts Israeli Cooperative spending over several fiscal years in advance. Congress has appropriated funding for these various programs exceeding MDA's request over the past several fiscal years. MDA requests for Israeli Cooperative programs (not including Iron Dome) from FY2011 to FY2014 have been \$122 million (FY2011), \$106.1 million (FY2012), \$99.83 million (FY2013), and \$95.78 million (FY2014). Based on reports from the House (H.Rept. 113-473) and Senate (S.Rept. 113-211) Appropriations Committees in June and July 2014, respectively, accompanying the Department of Defense Appropriations Act, 2015 (H.R. 4870), Congress appears set to appropriate the following amounts for FY2015 on top of the FY2015 Administration request: \$175 million for Iron Dome (subject to reporting requirements relating to U.S. co-production), and \$172.039-173.8 million for Israeli Cooperative programs. That would result in total FY2015 appropriations of \$56.201 million for Arrow II, \$74.707-76.468 million for Arrow III, \$137.934 million for David's Sling, and \$350.972 million for Iron Dome.

Source: adapted by Aram Nerguizian from Jim Zanotti, "Israel: Background and U.S. Relations," *CRS Report*, the Congressional Research Service, RL33476, July 22, 2014, p. 42.

Figure 13: Syria's Uncertain Surface-to-Air Missile Coverage in 2014



Source: Adapted by Aram Nerguizian from Sean O'Connor, "Access Denial – Syria's air defence network," *Jane's Defense Weekly*, April 7, 2014.

Naval Forces

Every country in the Levant had invested in mixes of naval forces that at best represented each country's national security priorities and access to new technologies, or at worst reflected real-world budgetary constraints or the inability effectively plan for naval military development. **Figure 14** shows Arab-Israeli naval holdings by category in 2014. Other than Israel, only Egypt had naval assets that could be considered capable while Syria maintained a navy with only limited attack and interception capability that posed no threat to the Israeli Navy's modern naval combat systems.

Meanwhile, there are more than 7,000 vessels in the Mediterranean at any given time and the security of choke points from Gibraltar in the west to the Suez Canal in the east make regional maritime security critical to US national security interests. In addition to a need to secure merchant shipping routes, more than 4 million barrels a day of crude oil (4.5% of global production) are shipped through the canal or the adjacent SUMED pipeline.¹⁹⁷

Iran could not compete with the US or Israel in any meaningful way in determining the balance of conventional sea power in the Mediterranean. Short of limited transfers of missile-capable patrol craft, Iran also could not provide any of the region's naval forces with any kind of system that could either compete with US systems or provide an edge in naval warfare. However, as chapter four will later show, Iran did create new asymmetric threats through the transfer of systems like anti-ship missiles and mines to both Syria and non-state actors like Hezbollah.

The US Naval Presence

The US has maintained a naval presence in the Mediterranean since WWII. In 2011, under the overall command of the Commander in Chief, US Naval Forces, Europe (CINCUSNAVEUR), the US Navy's 6th Fleet was responsible for planning and conducting contingency, overwatch, and civilian evacuation operations, as well as protecting US interests and generally providing a strong US naval military presence in the Mediterranean. This pattern remained broadly unchanged as of 2014 with no major fleet re-assignments taking place within the Mediterranean naval theater.

While the Horn of Africa, the Gulf of Aden, and the choke point at Bab al-Mandeb had become increasingly less secure due to instability and increasing piracy, 80% of all contingencies that US military and naval forces had to respond to since the end of the Cold War took place within the 6th Fleet's area of responsibility (AOR).¹⁹⁸

This trend remained broadly unchanged over the 2011 to 2014 period in the wake of regime change in Libya and Tunisia, revolution and counter-revolution Egypt, Syria's three year old civil war, the persistent threat of asymmetric and conventional military escalation from the Arab-Israeli conflict, and competition between Turkey, Cyprus and key Levant states over potential regional oil and gas reserves in the Levant Basin.

The 6th Fleet's offensive and defensive posture were centered on the Fleet's carrier battle groups, supported by modern surface combatants, nuclear attack submarines, and modern fighter and fighter-attack aircraft. Additionally, the Fleet could count on ELINT, C4I, ASW aircraft and US Marines aboard amphibious landing and logistic support ships. The combined force posture in the Mediterranean included some 40 ships, more than 175

aircraft and 21,000 military and support personnel.¹⁹⁹ **Figure 15** showed the 6th Fleet's nominal command structure as of 2011.

The US adapted as a result of the evolving threats and challenges that emerged since September 11, 2001. NATO member states, along with the alliance's Mediterranean Dialogue and Partnership for Peace (PfP) continue to contribute forces and intelligence capabilities to Operation 'Active Endeavour' (OAE). Intended to deter terrorist groups and contribute to stability in the Mediterranean region, OAE's Maritime Component Command (CC-Mar) is headquartered in Naples, Italy. OAE's role is also critical to the security of regional energy infrastructure and liquid petroleum gas-type carrier vessels.²⁰⁰

The 2011 struggle for power in Libya saw US naval military power play a major role. In the spring of 2011, the 6th Fleet engaged Libyan ships near the port city of Misrata to halt indiscriminate ship-to-shore bombardment by pro-Gaddafi forces. US naval aviation and guided missile destroyers also targeted Libyan coast guard vessels and coastal defenses.²⁰¹ In addition, more than 110 *Tomahawk* cruise missile strikes from US surface and sub-surface combatants served to significantly degrade Libyan early warning and air defense systems.²⁰²

Meanwhile, the prospects for naval military intervention resurfaced in Syria in August 2013 in the wake of the reported use chemical weapons by the Assad regime against anti-regime forces and civilians in populated areas near Damascus. The *Washington Times* reported that at least four US navy destroyers from the US 6th Fleet – each armed with at least 90 *Tomahawk* cruise missiles – stood ready to engage regime targets were the order to be given to conduct military operations against the Assad regime.²⁰³

Any direct military intervention by US naval forces in the Mediterranean would have presented a critical challenge to the foreign policy interests of Iran – Assad's principal regional ally. US naval action would have also threatened Russia, which remained wary not only of the possibility of US military action against a client state in the Levant, but also with regards to the proximity of Russian naval vessels off the coast of Syria and continued instability in the Black Sea tied to Ukraine. Lastly, naval action could have tested the quality and readiness of both Syrian and Hezbollah anti-ship systems, which could have targeted US, Israeli and other allied military and commercial vessels.

Iran's Limited Naval Role

Iran has never been able to compete with US naval power in conventional terms, and threat posed by Iranian asymmetric naval forces remained questionable at best. **Figure 16** shows Iran's naval holdings in 2014 and just how important small and fast missile-capable craft had become to Iranian naval forces.

Iran's small attack craft could not reach let alone operate in the Mediterranean. Meanwhile, the Islamic Republic's mix of older surface combatants posed little real threat to US interests in the Mediterranean. Even if Iran wished to forward deploy some of its six active duty corvettes to the Levant, the country did not have the resources, command and control, or logistics to sustain even a skeletal expeditionary deployment in what remained at best a remote show of force in blue waters dominated by regional opponents such as the US, Israel and Egypt.

This did not mean that Iran could not pose some challenges to US forces, allies or interests in the eastern Mediterranean. Iranian incursions via the Suez Canal – while historically rare – increased in the wake of the 2011 Arab uprisings in general and over the 2011 to 2014 period in particular, and remained a cause for US concern given the continued scale of instability across the Mediterranean perimeter.

The first such Suez crossing in the wake of the uprisings occurred in February 2011 when two Iranian warships on route to Syria were perceived by the US and its regional allies – especially Israel – as only the latest in a long line of regional provocations by Iran. The crossing also raised questions at the time about the long-term implications of a change in leadership in Egypt – a long-standing pillar of US policy in the Middle East, not the least of which in the confrontation with Iran.²⁰⁴ Many of these concerns largely abated in the wake of the military-backed overthrow of the Morsi presidency in July 2013.

Iran made further deployments to the eastern Mediterranean – and the de facto AOR of the US Navy's 6th Fleet – in 2012 and 2013. In February 2012, Iran once more sent two warships to the Mediterranean, in part as a show of support for Tehran's beleaguered allies in Damascus.²⁰⁵ January 2013 saw Iran attempt to send a slightly larger deployment comprising two ships – one submarine and one surface warship – as part of fleet actions in the Red Sea.²⁰⁶

Iran found another opportunity to deploy naval forces to the 6th Fleet's AOR in August 2013 in the prelude to what many assumed were imminent US air and naval strikes against the Assad regime. However, according to reports at the time, only Russia planned to deploy naval assets to shore up its regional allies in Syria.²⁰⁷

Throughout the 2011 to 2013 period and well before then, Iranian excursions to the Mediterranean could be interpreted as largely symbolic threats against Israel and the US. In 2009 the Israeli Navy's (IN) deployment of *Dolphin* (Type 800) attack submarines to the Red Sea, potentially en route to the Gulf, was similarly interpreted by Iran as a direct provocation.²⁰⁸

Iranian vessels would find themselves largely unsupported in the Mediterranean in the event of escalation with Israel or the US. However, that could not be the case for Israeli sub-surface vessels operating in the Arabian Gulf in the AOR of the US Navy's 5th fleet. In short, it is unlikely that Iran can do much to disrupt the conventional US naval posture in the Levant. At best, Iran is little more a maritime irritant to the US and its allies.

The Impact of the Israeli and Egyptian Navies

Traditionally, the navy has been the third force in both the Israeli and Egyptian armed forces. However, shifting priorities in the 21st century have accelerated Israeli and Egyptian efforts to recapitalize their naval forces. For Israel, developing effective naval power that could work closely with air power and in support of ground forces was crucial to survivability in counter-terrorism and asymmetric warfare efforts in Gaza and Lebanon, the sustainment of Israel's ability to interdict arms smuggling from Iran to Hamas or Hezbollah, and of more recent importance, the securing of Israel's large off-shore gas discoveries.²⁰⁹

In 2014, the Israeli Navy (IN) had relatively modern and effective submarines and surface forces, backed by effective airpower. It also had effective anti-ship missiles, as well as

superior systems and targeting/electronic warfare capabilities. Its three *Sa'ar 5*-class corvettes were modern ships with considerable long-range capability by local mission capability standards. Israel's eight *Sa'ar 4.5*-class missile patrol boats, commissioned during 1994-2002, had also been regularly modernized. All of the IN's *Sa'ar*-class vessels were armed with updated versions of the *Harpoon* anti-ship missile and had modern radars and electronic warfare suites. Israel's three Type 212 *Dolphin*-class submarines were also modern vessels commissioned during 1999-2000.

The IN's recapitalization efforts could enhance both sub-surface and surface vessels in the fleet. In addition to the current three *Dolphins* in service, two more were expected to enter service with the IN in 2014, while Israel was expected to take delivery of an additional sixth by 2016. Additional submarines would expand the IN's ability to conduct reconnaissance and special warfare operations both in the Mediterranean and the Arabian Gulf – particularly off of Iranian coastal waters.²¹⁰

Meanwhile, Israel also saw expanding and modernizing the IN's fleet of surface combatants as a key priority. In 2008, the IDF had signed an initial agreement to acquire four of the new class of US Littoral Combat Ships (LCS) in a deal estimated worth some \$1.9 billion.²¹¹ However, defense cost-cutting in Israel forced the IN to cancel plans to acquire the LCS, prompting Israel to consider the acquisition of four Korean-built *Incheon*-class modular frigates instead. Nominally, Israel hoped newer and more capable surface combatants like the *Incheon*-class could enter service with the IN by 2017.²¹²

Egypt made an effort in the late 1990s to build and sustain a modern “two-fleet” force capable of operating both in the Mediterranean and the Red Sea. More recently, its need to police waters off Gaza, interdict arms smuggling in the Sinai Peninsula and defend Egypt's water ways became critical in the wake of the instability of the 2011 Arab uprisings.²¹³

Despite three years of instability in the wake of protests in 2011, the Egyptian Navy maintained close military ties to the US Navy as did their common ally in the Gulf, the Saudi Red Sea Fleet. Egypt's 8,500-strong navy was the largest naval force among the Levant states in 2014 – including eight frigates, six of which were armed with RGM-84C *Harpoon* anti-ship guided missiles (ASGMs) while the remaining two were armed with HY-2/CSS-N-2 *Silkworm* ASGMs. The Egyptian navy also operated two corvettes armed with RGM-84C *Harpoons* and some 29 smaller craft armed with a mix of ASGMs, including *Otomat* MkII, MM-38, *Exocet*, RGM-84L *Harpoon* Block II, and P-15 *Termit*/SS-N-2A *Styx* ASGMs.²¹⁴

While the acquisition by the Egyptian navy of more modern US-sourced surface combatants was a relative success, the country's current and future challenge remained replacing the country's obsolete Soviet-made *Romeo*-class diesel-electric submarines. In 2012, *Jane's* indicated that the Egyptian navy was negotiating with the Germany government and German firm Howaldtswerke-Deutsche Werft (HDW) to acquire two Type 209 *Dolphin* submarines.²¹⁵

While there was no confirmation that the deal had gone through, reports surfaced in early 2014 that Egypt intended to acquire an additional two Type 209s for a total of four submarines. French newspaper *La Tribune* reported that the contract for the first two vessels was worth some 920 million euros, that they would be armed with UGM-84 *Harpoon* Block II ASGMs and that delivery was scheduled for 2016.²¹⁶

Despite their “cold peace,” Israeli and Egyptian naval developments did not go unnoticed by either regional state. Israel remained uneasy with Egypt’s efforts to acquire offensive naval systems. Meanwhile, Egypt continued to view Israeli concerns surrounding its military edge as a persistent impediment to Egyptian military development efforts. Beyond these dynamics, questions also remained about the sustainability of both the Israeli and Egyptian naval development efforts given growing pressures on defense expenditures and cuts to spending.

Despite these shortfalls, however, ties to the US represented a unique regional asset to any regional naval force. By contrast, Iran had no clear allies anywhere in the Indian Ocean or Red Sea, no real Mediterranean naval ally in a Syria focused on an internal civil war, found it difficult to project and sustain sea power in any region outside the Arabian Gulf for any length of time, and was unable to provide meaningful air cover to its expeditionary naval forces.

The Limits of the Syrian Fleet

Iran cannot project conventional maritime power in the Levant without regional allies and the Islamic Republic’s chief ally in the region is Syria. However, Syria’s navy is largely obsolete, ineffective, and dependent on aging anti-ship missiles. This reflected in no small part the country’s limited economic resources and constraints on funding for maritime forces. When combined with the effects of three years of civil war, Syrian naval forces were expected to only further degrade in 2014 and beyond.

As **Figure 14** shows, Syria maintained multiple guided missile-capable ships in inventory. In 2014, the IISS reported that the Syrian navy had some 22 patrol and fast attack boats armed with ASGMs. Syria’s other holdings included older coastal patrol craft, mine warfare and mine countermeasure craft and limited amphibious landing capability.

One rare area where Iran was able to support a regional ally was in the provision of ASCM-equipped light patrol craft. In 2006, Iran provided the Syrian navy with six *Tir-II*-class patrol boats armed with *Noor* (C-802/CSS-N-8 *Saccade*) ASGMs. Iran’s decision to augment Syria’s holding of light ASGM and ASCM-equipped surface craft reflected at least in part key lessons learned from the Israel-Hezbollah war wherein the Lebanese militant group successfully targeted and damaged the INS *Hanit*, a *Sa’ar 5*-class corvette and flagship of the Israeli navy.²¹⁷

However, these limited Iranian transfers did little to truly augment Syria’s naval offensive or defense capabilities. Syria’s 16 *Osa I* and *Osa II* patrol craft did not appear to have been significantly modernized as of 2013 and continued to operate older P-15M *Termit-M* (SS-N-2C *Styx*) ASGMs. Syria also had two *Petya III*-class frigates armed with guns and torpedoes, but these did not appear to have been upgraded with ASGMs and did spend little meaningful time at sea. Its three *Romeo*-class submarines never performed meaningful combat roles and have been withdrawn from service.

While ties to Iran did little to augment Syria’s naval forces, the alliance with Russia did allow Damascus to tentatively expand its land-based naval deterrence capabilities. In December 2011, reports emerged that Russia had provided Syria with its sophisticated and lethal long range SSC-5 *Bastion* radar guided anti-ship cruise missile (ASCM) coastal defense system based on the SS-N-26 *Yakhont* supersonic ASCM.²¹⁸

The *Yakhont* was capable of reaching a maximum speed of Mach 2-2.5, and could deliver a 200 kg warhead out to a range of 300 km with a “hi-lo” high altitude trajectory and a range of 120 km on a “lo-lo” sea-skimming trajectory. Unlike most other anti-ship missiles, the *Yakhont* relied on passive homing for the majority of its flight path and only resorted to active tracking in the final stages of flight. Coupled with its speed and low altitude approach, the *Yakhont* significantly reduced warning time, thereby increasing the vulnerability of ships offshore to attack.²¹⁹

Initially ordered in 2009 to replace ageing SS-N-2 *Styx* and SS-C-1B *Sepal* anti-ship missiles, these systems could impact how US, Israeli and allied ships operated in the Eastern Mediterranean. Delivery of the *Bastion* bolstered Syrian naval deterrence against deeper intervention in Syria and signaled Russia’s support for its regional ally. This is a significant statement from Moscow with ramifications for the regional military balance. Should Russia decide to provide Syria with much-delayed major SAM systems, such as the S-300 or the S-400, this would constitute yet another signal that further intervention in Syria is a red line.

One consequence of Syria’s efforts to bolster shortfalls in its coastal defenses may have been Israeli military action both to degrade Syrian military capabilities but more crucially to deter the transfer of modern ASMs to non-state armed groups – especially Hezbollah in Lebanon. The *Sunday Times* reported that on July 5, 2013, Israeli *Dolphin*-class submarines conducted target ship-to-shore strikes against arms depots in Syrian port city of Latakia. The report noted that the alleged strike was carried out in close coordination with the US and that the intended targets were 50 SS-N-26 *Yakhont* ASCM delivered earlier that year. The submarine strike may have also been supported by firepower from the IAF.²²⁰

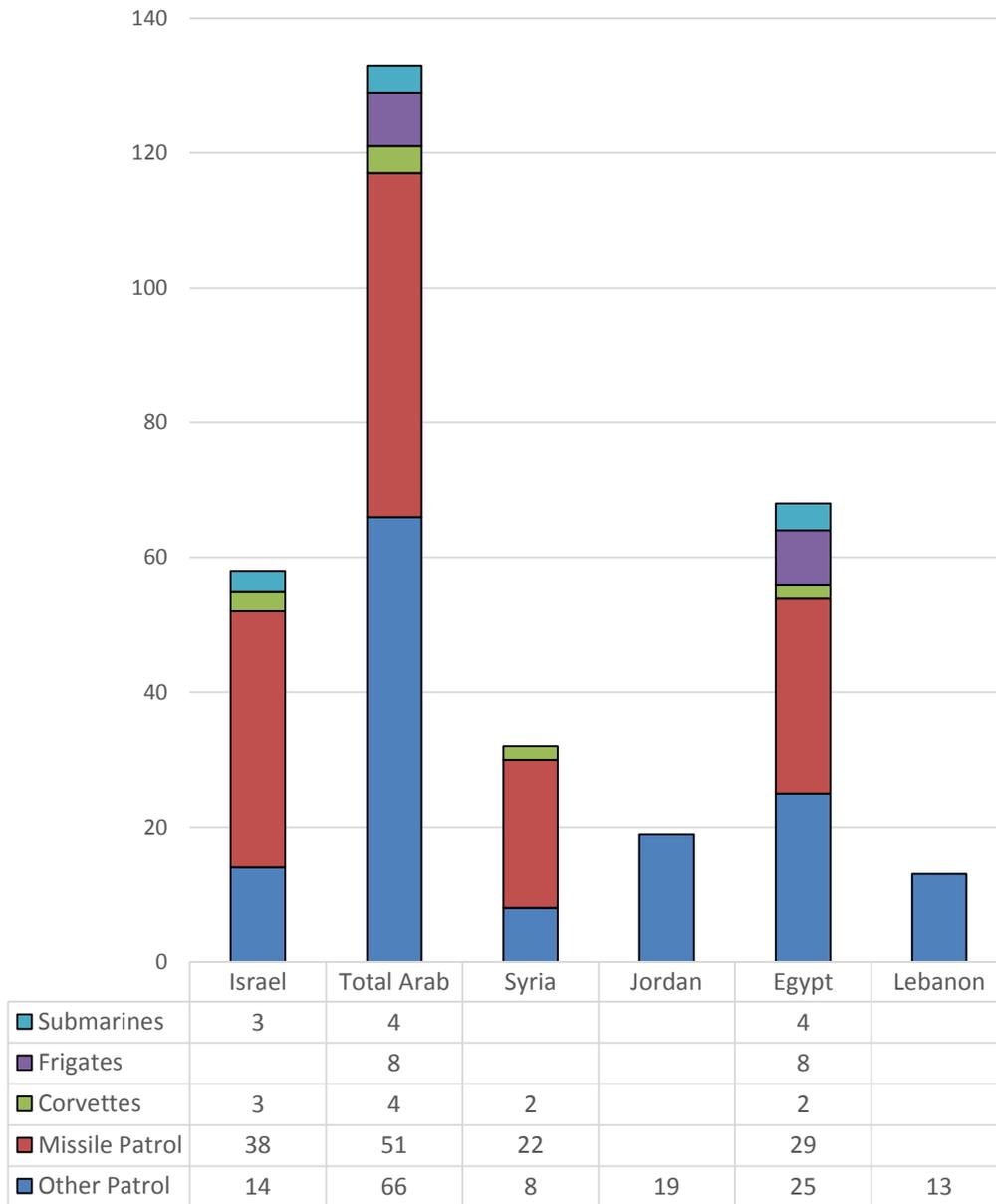
Whether or not Israeli strikes degraded or eliminated sophisticated ASMs from Syrian holdings remained unclear. Weeks after the July 5, 2013 strike, the *New York Times* reported that some if not all Syrian *Yakhont* ASCMs may have survived the attack, or were removed from their launchers and warehouses prior to the initial strike.²²¹ What was clear – however – was that any attempt by Syria or Iran to proliferate these systems, or efforts by the Assad regime to bolster its own deterrence, may be met by repeated and credible threats of Israeli and allied military force.

Jordan, Lebanon and Constabulary Naval Forces

While Israel, Egypt and Syria all tried to build up offensive “blue water” naval capability, Jordanian and Lebanese naval forces remained far more limited, focused on coastal defense, maritime security, counter-terrorism and counter-smuggling missions. Jordanian and Lebanese constabulary naval forces did not include ASM-capable vessels, and neither state fielded ships with real-world offensive capability.

Both Jordan and Lebanon expanded their holdings of patrol craft to bolster their ability to police their own territorial waters. 15 of Jordan’s 22 patrol craft were acquired as recently as 2006. Meanwhile Lebanon obtained 11 of its 35 coastal patrol craft over the 2006 to 2012 time frame, including one modern LCSC-42 coast security craft. In addition, both Jordan and Lebanon sought to upgrade their coastal radar and surveillance capability.²²² However, despite these efforts to build up their forces, it must be noted that as of 2014, neither Jordan nor Lebanon planned to dramatically alter the focus of their naval forces.

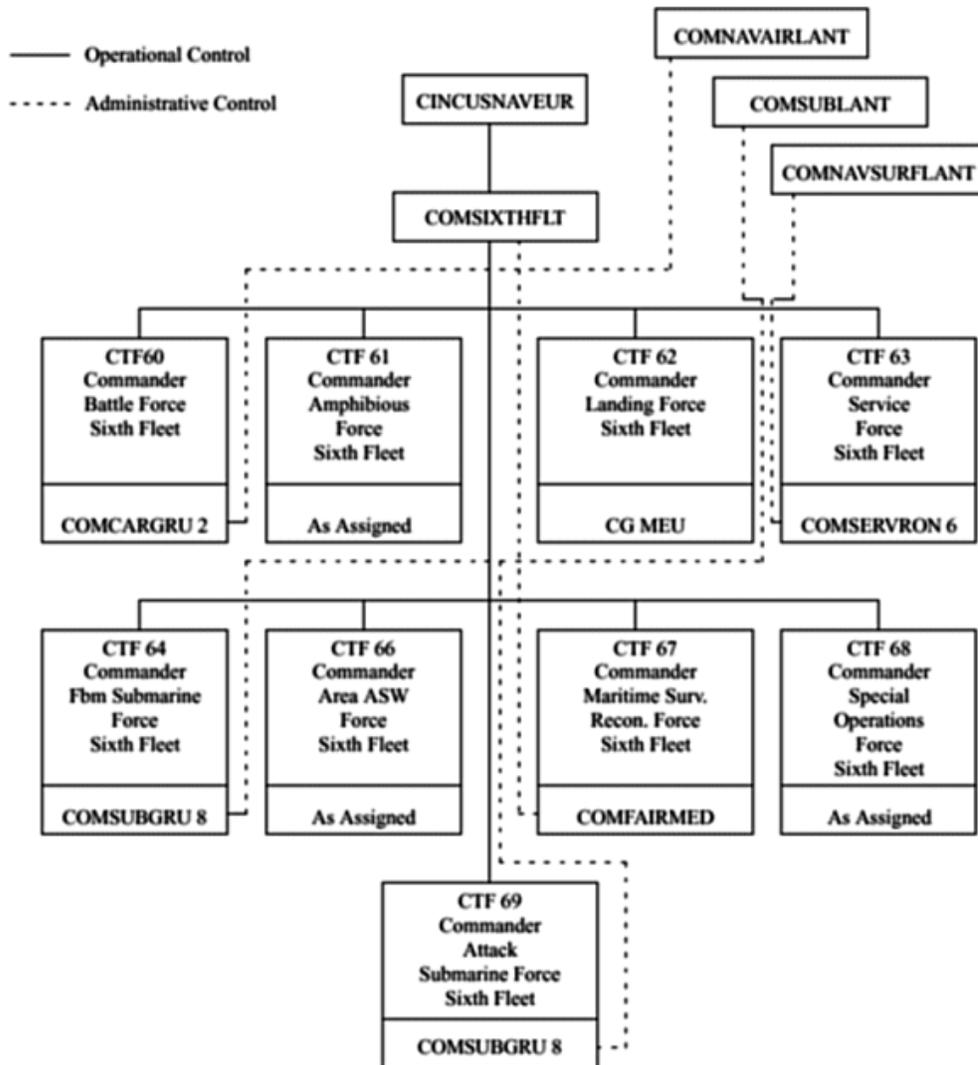
Figure 14: Arab-Israeli Major Combat Ships by Category in 2014



Note: Israeli other patrol craft are SSM-capable. Lebanese holdings include one Coastal Patrol Craft delivered in 2013 and do not show craft in storage or in disrepair.

Source: Adapted by Anthony H. Cordesman and Aram Nerguizian from the IISS, *The Military Balance*, various editions, and Jane’s *Fighting Ships*, various editions.

Figure 15: U.S. Military Presence in the Levant: Command and Control structure of the U.S. Navy’s 6th Fleet



Note: The diagram above is not intended to represent an accurate or current picture of the 6th Fleet’s command and control in 2014.

Source: GlobalSecurity.org

Figure 16: The Iranian Navy in 2014

	Regular Forces	IRGC Forces
Manpower (18,000/20,000+)	18,000	20,000+ (incl. 5,000 Marines)
Submarines (29/0)	3 <i>Kilo</i> -class SSK 1 SSC <i>Fatah</i> -class 17 SSW/"midget" submarine (16 <i>Qadir</i> -class; 1 <i>Nahang</i> -class) 8 SDV (5 <i>Al Sabehat</i> -class for SOF insertion/mine-laying; 3 other)	
Corvettes (6/0)	1 <i>Jamaran</i> (UK Vosper MK 5) with CSS-N-4 <i>Sardine</i> ASGM, SM-1 SAM (1 under construction, expected 2013) 3 <i>Alvand</i> (UK Vosper Mk 5) with C-802/CSS-N-4 <i>Sardine</i> ASGM 1 <i>Bayandor</i> (US PF-103) with C-802/ CSS-N-4 <i>Sardine</i> ASGM 1 <i>Bayandor</i> (US PF-103)	
SSM-Capable Patrol Craft (25/46)	14 <i>Kaman</i> (FRA <i>Combattante II</i>) with C-802 ASGM 4 Mk13 with C-704 <i>Nasr</i> ASGM 4 <i>China Cat</i> with C-701 <i>Kosar</i> ASGM 3 <i>Paravin</i> with C-704 <i>Nasr</i> ASGM	5 <i>China Cat</i> with C-701 <i>Kosar</i> ASGM 10 <i>Thondor</i> (PRC <i>Houdong</i>) with C-802/CSS-N-4 <i>Sardine</i> ASGM 25 <i>Peykaap II</i> (IPS-16 mod) with C-701 <i>Kosar</i> ASGM 6 <i>Zolfaghar</i> (<i>Peykap III</i> /IPS-16I mod) with C-701 <i>Kosar</i> /C704 <i>Nasr</i> ASGM
Other Patrol Craft (38/67)	15 <i>Kashdom</i> 1 <i>M155</i> 3 <i>Kayvan</i> 6 MKII 10 MKIII 3 <i>Kajami</i>	15 <i>Peykaap I</i> (IPS-16) 10 <i>Tir</i> (IPS 018) 10 <i>Pashe</i> (MIG-G-1900) 20 <i>Ghaem</i> 12 PTG
Mine Warfare (5/0)	2 Type-292 coastal minesweepers 1 <i>Shakrokh</i> (in Caspian Seas as a training ship) 2 <i>Riazi</i> (US <i>Cape</i>) inshore minesweepers	
Amphibious (24/4)	3 <i>Farsi</i> (ROK) LSM (9 tanks; 140 troops) 4 <i>Hengam</i> LST (1 helicopter; 9 tanks; 225 troops) 6 <i>Fouque</i> LSL 8 UCAC (6 <i>Wellington</i> ; 2 <i>Tondar</i>) 2 LCT 1 <i>Liyani 110</i> LCU	2 <i>Hejaz</i> (mine-laying capability) 2 MIG-S-5000
Logistics (38/0)	47 support craft	3 <i>Naser</i>

Source: Adapted by Aram Nerguizian from the IISS, *The Military Balance*, various editions.

Comparative Trends in Military Expenditures

The trends in defense expenditures in the Levant remain critical to mapping the future regional conventional forces and the limited resources countries allocated to develop force quality and depth to varying degrees. How the US and Iran could or could not shape regional defense spending was another key challenge, albeit one where the US maintained a disproportionate advantage through its ability to sustain multi-year military aid to countries like Egypt, Israel, Jordan and Lebanon.

Figure 17 shows more recent trends in military expenditures in current U.S. dollars based on IISS figures ranging from 1999 to 2013. When evaluating these data, one must factor in considerable uncertainty because changes in methodology over time have included estimates for some countries that cut across fiscal cycles rather than present actual data for any given fiscal year. In addition, the data in **Figure 17** do not adjust for inflation, nor do they directly account for the impact of US military aid to Egypt, Israel, Jordan and Lebanon – which was significant.

In contrast to **Figure 17**, **Figure 18** shows the long-term trend in military effort as a percent of GDP over the 1983 to 2013 timeframe. Whereas **Figure 17** shows broadly increasing trends in overall national defense spending, **Figure 18** shows that the same data indicated an overall decline in the share of defense spending as a percentage of GDP. While Jordan and Israel did buck this trend somewhat through spurts of heightened spending relative to GDP, they too suffered from continued declines through 2013. However, much like the metrics presented in **Figure 17**, the data presented in **Figure 18** must also be caveated, especially given how different economic activity and per capita GDP were across countries in the Levant.

Israel's edge in military resourcing was evident across the period from 1999 to 2013. Israeli defense spending efforts dropped significantly after 2001 in spite of recurring cycles of conflict with the Palestinians, partially reflecting other Israeli security-related spending increases meant to pay for such civilian programs as roads and settlements.²²³ However, as **Figure 18** shows, Israel appeared to have broadly stabilizing its defense spending between 2011 and 2013 and or near 6 or 7 percent of GDP.

Defense expenditures in Israel remained relatively consistent over the 1997-2009 in terms of net spending. However, not unlike the other countries in the Arab-Israeli balance, defense spending as a percent of GDP has declined over the 1983-2009 period. In light of the 2006 Israeli-Hezbollah war, differences of opinion remain between successive governments and the IDF over defense spending. However, Israeli expenditures expanded dramatically starting in 2007 in the wake of the 2006 Israel-Hezbollah war.²²⁴

The IDF's *Teffen 2012* five year plan aimed to significantly expand Israel's capabilities to address capabilities and training shortfalls – especially with regards to the performance of ground forces against asymmetric and irregular warfare threats. Air power development, which still crucial, was seconded to building up Israeli ground forces and missile and rocket defense programs like the *Iron Dome*, *David's Sling*, the *Arrow II*, and *Arrow III* programs. The continued development of Israel's ballistic missile systems – centered on the *Jericho* ballistic missile program – were also prioritized.²²⁵

Israel continued to build up defense spending, reaching a high of some \$16.9 billion in 2012 – a more than 150% increase over spending levels a decade earlier in 2001. Meanwhile, Israel's 2013-2014 State Budget Proposal stated that defense spending could increase by 5.2% in 2013 before a 1.3% cut in 2014. The cut was based on the premise that increased future spending over the 2015-18 fiscal cycles would make up for any shortfall. However, protests from the Israeli Ministry of Defense based on concerns about declines in IDF readiness appeared to reverse planned cuts in spending.²²⁶

There were other ways that Israel could deflect fiscal pressures on national defense expenditures. One of the most effective was Israel's unique ability to transfer part of annual US FMF to the country's national budget. It appeared to do so in October 2013 when the Knesset Finance Committee authorized the transfer of ILS 1.8 billion – roughly \$470 million in 2013 US dollars – in surplus/unspent FMF left over from 2012.²²⁷

Unlike Israel, Syria faced more challenges to sustain national defense spending over time. Its military expenditures continued to decline over most of the first decade of the 21st century and were been less than one-third of the level needed to pay for the mix of manpower quality, readiness, and modernization it would need to compete with Israel in overall conventional force quality. As **Figure 18** shows, Syrian defense spending of 3.2% of GDP in 2010 was a fraction of peak spending levels in 1985 of 21.8% of GDP and it was unlikely that Syria would be able to effectively budget for meaningful conventional military development without significant external debt relief or grant assistance.

Syria increased its nominal defense spending starting in 2008, driven in part by efforts to acquire coastal and air defense systems, which would not have been possible without Russia's 2005 decision to write off 73 percent of Syria's debt to Moscow – worth some \$9.8 billion.²²⁸ As Syria entered the second year of its civil war in 2012, it became increasingly difficult accurately gauge both Syrian defense spending and central government expenditure data. The absence of pertinent data continued through 2014.²²⁹

It was noteworthy that Syria's military burden relative to GDP was so close to that of Israel from 2002 to 2006. However, as **Figure 18** shows, Israel invested far more on defense than Syria as a percentage of GDP over the 2007 to 2013 period. This indicated that Syria's slow economic development has been a major factor limiting what it can spend. Either way, the broad trend in **Figure 18** was clear: Syrian defense spending as a percentage of GDP – not unlike almost every other state in the Levant – had been declining incrementally for decades.

While Egyptian defense spending was among the strongest in Africa, it could not compete with either Israel in the Levant or Saudi Arabia in the Gulf. After a low in spending in 2003, Egypt's budget allocations for defense gradually increased in nominal terms, increasing by over 50% between 2006 and 2012. Egyptian defense spending remained likely to continue increasing if the country's economic fundamentals could find their footing after some three years of protests, regime change, and partial counter-regime change starting over the 2011 to 2014 period.²³⁰

Egyptian defense expenditures showed broadly similar declines as a percentage of GDP over the same period. From a peak of 13.7% of GDP in 1984, Egyptian defense spending was cut significantly over time, fluctuating between 2.4% and 3.1% over the 2000 to 2009 period until reaching 1.9% of GDP by 2013. However, unlike Syria, which lost its Soviet

patron at the end of the Cold War, Egypt could offset cuts in spending by relying on sizeable US FMF grants in the wake of the Camp David Accords.

Jordanian defense spending was a fraction of that of most of its neighbors during the 1999 to 2013 period. As **Figure 18** shows, however, Jordan spent more on defense as a percentage of GDP than most if not all other states in the Levant in nominal terms. **Figure 17** shows that Jordanian defense expenditures increased significantly over the 2001 to 2009 before experiencing a nominal cut in spending in 2010 due to public-sector wide cuts across the Kingdom's national budget.

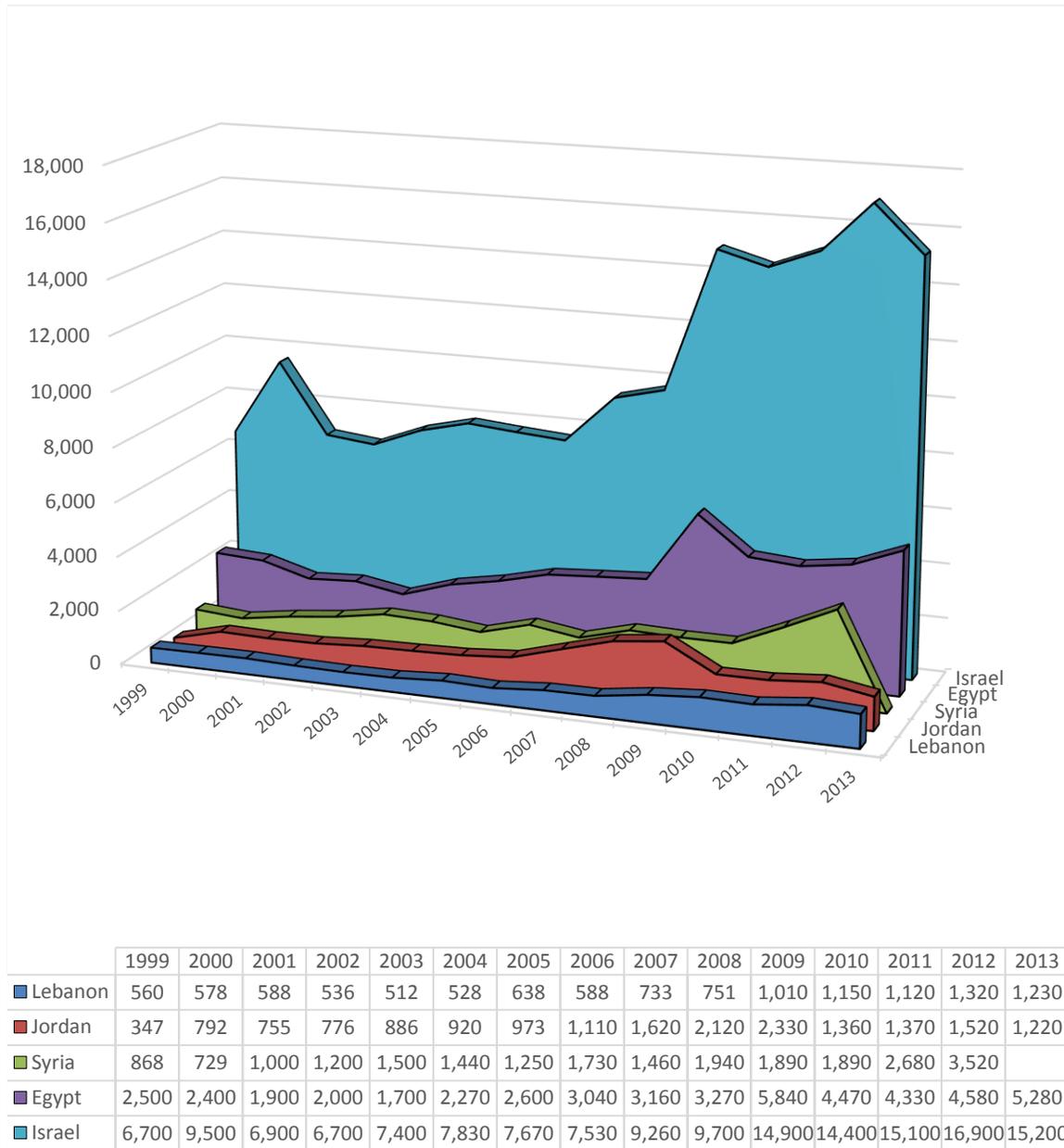
Fortunately for Jordan, increased levels of US FMF allowed the government in Amman some leeway to pursue force modernization and capabilities development, especially with regards to Jordanian special operations forces (SOF) and border management efforts. However, even with US military assistance, chronic deficit spending and persistent economic challenges continued to hinder Jordanian efforts in 2014 to push beyond incremental modernization and sustainment.²³¹

In historic terms, Lebanon faced many of the same challenges that confronted Jordan in terms of national defense spending. However, what Jordan lacked in revenue and internal funding it made up for in political unity and unity of purpose when it came to devising and sustaining forces that were integral to the survival of Jordan as a state. That was not the case in Lebanon, and certainly throughout much of the post-civil war period spanning from 1990 to 2005, competing Lebanese forces broadly budgeted *against* meaningful military development. Lebanese defense expenditures only began to increase in the wake of the 2006 Israel-Hezbollah war, prompted in part by capital costs associated with equipping and deploying units to the UNIFIL II area of responsibility south of the Litani River.

As **Figure 17** shows, Lebanese defense spending rose steadily from \$733 million in 2007 to some \$1.2 billion by 2013 – capping a 140% increase in defense spending over a ten year period. Higher defense spending was necessary to pay for increases in power levels despite the repeal of the national flag service in 2005, efforts to properly man under-strength regiments and brigades, support the development of military infrastructure in the North, South and the Bekaa – areas where the LAF had only intermittently deployed in force since Lebanese independence in 1943 – and limited though increasing costs tied to sustainment and procurement. The scale of the crisis in Syria and the knock-on effects on Lebanon's own stability were such that contrary to their "better" nature, Lebanon's competing factions increasingly saw military development as being integral to the survival of a political system they all had a stake in.

Not unlike Egypt, Israel or Jordan, relatively massive leaps in military development would not have been possible in Lebanon were it not for US FMF. Much like other country recipients of US aid, the data shown in **Figure 17** did not reflect the margin afforded by US military assistance. It is also important to note that **Figure 17** did not show 2014 data on either the planned scale of close to \$3 billion in Saudi-funded acquisitions from France, or hundreds of millions that Saudi planned to deposit in August 2014 at the Lebanese Central Bank to support nationally-funded Lebanese short-to-medium term force recapitalization.

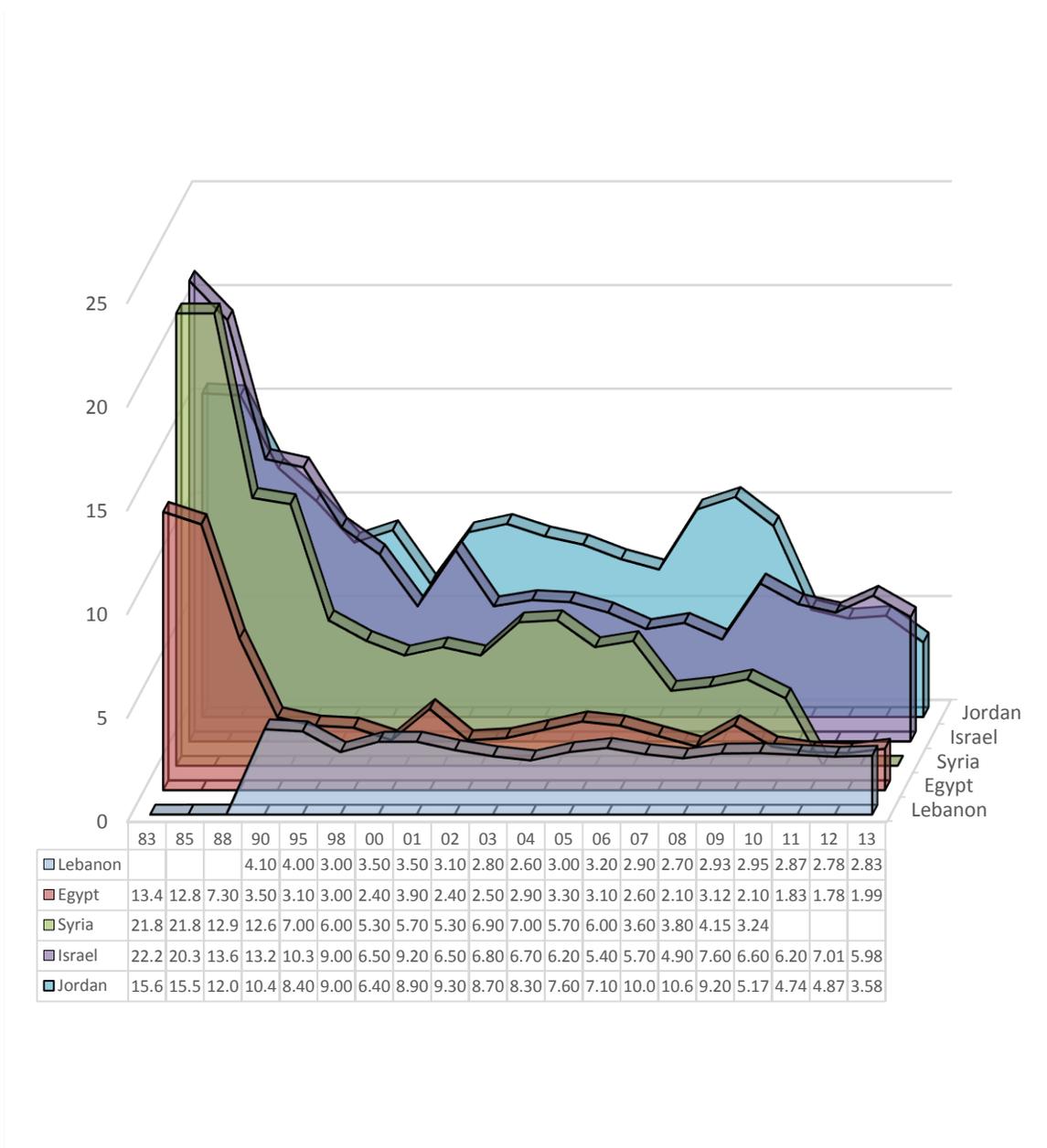
Figure 17: Arab-Israeli Military Expenditures by Country: 1999-2013
(in current \$U.S. Millions)



* Number reflects amounts budgeted as opposed to expenditures as the IISS no longer reports expenditures. The IISS could not report defense spending figures for Syria in 2013 as a result of the country's on-going civil war. Figures do not show the effect on foreign aid and external grants on national defense spending.

Source: Adapted by Aram Nerguizian from the IISS, *The Military Balance*, various editions.

Figure 18: Trend in Percent of GDP Spent on Military Forces: 1983-2013: Half the Burden of the Early 1980s



Note: Figures do not show the effect on foreign aid and external grants on national defense spending.

Adapted by Aram Nerguizian from the IISS, *The Military Balance*, various editions.

IV. IRAN AND THE ASYMMETRIC BALANCE IN THE LEVANT

After more than three years of upheavals and regional uncertainty starting in 2011, many questions still remained about what direction US-Iranian competition in the Levant would take. Meanwhile, dynamics in Egypt and Syria over the 2011 to 2014 period produced an environment wherein the Arab-Israeli conventional balance increasingly looked like a shattered balance with only Israel standing largely unharmed by regional events.

Beyond the state of disarray of key regional military forces, the previous chapter also showed that unlike the US, there were very real limits when it came to Iranian resources tied to shaping a more favorable conventional military balance in the Levant. However, over time, Iran continued to find new ways to compete with the US and its regional allies in the Levant.

In contrast to the conventional balance where the US military, US systems and aid programs proved decisive, Iran excelled in shaping a favorable asymmetric balance in the Levant in ways that the US and its struggled to match or compete with. The asymmetric balance was also far more fluid and contingent upon the pursuit of short and medium term objectives by regional players with limited resources and comparative disadvantages in the overall conventional balance.

Shaping the regional asymmetric balance did not come without its share of risks, both for Iran and the US. As this chapter shows, Hezbollah had transformed over time into the most capable military force in the Levant other than Israel. In a twist of irony, the new-found preeminence of sub-national groups like Hezbollah in Lebanon and Hamas in Gaza may have also allowed for the emergence of even more idiosyncratic – and arguable far more intolerant and anti-Western – groups in increasingly under-governed spaces.

These included Salafi-Jihadi groups like Jabhat al-Nusra (JAN) in Syria and Lebanon, the Islamic State of Iraq and al-Sham (ISIS) operating in Syria and Iraq, and Ansar Bait al-Maqdis (ABM) in Egypt's Sinai Peninsula. However, as of 2014, Iran's efforts to shape the regional asymmetric balance remained broadly successful, despite the loss of popular support in the mainly Sunni Arab street.

Asymmetric Forces & Irregular Warfare

This aspect of the regional asymmetric balance was a byproduct of the Israeli-Syrian-Iranian-Hezbollah balance, and any discussion of Iranian military capabilities would be incomplete without recognizing that Syria's struggle with Israel hinged on asymmetric and proxy warfare and the role that Iran's ties to Syria played in this aspect of US and Iranian competition.

The Growing Importance of the Asymmetric Balance

It became painfully clear to Syria's political and military leadership during the June 6, 1982 Israeli invasion of Lebanon that their conventional forces could not compete successfully with Israel in conventional warfare. While offering stiff resistance, maintaining unit morale and force cohesion, they were outmatched by IDF military tactics and capabilities. Syria

lost 400 tanks, 90 combat aircraft, 100 artillery/missile batteries, 70 armored vehicles and some 1,900 troops in the first three days of the invasion alone.²³²

Iran promptly took advantage of this situation. On June 17, 1982, an Iranian delegation to Damascus headed by Iran's foreign and defense ministers offered to send 40,000 regular troops supported by heavy armor and an additional 10,000 lightly-armed Revolutionary Guards and volunteers to fight in Lebanon under Syrian command. While Iranian and Syrian military and political objectives presented one major obstacle to an Iranian force commitment to Lebanon, the principal reasons Assad refused the offer was the expectation that Iranian forces could do little to tip the scales in Syria's favor.²³³

As the previous chapter showed, neither Iran nor Syria had the means to impact the regional conventional military balance. A new approach was needed and it came in the form of Assad's "sword and shield" strategy. The former would require the use of Syria's allies in Lebanon, including Shi'a groups like Amal and Hezbollah loyal to Syria and Iran, as part of an asymmetric warfare campaign of terrorism and guerilla warfare against Israel and its allies in Lebanon. The latter required the Soviet Union to replenish Syria, its sole major ally in the region, in order to achieve "strategic parity" with Israel and build up meaningful long term deterrence.²³⁴

Even before the breakup of the Soviet Union, this "sword and shield" approach collapsed because of the loss of the Soviet Union as a reliable source of advanced defensive military equipment. Syria has since tried to compensate by strengthening its linkages and coordination with Iran, increasing its support for (and arms transfers to) Hezbollah, and by relying on Palestinian groups in Lebanon, Syria, and Occupied Territories.

Hezbollah in particular became synonymous with the perceived success of Iran's strategic focus on qualitatively superior asymmetric forces. In 2000, Hezbollah numbered some 300-400 fulltime fighters with 5,000 reservists equipped with no more than the short range *Katyusha* rockets, aging *Strela-1* MANPADS and AT-4 *Spigot* ATGMS transformed.

Some 14 years of on-again-off-again confrontation with Israel, the creation of effective recruitment and reserve structures, increasing transfers of ever-more capable combat systems from Iran, and more recently combat experience in Syria's civil war transformed Hezbollah into a force with a low estimate of well-trained battle-tested 5,000 fulltime fighters - backed by an equally conservative estimate of 15,000 reservists - equipped with at least 60,000 to 80,000 rockets, including some short-range ballistic missiles, anti-ship missiles and increasingly lethal anti-air missile systems supported by radar.²³⁵

Meanwhile, Iran and Syria both continued to develop ballistic missile capabilities in an effort to counter Israel's regional posture. However, despite some technical advancements, both Syria and Iran's missile strike capabilities remained limited in lethality without nuclear warheads, and Syria's use of *Scuds* against civilian targets during its civil war showed conventional warheads had little lethality without chemical weapons. As of 2014, it was also still unclear what Syrian military capabilities would survive the country's increasingly brutal civil war.

Low-Level and Irregular Warfare

Israel may have dominated the regional balance in terms of modern conventional systems, recapitalization and foreign military support. However, asymmetric and unconventional forces did give Syria and Iran the means to harass – if not undermine – Israeli security and strategic interests in the region.

Hezbollah would never have emerged as a major force in Lebanon and the region without decades of unfettered Syrian and Iranian arms transfers, training, and financial support. While the Shi'a group's unrivaled autonomy in Lebanon relied upon its links to its patron states, there was little indication in 2014 that Hezbollah has acted, or will act, as a Syrian or Iranian proxy unless its leaders felt this was to the group's and its constituency's direct advantage. In practice, all three seem to have used each other for their own goals and interests.

The 2006 Israeli-Hezbollah war showed that Syria and Iran could use the transfer of ever-more advanced weapon systems to put pressure on Israel. The quest to build up such capabilities in the Levant had since led both countries to rearm Hezbollah and increase the range and quality of its weapons. It also led them to provide components and some long-range rockets to both Hamas and the Palestinian Islamic Jihad.

As a result, Syria and Iran's relationships with armed sub-national organizations with an anti-Israel agenda became key pillars of the asymmetric balance. Ties to such actors were scarcely new to the region. However, the development of increasingly sophisticated non-state conventional military capacity represented a major step in Iran's role in the Levant and in Syria's "passive" confrontation with Israel. "Active" non-state allies confronted Israel in South Lebanon and the occupied Palestinian territories, rather than on the Golan Heights.²³⁶

The support of Hezbollah also allowed Syria and Iran to project power in ways that the US and Israel could not easily counter and without conditions that would prompt Israel to use decisive force against Hezbollah's sponsors. This form of power projection allowed Syria to push Israel into a low-level war of attrition without involving Syria, while transforming Hezbollah into a serious threat over time.

At the same time, Hezbollah demonstrated that there were real limits to its war-fighting capabilities in 2006 – limits that Hamas exhibited in different ways during its fighting with Israel in 2012 and again in 2014. All three conflicts showed that asymmetric forces, rocket and missile attacks could play a limited, largely defensive role in conventional warfare and wage spoiler attacks and wars of defensive attrition. They also showed, however, that none of these groups presented a serious direct threat to Israel's ability to maneuver, defend its territory, or exercise air and missile supremacy.

It was Iran and Syria's ability to supply rockets and missiles that did the most to help non-state actors such as Hamas and Hezbollah develop capabilities that allowed them to strike Israel from increasing distances. In 2014, Iran remained a critical supplier of rocket and missile systems and technological know-how to these groups

As was stated earlier, the IDF's *Teffen 2012* plan was conceived largely as a result of these realities and the perceived shortfalls of the 2006 war. One of the core lessons was Israel's need to address manpower quality and training to confront the shifting realities of

asymmetric urban warfighting. The IDF had since taken steps to drastically expand the number of urban warfare training centers in Israel. The IDF's Combat Engineering Corps, which plays an increasingly relevant counter-IED and armored demolition role, has also been adapting to the realities of future asymmetric warfighting. *Teffen 2012* also further emphasized the development of a comprehensive multitier Israeli anti-rocket and anti-ballistic missile defense umbrella.²³⁷

Transfers of Anti-Tank Weapons

Hezbollah significantly expanded its holdings of guided and unguided anti-tank systems in the wake of the IDF's withdrawal from South Lebanon in 2000 with Iranian and Syrian support. As was the case of reported rocket and ballistic missile transfers, it remained difficult to determine what systems had actually been transferred. However, a number of reports raised important questions about the level of increased sophistication in Hezbollah holdings:

- Iran is reported to have provided Hezbollah with the *Nader* and the *Toophan*, Iranian versions of the Russian RPG-7 and possibly the American TOW missile. The Shi'a group is also reported to be in possession of the *Towsan* and the *Raad*, which are based on the AT-5 "*Spandrel*" and the AT-3 *Sagger* ATGM systems. The improved *Raad-T* is reported to be armed with tandem warheads designed to defeat reactive armor systems.²³⁸
- According to some reports, the bulk of Hezbollah's ATGM capabilities expansion in the post-2000 period was provided by Damascus. This is noteworthy given that prior to the presidency of Bashar al-Assad, Syria had allowed arms transfers but was not a direct supplier. Systems reported to have been provided include the AT-13 "*Metis-M*" equipped with a tandem warhead and able to hit targets at 1.5 km and the AT-14 *Kornet-E*. The *Kornet-E*, which has a range of 5.5 km and utilizes a semi-automatic command-to-line of sight laser beam-riding targeting system, is one of the most sophisticated anti-armor systems currently available. It could significantly raise the level of threat to Israeli forces in any future conflict. Unguided RPG systems provided by Syria are reported to include the RPG-29 (a tandem warhead variant of the RPG-7) and the disposable single-shot RPG-18.²³⁹

As of 2014, there were no immediate reports of additional ATGM transfers to Hezbollah. However, not every "new" system had to be linked to transfers of increasingly capable systems. For example, reports emerged in 2013 that the Palestinian Izz-al-Din al-Qassam Brigades – the armed wing of Hamas – may have modified standard high explosive antitank (HEAT) RPG-7 rounds into tandem warheads able to defeat the explosive reactive armor (ERA) on Israeli M-60 main battle tanks, but were unlikely to be effective against the IDF's more modern *Merkava* MBTs. Aside from local ingenuity, it was notable that both Jordan and Iran could produce tandem-warheads for the RPG-32 and RPG-29 respectively.²⁴⁰

ATGM threats in Gaza and Lebanon existed alongside new and emerging threats in Syria. Multiple anti-Assad militant groups across a very wide ideological spectrum have benefited not only from ATGMs proliferation in Syria, but also from third party transfers supported by government sponsors that supported efforts to remove Assad. This is discussed in more detail on a section on the Levant proliferation threat in chapter thirteen of this analysis.

Transfers of Air Defense Weapons

As was stated earlier, Israel was able to strike multiple targets in Syria on multiple occasions throughout 2013, including some that appeared to be tied to the potential transfer

of sophisticated anti-air, anti-ship and surface-to-surface missiles from the Assad regime to Hezbollah. Nevertheless, Iran could alter the balance of any proxy or asymmetric conflict in other ways. In addition to Hezbollah's expansion of its surface-to-surface missile and rocket holdings, which will be discussed later, SAM capabilities could become another dimension of the asymmetric balance.

The Shi'a group was widely reported to be in possession of the more sophisticated SA-8 *Osa* mobile radar anti-aircraft system, the SA-14 *Gremlin*, SA-16 *Igla-1*, SA-18 *Igla* and SA-24 *Igla-S* MANPADS in addition to its holdings of older SA-7 *Grail*.²⁴¹ There were also reports that Hezbollah personnel may have trained on the SA-2 and SA-3 major SAM systems. After 2006 era, Israel operated under the assumption that any system in Iran or Syria's arsenal could be made available to Hezbollah, with logistics posing the main challenge to inventory development and consolidation.²⁴²

Jane's also reported in 2013 that Hezbollah may have sought to secure more medium range SAM systems. It was difficult to confirm whether or not Hezbollah had received transfers of the *Buk M2* (SA-17 *Grizzly*) medium range SAM from Syria. However, Israeli and US sources told *Jane's* in early 2013 that Iran and Syria were actively trying to transfer ever more capable SAM systems to the Shi'a militant group to bolster its anti-air deterrent. Syria had initially acquired three *Buk M2* batteries from Russia as a response to gaps in its IADS in the wake of the 2007 IAF strike against a nuclear facility under construction in Deir el-Zor.²⁴³

If confirmed, SA-8s could potentially pose a serious threat to Israeli helicopters. Neither the SA-8 nor the *Igla* present a major threat to Israeli F-15Is and F-16Is.²⁴⁴ Beyond smaller or older SAM systems, some analysts question whether groups like Hezbollah could effectively integrate let alone use sophisticated medium SAMs like the *Buk M2*.²⁴⁵ However, if Hezbollah was in fact able to acquire, integrate and field the *Buk M2*, the system may pose a serious threat both to Israeli military and civilian aircraft flying from low to high altitude.²⁴⁶

Unlike Hezbollah which presented an ever-increasing threat to Israeli rotary and fixed wing aircraft in 2014, Palestinian militant and sub-national groups like Hamas and Palestinian Islamic Jihad were far less successful at acquiring even basic SAMs such as MANPADS. However, there were reports that Palestinian militant groups had increased their efforts to secure even token anti-air systems. In September 2013, *Jane's* reported that the Izz-al-Din al-Qassam Brigades – the armed wing of Palestinian Islamist group Hamas – had revealed publicly for the first time that the group had *Strela-2* (SA-7 *Grail*) MANPADS.²⁴⁷

The challenge of MANPADS posed to both Israel and Egypt went well beyond Gaza and Hamas, and were affected by regime change and instability in both Libya and Egypt in 2011. Reporting in 2014 showed that Libyan MANPADS and other systems were part of smuggling activity in Sinai throughout 2012 and 2013. In 2012, the Egyptian Ministry of Interior released photos of MANPADS components, including three missiles and some nine batteries found in the port city of Marsa Matrouh. Later in 2013, the Egyptian 3rd Army found at least 10 SA-7s hidden in a mosque and the homes of suspected militants in the north Sinai town of Sheikh Zuweid.²⁴⁸

It is probable that limited numbers of *Strela-2*s were smuggled into Gaza via tunnels linking the territory to Egypt's Sinai Peninsula. Egyptian security along the Rafah border

crossing had softened under the tenure of President Mohamed Morsi's Muslim Brotherhood-affiliated Freedom and Justice Party. In the wake of Morsi's military-backed ouster from office in July 2013, the new Egyptian government led by President Abdel Fattah al-Sisi worked to destroy as much as 98% of tunnels used to smuggle arms into the Gaza Strip. Egyptian military forces also deployed *Apache* helicopter gunships over Gaza's airspace on at least 12 separate occasions since July 2013.²⁴⁹

The *Strela-2* posed only a limited threat to highly capable Israeli flight crews operating modern rotary and fixed-wing aircraft. The delivery of more sophisticated systems would have to be contingent upon a mix of luck in evasion and continued improvement in ties to Tehran in the wake of Hamas' break with Syria. However, the aging system still posed a measured threat to less experienced Egyptian military forces. On January 25, 2014, an Egyptian military Mi-17 helicopter crashed after being targeted and hit by a MANPAD was fired by Sunni radical group Kamaat Bayt al-Maqdis. *Jane's* imagery analysis narrowed the system to either an *Igla*-type or a Chinese QW-2 MANPADS.²⁵⁰

Interdicting the tunnel activity linking militants in Sinai and the Gaza Strip in 2014 may have served to prevent future efforts to smuggle additional SAMs to Gaza, but Hamas may have still acquired as many as 100 of the ageing MANPAD systems.²⁵¹ Egypt was also likely in 2014 to focus far more on its own domestic militant and terror threats – giving Israeli security forces a wide berth in their campaign against Palestinians militants in July and August of 2014. Meanwhile, MANPADS threats exist in Egypt, Gaza and Lebanon alongside new and emerging one in Syria. This too is discussed in more detail on a section on the Levant proliferation threat in chapter thirteen of this analysis.

Transfers of Surface-to-Surface Rockets and Missiles

Hamas and Hezbollah have actively sought to acquire, expand and modernize their holdings of surface-to-surface rocket and missile holdings. Surface-to-surface systems – especially when equipped with even limited guidance systems – served to bolster each group's domestic credentials within the Palestinian territories and Lebanon, enhanced each group's relative deterrence vis-à-vis Israel and increased the costs to Israel and its allies in their quest to either eliminate threats both before launch and in-flight.

Hamas steadily developed its holdings of short-range rockets over time, aided in part by smuggling from Sinai via an underground network of tunnels, with some open source estimates placing the Palestinian militant group's 2014 holdings at some 10,000 rockets.²⁵² However, Israeli security measures – including the separation barrier between Israel and the West Bank – have limited supplies to Hamas and other Palestinian groups.

Figure 18 shows a rough estimate of rocket strike ranges for Hamas's rocket and missile holdings. **Figure 18** also shows the range of *Fajr-5* missiles Iran was reported to have supplied Hamas. On November 18, 2012, Hamas claimed to have fired a *Fajr-5* against Tel Aviv.²⁵³ With a range of some 80 km, a rocket strike reaching so far north is unprecedented in the history of the Israeli-Palestinian conflict and while the attack had no real world military impact, it was nonetheless an achievement in the eyes of Hamas' supporters.

Israel's 2012 attacks against Hamas and other militant targets during "Operation Pillar of Defense" reduced the group's rocket holding as a result of targeted strikes by the IAF and

the launching of some 1,500 rockets by Palestinian militants in attack against Israel. Despite effort to set back Palestinian rocket and missile capabilities, Hamas's holdings immediately after the 2012 conflict of longer range rockets may still have included dozens of 122-mm *Grad* or similar rockets, 230-mm *Oghabs*, and as many as 50 modified 240-mm *Fajr-3* rockets that had the potential to strike Tel Aviv or Israeli nuclear facilities in the Negev.²⁵⁴

Beyond the state of Hamas' post-2012 rocket and missile holdings, the Palestinian militant group also appeared to have made effective use of its tunnel network linking the Gaza Strip to smugglers in Sinai, and Hamas' relatively favorable ties with the Muslim Brotherhood linked government of Mohamed Morsi, to rebuild some of its holdings over the 2012 to 2014 period.²⁵⁵ As of August 5, 2014, Israeli defense sources reported that Palestinian militants had fired more than 3,700 rockets and missiles.²⁵⁶

One other way that Hamas could have built up its holdings was through limited local production. While Iran had publically stated that it supplied the militant group with the 333 mm *Fajr-5* and the 240 mm *Fajr-3* in the past, it may also have transferred some assembly or production capabilities. There is some preliminary reporting that Hamas and other Palestinian factions may now have the capability and the resources to build their own *Fajr-5* rockets.²⁵⁷

This may have partly reflected the impact of degrading security in Sinai and the impact of a less secure Egyptian-Gaza frontier on Iran's ability to send aid to its allies in Gaza. Some of these trends may have reversed in light of both a relative decline in relations between Hamas and Iran over the Syria conflict and the fact that the Sisi government was far less tolerant of both Hamas and Iran's efforts to support its regional allies.

Beyond *Fajr*-type rockets, Hamas may have also bolstered its ability to produce some of its own rockets – which could have become a necessity if ties to Iran were strained. In 2013, the IDF asserted that Hamas was producing many of its own longer-range rocket systems. This was reported to include the M-75 rocket.

A locally built and designed system named after Ahmad Ibrahim al-Muqadimah – a Hamas leader killed by the IDF in 2003 – the M-75 was a 200 mm rocket with a nominal range of 75 km. However, a great deal of skepticism surrounded claims the group could produce its own rockets, especially given the improvised nature of many of the rockets used by Hamas with nominal ranges not exceeding 15 km.²⁵⁸

While Hamas did much to expand its holdings of surface-to-surface systems with Iranian support, no regional sub-national group – let alone most regional states – could compete with the scope and scale of Hezbollah's rocket and missile holdings. Prior to Israel's withdrawal from South Lebanon in 2000, Hezbollah's longest range rocket system was the tried and tested 122 mm *Katyusha* with an operation range of some 20 km. By the time of the 2006 Israel-Hezbollah conflict, Israeli estimates placed Hezbollah rocket holdings at some 13,000 to 14,000 rockets – most of which were short range and unguided with limited numbers of rockets with ranges up to 200 km. By mid-2013, Hezbollah's holdings grew to include at least 60,000 to 80,000 rockets, including increasingly capable short-range ballistic missile systems that afforded Hezbollah the ability to launch from well north of its traditional South Lebanon AOR.²⁵⁹

Figure 19 shows an estimate of Hezbollah rocket ranges. Various reports indicate that Iranian and Syrian transfers that build the Hezbollah's growing holdings of guided and unguided short range and tactical missiles became a steadily more important aspect of the asymmetric balance, and one where Iranian competition with the US and Israel had an important impact.

- Some reports indicated that Hezbollah's one of largest rocket system was the 610 mm *Zelzal-2*. Weighing some 3,400 kg and capable of delivering a 500 kg warhead in excess of 200 km, the system's lethality and utility were limited by its lack of electronic guidance systems. While the Shi'a militant group did not use its *Zelzal* rockets during the 2006 war, it was widely believed to have vastly expanded its holdings of both short and medium range unguided rockets to deter future conflict or to inflict psychological costs on the Israeli population in any future war.
- Hezbollah also expanded its holdings of guided rocket systems. The "Fatah" A-110, a guided version of the *Zelzal-2*, or the Syrian made M600, a *Fatah* A-110 clone, presented more of a threat to Israel's interior. Equipped with inertial guidance systems and able to deliver a 500 kg payload to a range of 250 km within a circular error probability (CEP) of 100 m, these systems could allow Hezbollah to threaten as far south as Tel Aviv from the Northern Bekaa. While there were competing and unconfirmed reports surrounding whether or not Hezbollah had them in inventory, the group was generally believed to have limited holdings of both systems by 2014.
- Reports surfaced in early 2010 that Syria may have transferred Russian R-17 *Scud-B* ballistic missiles to Hezbollah. 11.25 m long and weighting some 5,900 kg, the guided liquid fuel rocket is able to deliver a 985 kg warhead over a range of 300 km.

While the *Scud-B* had superior range to Hezbollah other holdings of unguided medium range rockets, its much larger CEP of 450 m was significantly inferior to the *Fatah* A-110's CEP of 100 m. In July 2011, reports surfaced that Syria transferred some ten *Scud-D* to Hezbollah.²⁶⁰

Scud-type missiles were unwieldy systems for an organization that emphasized stealth, mobility and rapid deployments for multiple fires. They could not be taken apart for easy or inconspicuous transportation. Furthermore, the complexity and volatility of the missile's propulsion system would require dedicated facilities in addition to highly trained personnel.

There was continued skepticism surrounding the transfer of *Scud-B* or *Scud-D* to Hezbollah and as of 2014, there were no releases of aerial observation of any *Scud* transfers across the Lebanese-Syrian border. Unlike solid-propellant rockets like the *Zelzal-2*, even a modified/stealthy *Scud* transporter/erector/launcher (TEL) would present a clear target for overhead reconnaissance.²⁶¹ US defense sources also indicated that while a transfer was not ruled out, there were increasing indications that Hezbollah personnel trained on *Scud* type systems in Syria rather than in the wake of a transfer to Lebanon.

Ultimately, *Scud*-type liquid fueled rockets could present more of a liability than an asset to Hezbollah's overall missile capability. Furthermore, given Hezbollah's existing inventory of guided and unguided systems, the potential acquisition of *Scud-B* or *Scud-D* had a popular psychological impact in Israel, rather than actually impacting the overall regional balance.

- While Hezbollah continued to consolidate its arsenal of short range 107 mm and 122 mm rockets meant to harass IDF ground forces in any future war, it may also have developed a use for systems otherwise considered irrelevant in the asymmetric balance. These included relying on multiple teams using large numbers of 106 mm recoilless rifle rounds to swarm and overwhelm the IDF's *Trophy* active protection system currently equipped on Israeli *Merkava* MBTs. *Jane's* went on to report that if assisted by sighting guns, this low-tech anti-tank (AT) solution could successfully hit Israeli armor out to a range of 1,000 m.²⁶² Such tactics could have been part of Hezbollah's own lessons learned as it tried to build an edge in the asymmetric balance with Israel.

While counter-terror, counter-insurgency and counter-intelligence threats from groups like ISIS in ungoverned and under-governed spaces in Levant persisted in 2014, the threat that

any sub-national armed group could make effective use of longer-range surface to surface missiles remained limited.

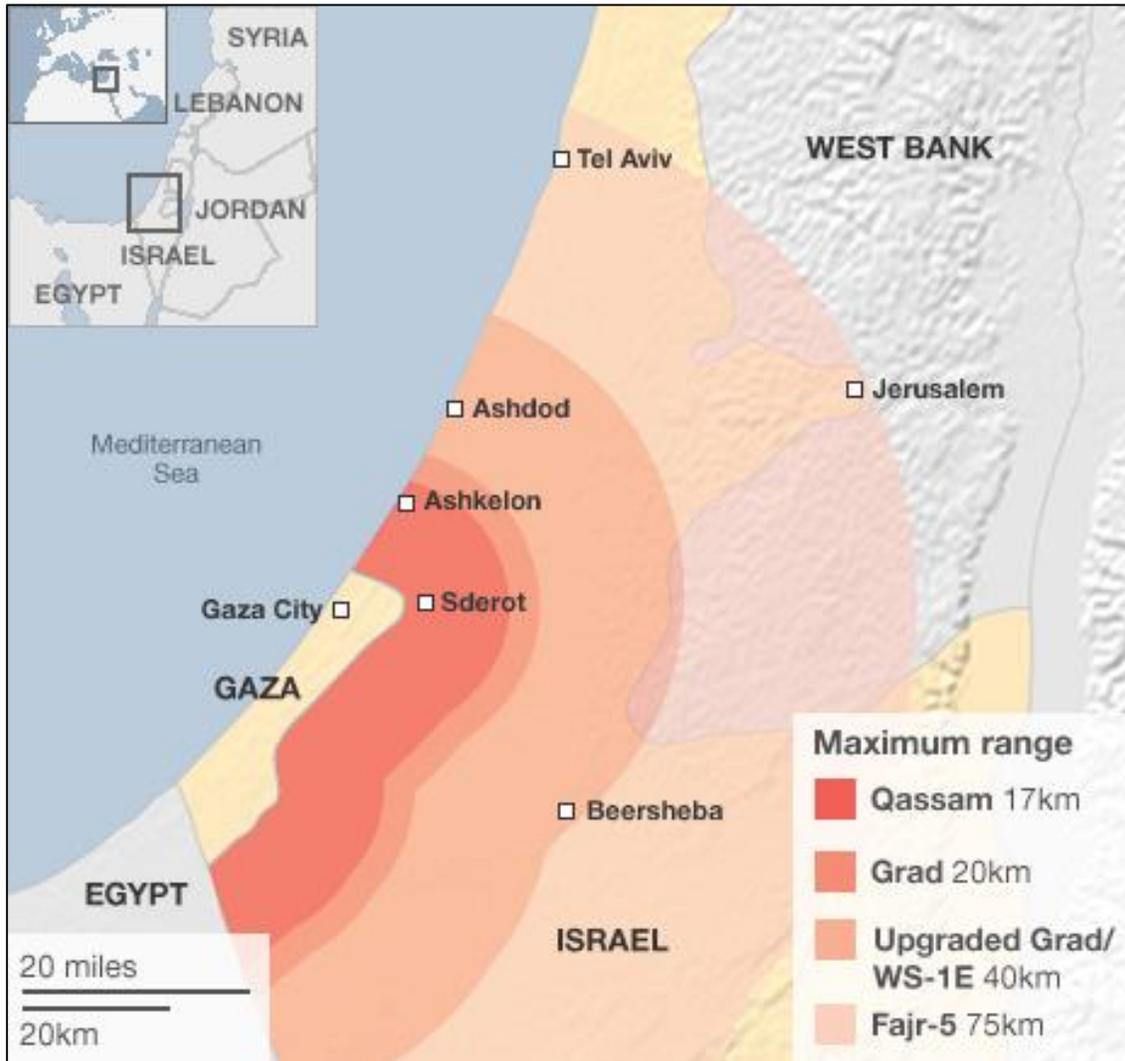
Figure 20 shows the major missile and rocket holdings in the region. Apart from states like Egypt and Syria, only Lebanese Hezbollah presented a credible threat in terms of a limited ability to use short range ballistic missiles. Meanwhile, beyond the training of Hezbollah personnel on *Scud*-type and other SSMs and the potential acquisition of some guidance capability for better targeting, questions remained about how effective such systems could be as other regional states – including Egypt, Jordan and Turkey – relied upon US-designed anti-air and anti-missile systems.

This growing mix of short-range and longer-range rockets – and ATGMs/MANPADs – did not threaten Israel’s “edge” in military technology in 2014. The systems involved were too lacking in accuracy and lethality. Hamas’s holding in particular appeared to lack real-world lethality and included far too large a mix of improvised and locally built or modified systems to be effective against Israel.

However, Hamas and Hezbollah rocket holdings posed enough of a future risk for Israel to make major efforts to field newer defensive counter-fire systems. These included a wide range of new systems to defend against different types of threats: the *Trophy* active protection system (APS) for Israeli armor, the *Iron Dome* defensive systems for shorter range rockets mortars, the *David’s Sling* for longer-range rockets, the *Arrow II* high altitude anti-missile system, and the *Arrow III* wide area theater counter-ballistic missile defense system. It also prompted the IDF to further decentralize its supply and logistics infrastructure to protect ammunition and equipment in the event of a future wars.

The combination of systems that included *Iron Dome*, *David’s Sling*, and *Arrow II* and *Arrow III* probably did much to limit Iranian, Syrian, and any non-state actor’s capability to leverage the asymmetric balance in their favor. However, only a lasting peace, supported by both Israelis and Palestinians and backed by the US and other regional players could be a truly effective security option in the long term, or halt Iran’s efforts to constantly gain advantage in the Levant, leverage its ties to Palestinian militants and foil US interests. Furthermore – and as the next sections will show – there were always going to be unexpected limits in terms of just how much any anti-missile system could shape the optics of Israeli asymmetric victory.

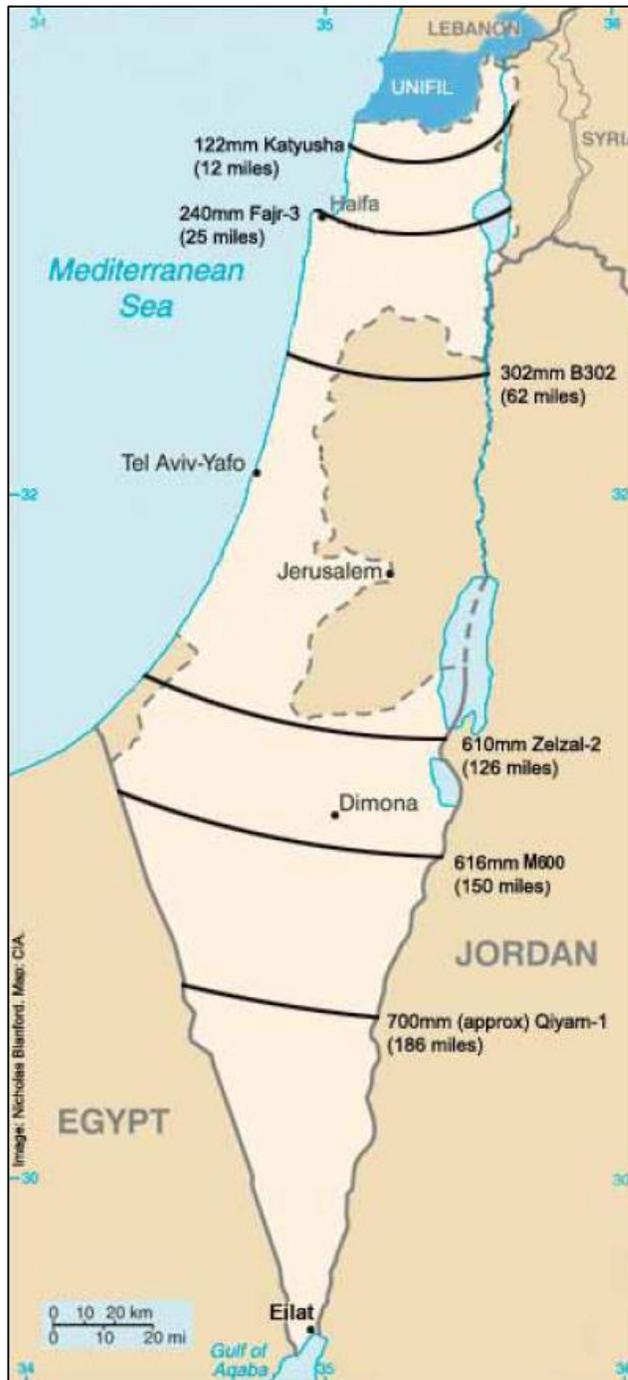
Figure 18: Approximate Rocket & Missile Ranges from Gaza



Note: All data presented is approximate.

Source: Jonathan Marcus, "Gaza rocket arsenal problem for Israel," *BBC News*, November 15, 2012.

Figure 19: Approximate Rocket & Missile Ranges from Lebanon



Note: ranges based on launch sites in southern Lebanon.

Source: Adapted from Bilal Y. Saab & Nicholas Blanford, "The Next War: How Another Conflict Between Hizballah and Israel Could Look and How Both Sides are Preparing for It," *Analysis Paper*, No. 24, The Brookings Institution, August 2011, p. 8.

Figure 20: Arab-Israeli National Surface-to-Surface Missiles in 2014

Country	Med/Long Range SSM	Short Range SSMs	MRLs
Egypt	9 <i>Scud-B</i>	9 FROG-7 24 Sakr-80	96 BM-11 122 mm 60 BM-21 122 mm 50 Sakr-10 122 mm 50 Sakr-18 122 mm 100 Sakr-36 122 mm 36 <i>Kooryong</i> 130 mm 32 BM-14 140 mm 26 MLRS 277 mm 48 BM-24 240 mm (in store)
Israel	+/-100 <i>Jericho 1</i> SRBM/ <i>Jericho 2</i> IRBM 7 MGM-52 Lance (in store)	None	58 BM-21 122 mm 50 LAR-160 160 mm 60 MLRS 227 mm 36 BM-24 240 mm 20 LAR-290 290 mm
Jordan	None	None	None
Lebanon	None	None	11 BM-21 122 mm
Syria	84+ SSM 18 <i>Scud-B/Scud-C/Scud-D</i> 30 look-a-like	18 FROG-7 18+ SS-21 <i>Tochka (Scarab)</i> SS-C-3 Styx	+/- 200 Type 63 107 mm +/- 300 BM-21 120 mm

Note: Medium range SSMs have a range in excess of 70km and includes SRBMs and IRBMs. Syrian holdings uncertain in the wake of three years of civil war.

Source: Adapted by Anthony H. Cordesman and Aram Nerguizian from the IISS, *The Military Balance*, various editions. Some data adjusted or estimated by the authors

The Israeli Reaction: Longer Range Defense Systems

As was discussed in the section on regional air defense systems in chapter three, in addition to emerging threats from militant rocket and missile holding, Israel was also reacting to the threat of longer-range missile systems in Iranian and Syrian forces. The Iranian missile threat to Israel is discussed in a separate analysis.²⁶³ While there were real limited to Iran's ability to effectively target and subsequently hit Israel, Iranian cooperation with Syria could have had a significant impact were Syria to become involved in a missile conflict.

Syria's larger systems, such as its regular and extended range *Scud* holdings, lacked accuracy and ease of deployment, but could have potentially played a role in the asymmetric balance were they to be used as chemical or biological delivery systems. Egypt maintains older SSMs and some *Scud-B*. Not counting Hezbollah, Lebanon had some MRL holdings and Jordan had no SSM holdings of any kind. However, such an Iranian scenario became increasingly uncertain in the wake of protests and three years of civil war in Syria over the 2011 to 2014 period. As of 2014, Syria no longer possessed its declared holding of chemical weapons. Meanwhile, Assad forces remained bogged down in a bloody civil war and were keen to avoid intervention or a direct military engagement with Israel.

Irrespective of the Syria conflict, Israel could not ignore the mix of national and sub-national rocket and missile threats in the Levant and chose long ago to build up its defenses against longer-range missile threats. Purchases of major weapons systems from the US were one prong of a two-pronged Israeli strategy for missile defense. In that vein, Israel's 17 batteries of improved *HAWK* MIM-23B and six MIM-104 *Patriot* surface-to-air missiles provided a point defense capability against ballistic missiles.²⁶⁴

The second prong was the development of newer tiered missile defense systems developed both by the Israeli defense sector and via co-development with the US. After years of domestic development and testing, Israel took delivery of its first *Arrow II* battery in 2000 and in 2002 the *Arrow II* system's radar was reported to have successfully detected the test-launch of a new Syrian test missile – believed to be a North Korean-designed *Scud-D*.²⁶⁵

Thanks to US technical expertise and funding, the newer and more capable *Enhanced Arrow II* was tested. In April 2009, it successfully acquired, tracked, and intercepted a separating target. This was the first test that integrated the US AN/TPY-2 X-Band radar based in Israel. Since that time other integration tests have been performed using elements of other US systems, including the AN/TPY-2, THAAD, and Aegis.²⁶⁶

According to the IISS, as of 2014, Israel fielded three *Arrow II/Enhanced Arrow II* theater ballistic missile systems and 20-24 active launchers, supported by a Green Pine radar system, and Citrus Tree command and control system.²⁶⁷ However, questions remained surrounding the *Arrow II*'s reliability and effectiveness in a hypothetical or real-world live fire engagement. On September 9, 2014, an *Arrow II* missile acquired and tracked its intended target, however it failed to destroy it. An initial assessment pointed to correctable issues tied to software, rather than any lasting flaw tied to the *Arrow II* missile system.²⁶⁸

As of 2014, Israel and the US were continuing to cooperate in developing the *Arrow III* wide area theater missile defense system with improved countermeasures and capability to deal with high-speed reentries. The *Arrow III* was designed to be able to provide exo-

atmospheric interception of Iranian *Shahab* and *Sejil* missiles, directly striking and destroying incoming warheads.²⁶⁹ Boeing described the *Arrow III* as follows:²⁷⁰

“Arrow 3, the newest addition to the Arrow Weapon System, is the upper tier in the Arrow family of weapons that incorporates the latest technology to combat a continually advancing threat. Short- and medium-range ballistic missile threats require prompt and effective self-defense capabilities. The threat of more sophisticated missiles, including the threat of weapons of mass destruction, requires a multi-tier approach to achieve a zero leakage rate. As the world's first operational national missile defense system, the Arrow Weapon System successfully destroys targets using the latest - technology to achieve a higher probability of a successful engagement. The Arrow Weapon System is affordable and has low total ownership costs.

The Arrow Weapon System is Israel's national missile defense system. The Arrow system uses the two-stage Arrow II interceptor to destroy an incoming target with a fragmentation warhead... The ... Arrow 2 interceptor was delivered by IAI to the MOD in the spring of 2005. Israel's MOD, in cooperation with the U.S. Missile Defense Agency, has completed four successful flight tests of the coproduced Arrow II interceptor since 2007. In three of those tests, conducted February 2011, April 2009 and February 2007, the interceptor destroyed a target missile. In the other test, which occurred in March 2007, the objective was an interceptor fly-out to collect flight test engineering data of an enhanced capability interceptor and did not involve a target intercept. Boeing-IAI co-development of the next-generation Arrow III interceptor began in late 2008 and will be followed by coproduction.

...Arrow 3, also a two-stage interceptor, will destroy an incoming target with an exo-atmospheric kill vehicle and provide additional defense capability for evolving threats. Other system elements are a launch control center, fire-control radar and battle management center. Arrow provides Israel with flexible and cost-effective protection from ballistic missile threats. Boeing and Israel Aerospace Industries (IAI) co-produce the Arrow II interceptor and are developing the Arrow 3 interceptor for the Israel Ministry of Defense (MoD).”

Defense Update described *Arrow III*'s technical advances as follows:²⁷¹

“The IAI team proposed a kill vehicle offering exceptionally large divert capability, meaning the kill vehicle will have exceptional capability to maneuver in space, close-in on a target with high probability of kill, at realistic (very high) closing speeds. Unlike common KVs utilizing space propulsion systems (such as liquid propellant or gas generators), the proposed KV will be propelled by an ordinary rocket motor, equipped with flexible nozzle (vector-thrust). Furthermore, this unique KV will also be fitted with a gimbaled seeker, obtaining hemispheric coverage for the seeker. By measuring the seeker's line of sight relative to the vehicle's motion, the kill vehicle would employ 'proportional navigation' deflecting the kill vehicle to divert its course and align exactly at target's fight path, hence achieving an accurate kill even at very high closing speeds and over long distances...the new concept is relatively simple, reliable and inexpensive and is based on mature technologies. Furthermore, its large divert capability and high agility are contributing to easing the requirements for detection and tracking systems, generally associated with remote-sensor assisted exoatmospheric kills.

... a combined sensor utilizing visible and infrared elements would be suitable for ballistic missile intercept under all lighting conditions, furthermore, when provided with high density matrixes available today, such sensors could provide both target detection, discrimination and tracking as well as assisting line-of-sight measurement utilizing stars tracking.

The new component will also require the integration of longer range detection, tracking and discrimination capability, beyond what the Green Pine and Advanced Green Pine radars, employed with the Arrow 2 are providing. Among the advanced sensors considered for Israel's future multi-tier system, are airborne electro-optical sensors deployed on high flying UAVs and future enhanced Green Pine radars, as well as the AN/TPY-2 radar already deployed in Israel, and operated by U.S. forces.

The US and Israel are also cooperating in developing and now deploying a system to deal with medium range rockets and missiles called David's Sling – sometimes called Magic Wand or DSWS (David Sling Weapon System), to intercept medium- to long-range rockets and cruise missiles, such as those possessed by Hezbollah. Depending on the source it can cover attacks at ranges of fired at missile ranges from 40-70 Km to 250-300 km. It is being developed by Rafael and Raytheon is reported to use a two-stage interceptor, with dual targeting and guidance systems installed in its nose-tip (a radar and an electro-optical sensor). The system is said to have had its first successful intercept on November 27, 2012, and some reports indicate it will be rushed into deployment no later than 2013.”

As was discussed in chapter three, while the *Arrow III* system was slated for entry into operational service in 2015, it too may fall prey to unexpected developmental or budgetary hurdles. However, the overall trend in Israeli missile defense development in 2014 and the gap between discreet US and Israeli foreign policy priorities in the longer term remained such that even with ongoing US-Iranian nuclear negotiations, it was highly unlikely that Israel would suspend the development of its planned multi-tier missile defense infrastructure.

Israeli-Palestinian Rocket Wars: From “Pillar of Defense” to “Protective Edge”

The November 2012 and the July-August 2014 conflicts between US ally Israel and Iranian ally Hamas helped to contextualize efforts to develop capabilities on both sides, and was an important test for determining the future direction and evolution of the regional asymmetric balance.

Many of the lessons from fighting in 2012 would have direct implications for how both Hamas and Israel would adapt their tactics and resources prior to the breakout of hostilities in 2014. However, while both conflicts showed military innovation and adaptability, they also reinforced the difficult reality that both Israelis and Palestinians where “escalating to nowhere” yet again in both military and political terms.²⁷²

Trial by Fire: “Operation Pillar of Defense”

2012's “Operation Pillar of Defense” appeared to have been triggered by a gradual degradation of the already unstable Israeli-Hamas ceasefire in the wake of the last major round of conflict in 2008-2009. Another factor was the increasing number of rockets fired when Hamas took responsibility for the launches and a concomitant need on the part of the Israeli defense establishment to consolidate the country's deterrence against such attacks.²⁷³

On November 14, 2012, the Israel Defense Forces launched a major military operation in the Gaza Strip. Ahmed Al-Jabari, the operational commander of Hamas, was targeted and killed in a missile strike. As part of “Operation Pillar of Defense,” the IDF also conducted aerial bombings and artillery strikes targeting Hamas and other militant Palestinian groups in the Strip supported by drone over-flights for targeting.²⁷⁴ In retaliation for IDF strikes and the death of Al-Jabari, Hamas and other Palestinian factions in Gaza fired some 1,500 short to medium range rockets against Israel with a very limited number managing to reach as far as Tel Aviv. Palestinian rocket fire also triggered the first combat use of the Israeli *Iron Dome* missile defense system, which was being rushed into service.

- The first chart in **Figure 21** shows the breakdown of Hamas rocket fire over the course of the conflict. Palestinian militants fired an average of 188 rockets per day with daily low of 75, a daily high of 316 and sustained daily fires throughout the conflict in excess of 130 fires per day.
- The second chart in **Figure 21** shows an estimate based on public reporting of, on the one hand, the breakdown in Palestinian fires based on whether fires were or were not projected to target and land in Israeli populated or vulnerable areas. On the other, it shows the total number of *Tamir* interceptors fired against incoming fire, the number of reported intercepts and the number of projected rockets that were not intercepted.

Of the 1,506 rockets fired by Hamas, 875 were projected to land outside vulnerable areas, and were not targeted by *Iron Dome* with an additional 631 projected to possibly hit Israeli populated areas. The IDF launched a total of 573 *Tamir* interceptors, of which 421 were successful at intercepting incoming rocket fire. Of the total number of *Iron Dome* fires, 152 did not hit a target or were reported by the IDF as “failed launching attempts.”²⁷⁵

While the IDF reported that only 58 Palestinian rockets launched towards Israel reached urban areas, what is unclear is how many of the 631 rockets fired that were not classified as launched towards open areas actually posed a threat to Israeli populated areas. It also remains unclear whether *Tamir* fires listed as “failed launch attempts” failed to launch, missed their targets, or a mix of both.

While such reporting was inherently uncertain, Israel had claimed that the *Iron Dome* system had an operational success rate in the conflict anywhere between 80 and 90 percent.²⁷⁶ If ratios were based on 573 intercept attempts and 421 successful intercepts, that would have given the system a success rate of 73.4 percent in the conflict. If the ratios were based on the number of rockets not projected to hit open areas – namely 631 – and 421 successful intercepts, that in turn gave the system a success rate of 66.6 percent.

In any case, *Iron Dome* proved to be an important development in shaping the regional asymmetric balance. The 2006 Israeli-Hezbollah war showed the ability of prolonged rocket fire to shape the optics of war, public opinion in the Arab world and morale in Israel. *Iron Dome* seemingly eroded the ability of groups opposed to Israel to inflict attacks that could qualify as successes. It also forced these groups in the Palestinian Territories and Hezbollah in Lebanon to reevaluate their tactics and strategies in their battle with Israel.

The threat *Iron Dome* dealt with must be kept in perspective. Neither the Palestinians nor Hezbollah had the firepower, resources, planning, logistics, and general wherewithal to come close to scoring a tactical win, to say nothing of a strategic victory against Israel. Unguided mass rocket fires have never produced mass casualties and their impact remained principally psychological: Palestinians felt they could stand up to the IDF on the one hand and Israelis felt a sense of insecurity despite their overwhelming military edge.

Iron Dome enhanced that edge and deprived Iran’s regional allies of the ability to terrorize the Israeli public. It also gave Israeli decision-makers more time to craft policy responses away from pressure from below to take more drastic measures against their opponents – in the case of “Operation Pillar of Defense,” forestalling a large scale and potentially very bloody ground offensive in Gaza.

At the same time, such defenses were far more expensive than the rockets and missiles in inventory with Hamas, PIJ, and Hezbollah forces. Each *Tamir* interceptor cost some \$40,000 to \$50,000 in 2012. It was estimated that it would cost Israel and the IDF some

\$23 to \$29 million dollars to replenish its then-depleted stocks. Economies of scale and ramping up production could cut costs, and *Iron Dome* had minimized other costs tied to Israeli loss of property and infrastructure damage.

Such defense also faced important challenges. The first was that Hezbollah, Hamas, and other groups were watching, learning, and adapting, just as Israel had adapted to their shifting tactics from conflict to conflict. For example, it was unclear how the *Iron Dome* system or other missile defense systems would perform over longer periods of sustained fire, larger volumes of daily rocket salvos, the deployment of potentially more capable rocket and missile systems, and the prospects of rocket fires from multiple vectors.

Saturating new and costly Israeli systems was not a new concept: as was described early in this chapter, Hezbollah was reported to have developed a doctrine of mass fires of recoilless rifles at Israeli *Merkava* MBTs as one tactic to overpower the *Trophy* APS anti-missile system in order to then score a direct hit with a conventional ATGM such as the AT-14 *Kornet*.²⁷⁷

Furthermore, neither *Iron Dome* nor Israeli air strikes were able to significantly or decisively curtail the Palestinians' ability to launch relatively large salvos of rockets. As the first chart of **Figure 21** showed, with the exception of the first day of hostilities, daily rocket fires never fall below 130 per day with sustained fires on most days between 150 and 250 rockets per day. After a week of targeted air strikes, there were still enough active launchers to fire 221 rockets.

The Palestinians maintained relatively large stockpiles of relatively inexpensive rocket systems. Meanwhile, Israel's solution remained relatively high cost with only a limited number of interceptors in inventory. This did not mean the IDF would eventually "run out" of *Tamir* interceptors. Israel has the production and industrial base and access to US grant aid to rapidly replenish its holdings. However, the 2012 round of fighting underscored Israel's future need to have enough missiles in inventory and enough productive capacity to keep holdings above the number of future fires.

None of this could be without cost. Beyond the cost of the *Tamir* from a production standpoint, it was also costly to store large holdings of missiles with unstable compounds and propellant that must be carefully monitored and regulated to account for changes in environmental conditions.

The Other Side of the Iron Dome: "Operation Protective Edge"

When Israel and Hamas last fought in 2012, the confrontation remained broadly on Israel's terms. The IDF held *Iron Dome* to be a game changer, dramatically diminishing Hamas and PIJ's asymmetric military capabilities by slashing both the psychological and limited military effects of Palestinian rocket fire. As of August 17, 2014, it was still too early to draw final or conclusive lessons from a round of conflict that began on July 8, 2014, and that had not reached a decisive conclusion at the time of writing. However, some initial trends could be discerned, including both Palestinian and Israeli tactical shifts to dull each other's perceived edge in the asymmetric balance.

Escalating clashes in 2014 took place at a time when Hamas had to contend on the one hand with Israeli security operations in the West Bank – including the re-arrest of more than 60 Hamas leaders in mid-June 2014 initially freed in a prisoner swap in 2011. On the

other, it also had to deal with an uncertain geopolitical reality where the Palestinian militant group could no longer reliably count on the support of Iran, Hezbollah, Syria or a friendly government in Cairo. Hamas also saw few tangible benefits from its unity deal with Fatah in terms of financial relief to allow the group to pay some 50,000 government employees in Gaza. It was in this context that the abduction and killing of a Palestinian youth by Jewish settlers on July 2, 2014 – in retaliation for the death of three Israeli teenagers in the West Bank – provided Hamas with the premise it needed to resume rocket and missile attacks on Israel on July 8, 2014.²⁷⁸

Israel's reaction to Hamas and other militant rocket fire was to launch "Operation Protective Edge," a military response that premised the use of overwhelming force through air power to degrade the ability of Palestinian militants in the Gaza Strip from firing their rockets against Israel, while simultaneously countering rockets bound for Israel once more with the *Iron Dome* system.²⁷⁹ In addition to bringing more anti-rocket batteries online to protect urban centers and settlements, Israel had also continued to upgrade and improve the *Iron Dome* between 2012 and 2014 in a bid to increase the system's overall effectiveness and predictive accuracy.²⁸⁰

Figure 22 Part I shows some very preliminary metrics on Palestinian rocket fires and Israeli intercepts in 2014, in addition to some initial comparisons with 2012 metrics on rocket fires and the performance of the *Iron Dome* system. According to the data provided to *Jane's* by the IDF, Palestinian militants fired some 3,712 rockets over a period of 17 days. What the charts do not show is both the civilian and military toll of fighting between July 8 and August 5, 2014. According to the United Nations Office for the Co-ordination of Humanitarian Affairs (UN-OCHA), some 1,814 Palestinians were killed in the fighting – 1,312 of which were civilians – along with 64 IDF soldiers killed with an additional 463 wounded. Three Israeli civilians were also killed as a direct and indirect result of rocket fire from Gaza.²⁸¹

The charts in **Figure 22 Part II** present more recent estimates collected by *The New York Times* based on a mix of data from UN-OCHA, the Israel Defense Forces and the Palestinian Health Ministry. Estimates presented in the first chart of **Figure 22 Part II** indicate that Palestinian militants fired some 3,096 rockets and missiles between July 8th and August 5th, 2014, or an average of more than 106 fires per day. The second chart shows the scale of Israeli military strikes against targets in Gaza, which included some 4,080 air and artillery strikes – an average of some 140 strikes per day.

The first chart in **Figure 22 Part I** also shows that while daily Palestinian rocket fires had not reached the highest volume of daily fires from 2012, the fires appeared to be more stable and consistent across time such that the fire rates over. This in turn appeared to produce fire rates in 2014 that were broadly comparable to fire rates in 2012 at some 1,500 rockets over a one week period. This pattern appears to be reflected in the first chart of **Figure 22 Part II**.

One metric that the charts of **Figure 22** seemed to imply was that Hamas and PIJ appeared to have done much to replenish their stocks of rockets since the last round of fighting in 2012 either through smuggling or through local production. The second pattern that the first charts of **Figure 22 Part I** and **Figure 22 Part II** also seemed to point to was that irrespective of *Iron Dome*, the effectiveness of intercepts, or the inaccuracy of Palestinian

rocket fire, Israeli targeted air strikes alone appeared either ineffective or insufficient to dramatically reduce Palestinian militants' ability to fire on average of some 146 rockets per day between July 8 and July 16, 2014.

However, there was also preliminary evidence that Hamas's initial holdings of some 10,000 rockets may have been reduced by as much as a third both through mass fires and as a result of being hit by ground and air strikes. Israeli defense sources noted meanwhile that Israeli forces had conducted strikes on some 4,800 on targets in Gaza, adding that some 3,300 Palestinian rockets were destroyed in addition to the more than 3,300 that were launched up to August 5, 2014.²⁸² However, open source estimates are still unclear as to whether air and artillery strikes played a decisive role in degrading Palestinian rocket fires.

As was mentioned time and time again throughout this analysis, every player within the regional asymmetric balance had little choice but to adapt to changing tactics and the "edge" of their opponents if they were to survive both militarily and politically. Hamas and other Palestinian militant groups did so by investing in a labyrinth of tunnels under Gaza with hidden exit points in Israel.

They then integrated this tunnel network into Palestinian militants' strategies for sustained rocket fires, incursions by ground forces into Israel, the circumvention of Israel's technical edge in terms of modern ISR and RECCE, the ability to bring down target fires from air and ground units, and the psychological effects of *Iron Dome* on the Israeli homefront. Hamas also made use of specialized units – including naval commandos – to harass Israeli military targets and personnel.²⁸³

After two weeks of fighting, Israel's stand-off approach to Gaza and a focus on countering and degrading Palestinian rocket fires through targeted fires and the use of *Iron Dome* had seemingly failed to cow the Palestinians or shape the optics of an Israeli victory. Furthermore, after 11 days of fighting, the IDF had seemingly failed to find all of the tunnels Hamas and its allies in Gaza were using to strike out against Israel. This prompted a shift in Israel's end-state during "Protective Edge" from degrading Palestinian rocket holdings to degrading and destroying Hamas's network of underground tunnels.²⁸⁴

On July 17, 2014, Israeli ground forces moved into Gaza with the aim of destroying much if not all of the tunnels that Palestinian militants were using to blunt Israel's military and technical edge. The land incursion ended after 20 days with Israeli forces withdrawing to a buffer zone on August 5, 2014, after declaring that they had accomplished their mission objectives.

As the first chart of **Figure 22 Part I** shows, Hamas rocket fires only began to decline in any measurable way after the ground invasion. Meanwhile, the second chart of **Figure 22 Part II** showed that Israel's ground incursion prompted Palestinian militants to use their rocket holdings at least in part against Israeli military targets that were then deployed in Gaza. Meanwhile, the first chart of **Figure 22 Part II** showed that despite the July 16th, 2014, IDF ground incursion into Gaza, Hamas and other Palestinian militants continued to fire rockets and missiles and rockets at Israel at a daily average of 89 fires between July 17th and August 5th, 2014.

Hamas and other militant groups did suffer casualties of their own during fighting in 2014. However, what seemed clear was that Israel's ground incursion may also have played a

part in Hamas and PIJ's efforts to degrade the IDF's edge in combat through new tactics in attrition warfare. While Israeli ground forces moved into Gaza, Hamas and PIJ militants carried out hit and run attacks against Israeli forces in Israel – sometimes as deep as 3 km within Israeli territory.

Unlike 2012, when Israel suffered few military losses, the IDF had lost 64 soldiers in combat as of August 5th, 2014 – a far higher attrition rate than Israel had expected. Palestinian successes in close-quarter combat (CQC) against IDF troops were thanks to the adoption of Hezbollah-style military tactics, superior training and combat readiness relative to fighting in 2012, and the ability to conduct stealth attacks using tunnels that Israel had yet to identify or destroy.²⁸⁵

As the second chart of **Figure 22 Part I** shows, Israeli defense sources reported that *Iron Dome* once more played an effective role in detecting, targeting and defeating incoming Palestinian rocket fire. Much as in 2012, close to 60% of Palestinian rockets hit unpopulated areas. Furthermore, the number of rockets intercepted by *Tamir* interceptors also went up significantly. What was not immediately clear at the time of writing was how best to evaluate the effectiveness of the *Iron Dome* during “Operation Protective Edge.”

Preliminary reporting by *Jane's* seemed to indicate at least some overall reduction in the performance of the *Iron Dome* system despite the deployment of additional batteries. *Jane's* did caveat, however, that the use of the system in 2012 and 2014 may be difficult to compare if how and why the *Iron Dome* intercepted one rocket versus another had shifted as result of technical upgrades, configuration changes or shifts in Israeli tactics.²⁸⁶

However, there were some aspects of Palestinian rocket tactics that no amount of time and investment in systems like *Iron Dome* or any technical solution could degrade or counter. The most pertinent example was on July 22, 2014 with the firing of longer range rockets from Gaza against Tel Aviv's Ben Gurion Airport.

While the attack did not cause any damage against Israeli civil aviation infrastructure, the perceived threat was significant enough to trigger a US Federal Aviation Authority (FAA) temporary ban on US flights to Israel.²⁸⁷ This served to underscore the point that while Israel could degrade and deny Hamas's ability to hit Israel, the Palestinian militant group could always look for and find new way to harm Israel from economic, reputational and public relations standpoints.

As Israelis and Palestinians went through failed cease-fire after failed cease-fire in August 2014, the outcome of “Operation Protective Edge” remained anything but certain. However, what was clear was that as important as Palestinian rockets and the *Iron Dome* system were to the regional asymmetric balance, neither rocket fires nor Israeli intercepts proved decisive on their own.

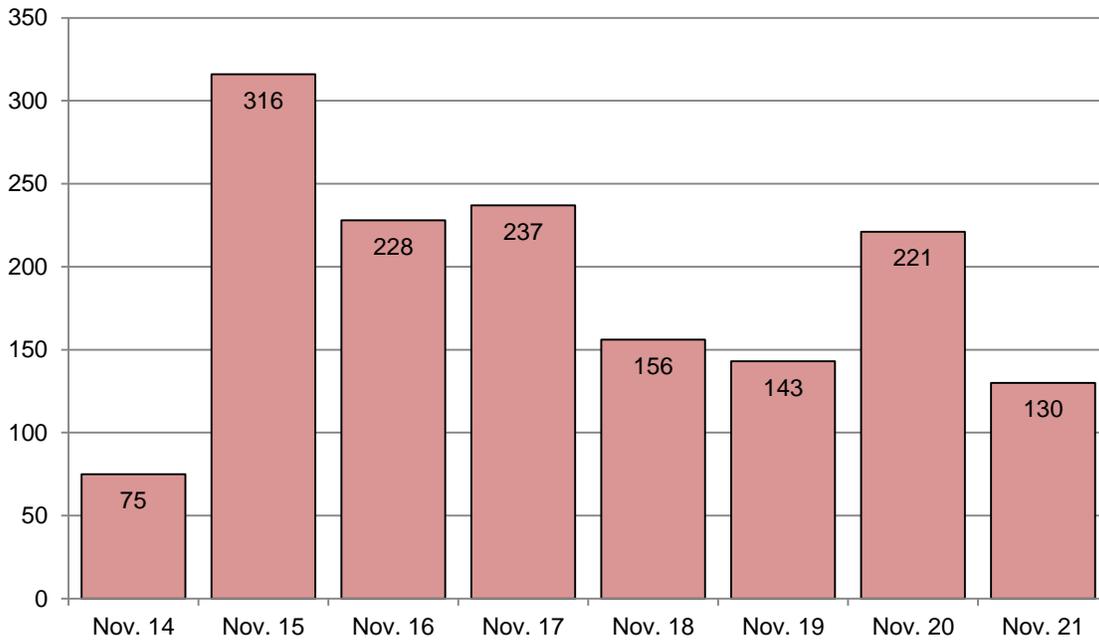
Palestinian militants – through the use of tunnels, hidden launch sites and qualitative improvements in the training and readings of their ground forces – chipped away at some of Israel's military edge through attrition warfare. In that regard, fighting in July and August of 2014 may ultimately have played out in ways that benefited Hamas militarily and politically (the latter will be discussed later in chapter nine).

These developments push Israel to shift its tactics and resourcing in preparation of the next round of fighting, much as it did after the 2006 Israel-Hezbollah conflict. But as both sides

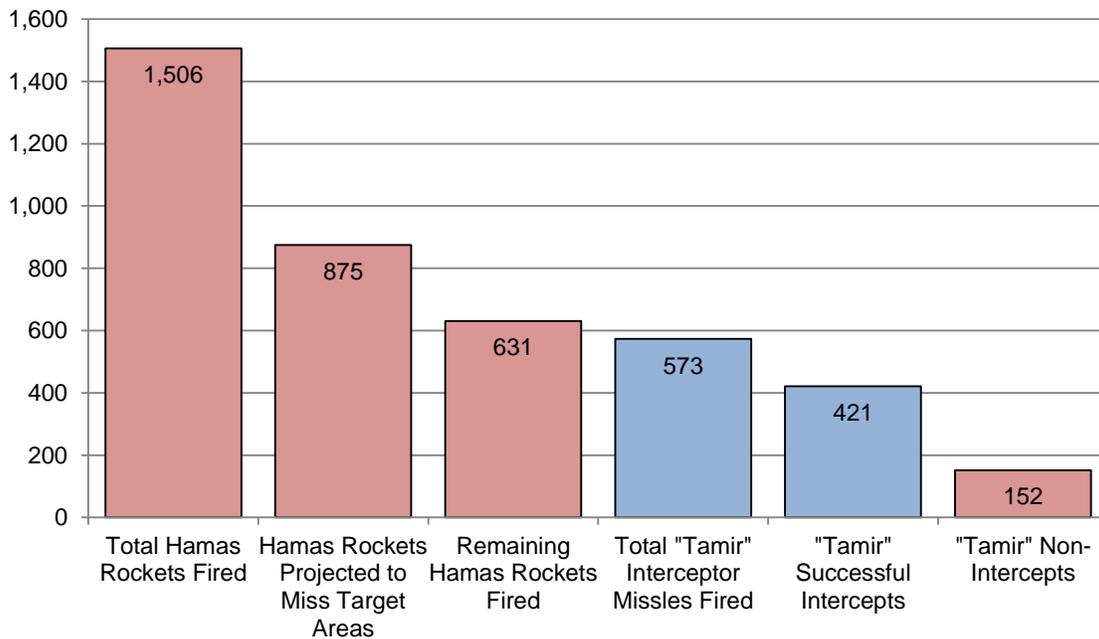
prepare, adapt and resource for another war, both Israelis and Palestinians were doing little more than further diminishing the prospects for a lasting hope of de-escalation or peace. In short, both Israelis and Palestinians seem locked in an endless military road to nowhere.

Figure 21: Operation “Pillar of Defense”: Iron Dome’s Trial by Fire in 2012

Hamas Rocket Fires by Date:



Breakdown of Palestinian Rocket Fires & “Iron Dome” Intercepts:

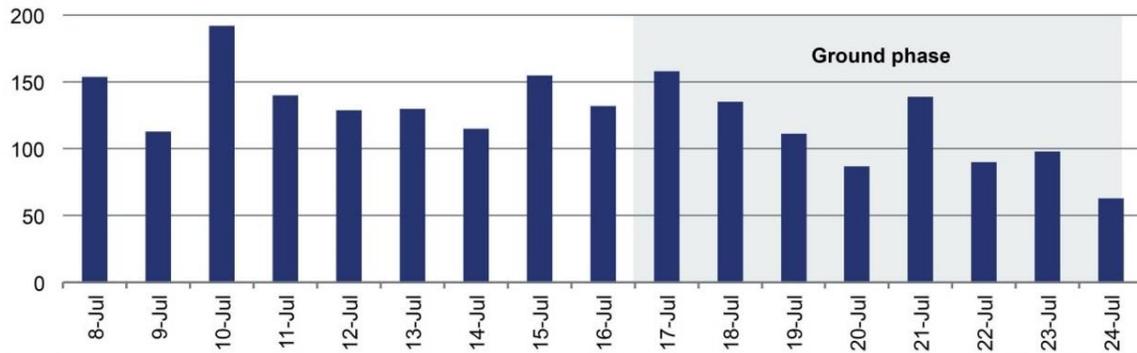


Note: “Tamir” refers to the “Iron Dome” system’s radar guided interceptor missiles. Some variation in final numbers across sources is to be expected.

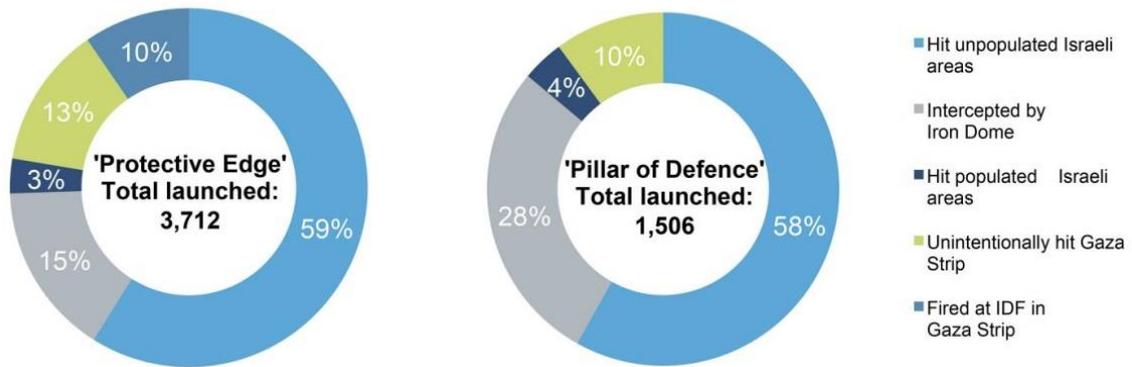
Source: Adapted by Aram Nerguzian from data provided by the Israel Defense Forces, *Jane’s* and the BBC.

Figure 22 Part I: An Initial Assessment of “Operation Protective Edge”: Going beyond Air Power & Iron Dome’s in 2014

Hamas & PIJ Rocket Fires during “Protective Edge” July 8 to July 24:



An Initial Comparison of Rocket Fire in 2012 and 2014:

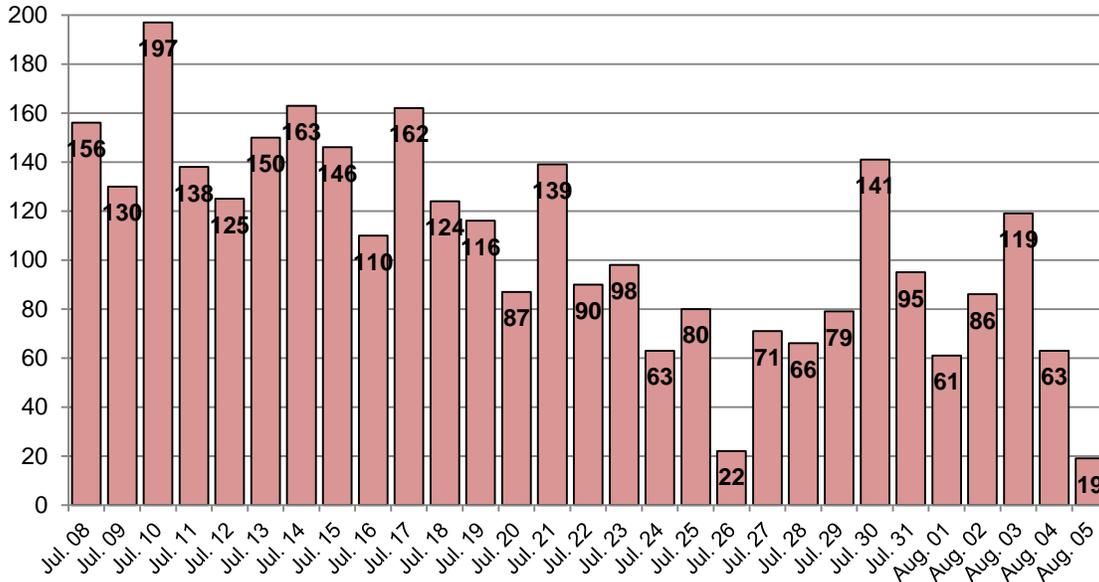


Note: “PIJ” stands for Palestinian Islamic Jihad. All data for 2014 was preliminary in light of ongoing conflict as of August 16, 2014. Some variation in final numbers across sources is to be expected.

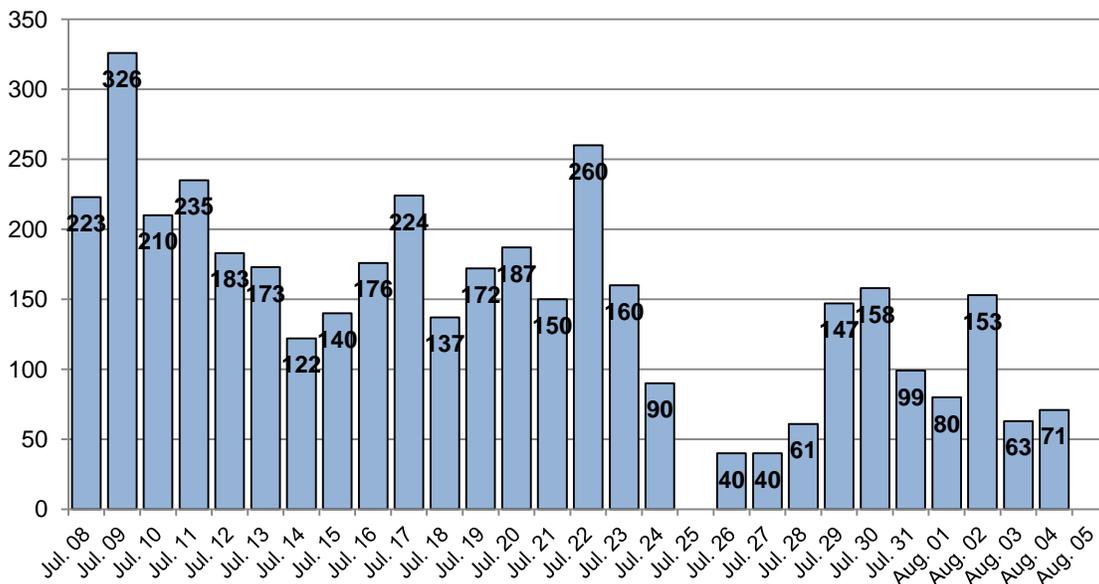
Source: Adapted by Aram Nerguizian from data provided to IHS *Jane's*; see Jeremy Binnie, “IDF detail the damage inflicted on Gaza militants,” *Jane's Defense Weekly*, August 7, 2014.

Figure 22 Part II: An Initial Assessment of “Operation Protective Edge”: Palestinian Rocket Fire and IDF Strike Rates in 2014

Palestinian Rocket Fires against Israel July 8 to August 5:



Israeli Military Air and Artillery Strikes in Gaza July 8 to August 5:



Note: data presented reflects Israel Defense Forces estimates.

Source: Adapted by Aram Nerguizian from data provided in Karen Yourish & Josh Keller, “The Toll in Gaza and Israel, Day by Day,” *The New York Times*, August 8, 2014.

Regional Military Responses to Asymmetric Threats

The previous section has highlighted how Israel responds to asymmetric military threats, principally in Gaza and in Lebanon. However, every country in the Levant now has to contend with a current or future threat from predominantly Sunni Islamist militants and non-state armed groups employing varying degrees of irregular warfare. In addition Egypt, Lebanon and to a lesser extent Jordan shared common challenges ties to areas that were either historically ungoverned or seriously under-governed as a result of instability in the wake of the 2011 Arab uprisings.

In the years that followed regime change in Egypt in 2011, the Sinai Peninsula increasingly became under or un-governed, with a sharp rise in both illicit and militant Islamist activity. As is discussed in greater detail in chapter ten on Egypt, small arms and rocket attacks against both Egyptian security forces and Israel increased steadily over the 2011 to 2013 timeframe. In the wake of President Morsi's ouster in July 2013, the Egyptian armed forces stepped up counter-insurgency operations in the Sinai.

The Egyptian military came under suicide attack twice in September 2013. The first attack on September 5, 2013, was a failed suicide attack against Egypt's interior minister Mohammad Ibrahim.²⁸⁸ The second attack on September 11, 2013 came in retaliation to the largest deployment to that date by Egyptian security forces in to Sinai. Two suicide bombers blew up explosives-laden trucks in Rafah outside a local military intelligence branch, killing six military personnel and injuring 17 – including 7 civilians. Jamaat Ansar Bayt al-Maqdis (ABM) – designated a Foreign Terrorist Organization (FTO) by the US Department of State on April 9, 2014 and one of the principal Al-Qa'eda inspired groups in Sinai – claimed responsibility for both attacks.²⁸⁹

In March 2013, Egypt announced that it had begun construction of a fence around the north Sinai city of El-Arish to curtail the free movement of regional militant groups.²⁹⁰ Meanwhile, on May 23, 2014, Egypt announced that its security forces had killed Shadi al-Meneir, the leader of ABM along with three senior members of the Jihadi militant group.²⁹¹ Meanwhile, Israel took its own steps to curtail risks it faced from militant groups operating in Sinai, including the erecting of its own border fence with Egypt along with a communications network along the length of the Israeli-Egyptian border.²⁹² Despite such successes, as of August 2014, the Egyptian military and other security forces remained locked in efforts to eliminate or cripple groups like ABM.

Lebanon had to step up its response to the threat posed by Sunni Islamist militant groups, including both so-called "home grown" Sunni militant groups and factions from the neighboring civil war in Syria that had established a presence in ungoverned or under-governed parts of north and north-east Lebanon. Furthermore, groups like the Abdallah Azzam Brigades – designated an FTO by the US Department of State on May 24, 2012 – and the Free Sunnis of Baalbek Brigade, along with groups from Syria and Iraq like Jabhat al-Nusra (JAN) and the Islamic State in Iraq and al-Sham (ISIS) leveraged Hezbollah's war alongside Assad forces to build up their credibility in some parts of Lebanon's Sunni community and to justify a string of IED and suicide IED attacks in 2013 and 2014.

As will be discussed in chapter twelve on Lebanon, the Lebanese security forces dramatically increased their intelligence gathering and counter-terrorism operations in 2014, along with efforts to create greater ISR and command and control along Lebanon's

porous border with Syria. The Lebanese Armed Forces (LAF) also engaged in live combat operations against alleged JAN and ISIS militants for the first time in north-eastern town or Arsal in August 2014 – long-considered a hub of supported for anti-Assad militant but fraying in 2014 under the weight of close to a hundred thousand displaced Syrians and the negative effects of cross-border militant activity.

Jordan had yet to be targeted directly by regional non-state armed groups that gained momentum in the wake of Syria's civil war and the expansion of ISIS from Syria to Iraq in mid-2014. However, the country could not ignore the longer-term threat, especially if ISIS were to consolidate its hold in Iraqi and Syrian territory straddling the Hashemite Kingdom's north-eastern borders with Syria and Iraq. In June 2014, reports emerged that Jordanian SOF units repelled ISIS by crossing into Iraq and attacking the advancing force. Meanwhile, there continued to be reports of sleeper cells of ISIS in northern Syria in Zarqa and in the south in Ma'an in the South. As of 2014, the primary Jordanian response was to continue with existing intelligence gathering operations by one of the region's most effective state intelligence networks.²⁹³

Egypt, Jordan and Lebanon joined the GCC states, Iraq and the US in the September 11, 2014 "Jeddah Communique" and declared their shared commitment to combating the regional threat posed by ISIS.²⁹⁴ However, it is difficult to estimate how and for how long each country in the Levant will have to contend with the growing threat from ISIS and other asymmetric forces across a theater spanning from North Africa to Iran.

The usual assumptions that solving the Arab-Israeli conflict, the Syrian civil war and power sharing arrangements in Iraq certainly could play a role in removing some of the momentum behind recruitment when it came to why potential fighters did or did not join groups like JAN or ISIS. However, as will be shown in chapters five and six, how and why regional states use sectarianism as tools of foreign policy, and the underlying weak socio-economic fundamentals in countries across the Levant may prove far more long-lasting and problems that both the US and Iran may not have the luxury to ignore.

Weapons of Mass Destruction and the Nuclear Arms Race

Despite Iran's recent efforts to develop its nuclear program, the Middle East and the Levant were already involved in a de facto nuclear and missile arms race, had at least some stocks of chemical weapons in inventory with regional states, and may also have been involved in a race for biological weapons as well. While the most important component remained the Iranian-Israeli nuclear and missile arm race, Iran's ties to Syria – and Syria's efforts – played an important role as well.

Israel's Ballistic Missile and Missile Defense Forces

Israel developed missile booster technology, systems that could deliver modern nuclear weapons, and weapon systems that could strike at any target in the region. Israel also had at least two types of a series long-range ballistic missiles –called the *Jericho* – and had almost certainly deployed either an improved version of the second or a third type of system altogether. There were no reliable unclassified reports on Israel's ballistic missile holdings, but unclassified sources speculated that Israel has the following capabilities:

- ***Jericho-I***: 13.4 meters (44 ft) long, 0.8 m (2 ft 7 in) in diameter, weighing 6.5 tons (14,000 lb). It had a range of 500 km (310 mi) and a nominal CEP of 1,000 m (3,300 ft.), with a payload of 400 kilograms (880 lb). It was intended to carry a nuclear warhead. It seems to be close or identical to the Dassault MD-620, which was test fired in 1965. According to a report in *Wikipedia*, IAI produced such missiles at its Beit Zachariah facility. It also reports that that around 100 missiles of this type were produced, although there were some problems with its guidance systems. It also reports that The *Jericho-I* is now considered obsolete and was taken out of service during the 1990s.²⁹⁵
- ***Jericho-II***: a solid fuel, two-stage medium-range ballistic missile system tested in launches into the Mediterranean from 1987 to 1992. *Wikipedia* reported that the longest was around 1,300 km, and fired from the facility at Palmachim, south of Tel Aviv. *Jane's* reported that a test launch of 1,400 km was believed to have taken place from South Africa's Overberg Test Range in June 1989, but other sources indicated that this was part of a series of launches of a system using a larger booster. It was reported to be 14.0 m long and 1.56 m wide, with a reported launch weight of 26,000 kg (although an alternative launch weight of 21,935 kg had been suggested). *Wikipedia* reported that it had a 1,000 kg payload, capable of carrying a considerable amount of high explosives or a 1 MT yield nuclear warhead. It used a two-stage solid propellant engine with a separating warhead. It also reported that the missile could be launched from a silo, a railroad flat truck, or a mobile vehicle. This gives it the ability to be hidden, moved quickly, or kept in a hardened silo, ensuring survival against any attack. It may have maximum range of about 7,800 km with a 500 kg payload.²⁹⁶
- ***Jericho-III***: Estimates of the Jericho III differ sharply. It may have entered service in the late 1990s, but some put it in the late 2006-2008 period. It is reported to be a three-stage solid propellant and a payload of 1,000 to 1,300 kg. *Wikipedia* reports it may have a single 750 kg nuclear warhead or two or three low yield MIRV warheads, an estimated launch weight of 30,000 kg, and a length of 15.5 m and a width of 1.56 m. Some reports indicate that *Jericho-III* has a radar guided, terminal homing warhead in addition to inertial guidance, and is silo-based with road and rail mobility. No reliable estimate of its range exists. It may be able to hit any target in the Middle East and targets as far away as Pakistan and Russia. *Aviation Weekly* reported that after further test in 2012, the *Jericho-III*'s range and throw weight was capable of carrying a 1,000 kg warhead more than 5,000 km.²⁹⁷

Jane's provided additional reporting on Israel's ballistic missile capabilities, which included the following breakdown of possible weapon systems in 2014:

Type	Role	Range	Maximum Payload	Original Total	In Service
<i>Jericho-I</i> (YA-1)	Ballistic Missile	500 km	500 kg	150	150
<i>Jericho-II</i> (YA-2)	Ballistic Missile	1,500 km	1,000 kg	50	50
<i>Jericho-III</i> (reported)	Ballistic Missile	4,800 km	-	-	-
MGM-55C <i>Lance</i>	Ballistic Missile	130 km	450 kg	160	-

Source: Israel: Strategic Weapon Systems," *Jane's Sentinel Security Assessment – Eastern Mediterranean*, IHS Jane's, updated July 11, 2014.

Jane's reported on Israel's nuclear and ballistic capabilities as follows in 2014:²⁹⁸

"Israel's precise capabilities are unknown. However, it is believed to have manufactured enough fissile material for between 100 and 300 warheads, around the same quantity as the United Kingdom. Its Jericho 2 and Jericho 3 ballistic missile systems are capable of carrying nuclear warheads. Israel is also believed to have warheads available for aerial drop bombs, artillery shells and submarine-launched cruise missiles.

In November 2011 Israel test fired a ballistic missile widely believed to be a version of the Jericho-3 intermediate-range ballistic missile (IRBM). The MoD refused to provide details on the test but said that the launch was planned months ahead of time and was not connected to the recent increase in rhetoric regarding a potential Israeli strike against Iran's nuclear facilities. The MoD said that the test was successful. In 2008, Israel held a similar test of a missile that was also believed to have been a version of the Jericho-3 IRBM"

Israel had also practiced air strikes that fit nuclear bomb delivery profiles, may well have nuclear-armed air-to-surface missiles that could strike from outside the range of most surface-to-air missile defenses, and may have been developing nuclear armed cruise missiles for surface ship and submarine launch. Israel also may have missile warheads with terminal guidance, but this was unclear. If it did not, it would have to use its ballistic missiles to strike at large area targets like cities, although it could use its strike fighters to launch nuclear strikes on point targets as well. Commercial satellite photos have been published of earlier Israeli missile sites, including missile silos. Current sites are unknown.

Egyptian and Syrian Ballistic Missile Forces

Both Egypt and Syria have aircraft, long-range missiles and a potential capability to create drones or UCAVs for delivering chemical or biological weapons.

- Syria had extensive pre-civil war holdings of *Scud-B* missiles with a nominal range of 300 km, a 985 kilogram payload, and operational accuracies of 1,500-2,000 meters. Reports of CEPs as low as 450 meters seemed more theoretical than real. Syria also had up to 150 *Scud-C* missiles with 18-26 launchers. These were North Korean modifications of Russian designs – probably variants of the *Hwasong 5* although some elements of *Rodong 1* technology were also possible – and had accuracies that ranged from 1,500 to 4,000 meters

- although theoretical CEPs as low as 500 meters were reported in some sources. Reports that Syria had a more accurate *Scud-D*, with a CEP of only 50 meters, did not seem accurate. The *Scud-C* had a nominal range of 500 kilometers, but a smaller warhead could extend the range.
- Egypt had an unknown number of *Scud-B*, and at least 9-12 mobile TEL launchers. There were a number of reports that it had operational *Scud-Cs* that it produced using technology it obtained from North Korea. Reports indicate that the CIA detected Egyptian imports of *Scud-C* production technology in 1996.

Chemical and Biological Weapons

Egypt, Israel, and Syria have the technology base for manufacturing chemical weapons. Iran is a self-declared chemical weapons power, but has never declared its inventory. Syria was known to have large stocks of a variety of chemical weapons in 2013, including bombs and chemical warheads for its missiles. Israeli experts believed that pre-civil war Syria had modern cluster munitions warheads for its missiles and rockets, including ones armed with nerve gas. As the next section will show, however, Syria no longer had declared stockpiles of chemical or biological weapons as of 2014.

Both Egypt and Israel have been caught smuggling key components for chemical weapons in the past, including components for the manufacture of nerve gas. Egypt used chemical weapons in Yemen in the 1960s, and there are strong indications that Israel and Egypt believed the other side had chemical weapons during the 1973 conflict. However, no data exist on either Egyptian or Israeli inventories of such weapons.

Egypt, Israel, Jordan and Syria each had the technology base to manufacture first and second generation biological weapons, but no reliable data existed to prove any were doing so. If they had made such efforts, they probably would already be able to replicate Soviet-era biological weapons designs, and possibly enhanced or genetically modified versions.

They have or could create Level 3 and Level 4 containment facilities and had small reactors suitable for biological weapons production as part of their commercial industries. Given advances in civil biotechnology, they would also have the technology base to manufacture Chimera weapons and use advances like 3D printers in the near to mid-term.

It is not known if any country in the Levant had developed advanced designs for the covert use of chemical and biological weapons, advanced systems for line source dissemination, or the use of delivery systems like UCAVs. Their progress in developing and deploying advanced cluster munitions and non-destructive sub-munitions delivery was equally unclear.

There have been reports of Syrian missile warheads with cluster munitions carrying nerve gas. Egypt, Iran, Israel, and possibly Syria all have the technology and manufacturing base to create such weapons, have developed or produced some other form of cluster munitions, and have the capability to manufacture systems munitions and warheads covertly.

Prior to plans in 2013 to eliminate Syria's holdings of chemical weapons (CW), the Syrian civil war presented the risk that the country's CW holdings could fall into the hands of extremists and non-state actors. Even older and less capable CBW systems would be extremely dangerous in the wrong hands. Syria's CBW infrastructure was dispersed across the country to preclude or minimize effective Israeli or NATO targeting in any future war

and hold out the possibility of retaliatory strikes using airpower or short range ballistic missiles. What was a sound strategy during times of internal stability has become a liability in Syria's civil war.

Eliminating the Syrian Chemical Weapons Wildcard

On September 9th 2013, Russian Foreign Minister Sergey Lavrov proposed that Syria's chemical weapons (CW) stockpile be put under international control. The Russian proposal was intended to avert a U.S.-led military strike on Syria in the wake of the reported mass use of CW by the regime of Syrian President Bashar al-Assad on August 21, 2013. While continuing to deny that it used chemical weapons against opposition targets in densely populated areas in and around Damascus, the Assad regime signed on to the plan. The proposal also enjoyed the support of China, the United Nations and Syria's main regional ally Iran.

The Obama Administration decided to throw its support behind the plan and backed a UN Security Council resolution presented by France to put the Russian plan into action. It went without saying that there was extreme skepticism in the West about the plan's sincerity, let alone its chances for success.

Critics of the Russian proposal described the move as a stalling tactic by Moscow in a bid to buy breathing room and time for its Syrian allies. Others doubted a plan that would be time and resource intensive in a Syria wracked by civil war with very real risks when it came to the safety of any potential international observers, let alone whether CW accounting and disposal could take place in areas that were in or near an active warzone.

Reports indicated that Moscow had conveyed a four part plan to the US on how to bring Syria's chemical weapons under international safeguards prior to their disposal, there are no verifiable and complete accounts of the plan in the public domain so far. *Agence France Press* – citing Russia's *Kommersant* daily –reported that the proposed plan included four stages:

- Stage one: Syria joins the Organization for the Prohibition of Chemical Weapons (OPCW).
- Stage two: the Syrian government must declare the location of Syria's CW arsenal and CW production sites.
- Stage three: the Syrian government allows OPCW inspectors access to examine Syria's CW arsenal and production sites.
- Stage four: In cooperation with OPCW inspectors, a decision will be taken on how to destroy Syria's CW arsenal.

Russia made it clear that it opposed any enforcement provisions that could authorize the use of force. It is unclear how quickly the Syrian government intended to move on full compliance with the OPCW. It was also unclear whether or not the Syrian government would offer an exhaustive accounting of its CW inventory and production sites, let alone whether it would grant OPCW or other inspectors full and unfettered access. Lastly there were hard questions about how Syria's CW disposal would be conducted and by whom. The OPCW was likely to encounter great difficulty in pursuing such a mission in Syria in the middle of a civil war. Key UN Security Council P5 states such as the US and Russia also expected to be heavily engaged in the inspection and disposal of Syria's CW arsenal.

The end result illustrated the uncertainties that surround any program to deal with Syria's chemical weapons and their spillover effect on the Syrian civil war. Russian involvement in any effort to dispose of Syria's stockpiles was reassuring to the government of Bashar al-Assad. By contrast, the move also frustrated Syrian opposition factions that either distrusted Moscow or stood against Russian interests in Syria. A preeminent US role was always unlikely to be opposed by supporters of the Assad regime – if not the regime itself. Syrian and regional dividing lines all but ensured that both the US and Russia had to play an important role in the disposal of Syria's chemical weapons stockpiles, were the plan to enjoy the full support of a UN Security Council resolution.

At the technical level, there was a great deal of data in the open source on the general guidelines for chemical weapons (CW) disposal. Incineration and neutralization – often through chemical decomposition – were the main methods used. Incineration is a process wherein chemical agents are destroyed, often at temperatures in excess of 2,100 degrees Fahrenheit. There were other steps to factor in when an agent was enclosed in a delivery system (mortar, bomb etc.) but the process remained largely straightforward. The other normal means of dealing with CW disposal was through neutralization. Neutralization – in most cases – was used for bulk disposal. One way this worked was through the mixing of agents with sodium hydroxide and hot water.²⁹⁹

Syria was not suspected of having CW or chemical precursors anywhere near the scale of Russian or US Cold War stockpiles. Unclassified Western reporting gave some sense of the size and composition of Syria's CW stockpiles, but with uncertain degrees of certainty. According to declassified French intelligence reports, Syria was allegedly in possession of more than 1,000 tons of chemical agents and precursors. This was reported to include several hundred tons of sulfur mustard, several tens of tons of VX – one of chemical warfare's most toxic agents – and several hundred tons of Sarin gas – which is reported to represent the bulk of Syria's CW arsenal. A translation of key portions of the French report – which is the most detailed report by any actual intelligence agency – states that:

The Syrian Chemical Program

Syria had long been equipped with a massive chemical arsenal, together with many related delivery systems. The Syrian regime acknowledged as much on July 23, 2012 through its Foreign Affairs spokesperson, who confirmed that: “these different weapons [chemical and non-conventional] are stockpiled and secured under the supervision of the armed forces.”

Prior to the OPCW effort, Syria was not party to the 1993 Convention on Chemical Weapons Ban, which 189 Nations have signed and ratified. The Syrian chemical program started in the 1970's by the import of chemical munitions. In the 1980's, Damascus started acquiring the materials, products and knowledge necessary to set up an autonomous and massive production capacity in that field.

With above 1,000 tons of chemical agents and precursor chemicals, Damascus had one of the most important operational stockpiles in the world, without any perspective of programmed destruction in the absence of a Syrian willingness to join the CCWB.

The Syrian arsenal was particularly massive and diversified. It includes:

- Several hundreds of tons of sulfur mustard, stockpiled in its final form.

- Several tens of tons of VX. VX is the most toxic among the known chemical warfare agents.
- Several hundreds of tons of sarin, representing the bulk of the arsenal.

Sarin and VX are neurotoxic organophosphorous compounds that are partly stocked in a binary manner, i.e. kept as two distinct chemical products, called precursor chemicals, which are mixed just before use. Such a technique and related processes revealed a high level of know-how in the chemical weapons technology by the Syrian regime. Syrian scientists had also worked on nitrogen mustard, a first generation vesicant agent, as well as neurotoxic organophosphorous compounds with toxicity levels higher than sarin.

Delivery of Syria's Chemical Weapons

In 2013, Damascus was in a position to deliver its chemical weapons through the use of several thousand launchers:

- Scud C missiles, with a range of 500 km, capable of delivering sulfur mustard, sarin or VX.
- Scud B missiles, capable of delivering sarin or VX at a 300 km range.
- M600 missiles, with a range between 250 and 300 km. They too can deliver the three already mentioned toxic agents.
- SS21 missiles, adapted to carry the three mentioned chemical warfare agents, at a limited range (70 km).
- Air launched bombs with a payload of sarin. Depending on the model, they can deliver between 100 and 300 liters of toxic agent.
- Artillery rockets, particularly 302 and 320 mm, aimed at delivering sulfur mustard, sarin or VX at a shorter range (50 km and under).

Some missiles were able to deliver several hundred liters of toxic agents and activities monitored for several years on Syrian test sites indicated that new dispersal mechanisms are being studied. Since the beginning of the conflict, our intelligence confirms the use by the regime of ammunitions carrying a lesser volume of chemical agents, adapted to more focused and local tactical use.

Syrian capability to deliver chemical agents included the following options:

- SCUD C: VX – Sarin – Yperite – Range: 500 km
- SCUD B: VX – Sarin – Range: 300 km
- M600: VX – Sarin – Yperite – Range: 250-300 km
- SS21: VX – Sarin – Yperite – Range: 70 km
- Bombs: Sarin
- Rockets: VX – Sarin – Yperite – Range: 50 km
- Other tactical munitions: Sarin – Range: below 50 km.

Tests conducted with other categories of chemicals diverted from their civilian use and used at lethal doses cannot be excluded.

Chain of Command

Syria's chemical weapons program was centered on the Centre d'Etudes et de Recherches Scientifiques (CERS), which was tasked with supervising and implementing the production chemical warfare agents. CERS' Branch 450 was responsible for filling munitions with chemical weapons. Branch 450 was also tasked with maintaining safeguards, securing chemical weapons installations and protecting Syria's overall inventory. Fiercely loyal to the Assad regime, Branch 450 drew 100% of its manpower from the ruling Alawite community.

Only President Bashar al-Assad and a few of the most influential members of the Assad clan were capable of issuing a direct order for the use of chemical weapons. The order would then be passed on to the relevant branches of the CERS. In parallel to any such order, the Syrian Armed Forces command would also receive orders and take steps to put together a target list and determine which chemical weapons should be brought online for use in combat.

US open sources reporting and analysis by the Congressional Research Service offer some additional detail on the scale and scope of Syria's chemical weapons. Some reports list four suspected CW production sites north of Damascus, in Hama, near Homs and in Cerin. While some satellite imagery had emerged of alleged CW storage facilities, there was no complete or reliable account of Syria's CW infrastructure in the public domain. In addition, no reliable public account existed in terms of storage sites, facilities where CW are mixed or transferred to delivery systems.

The Political Ramifications of Disposing of Syria's CW Capability

After multiple delays, the last of Syria's declared stockpiles of CW were shipped out of the country June 23, 2014. The OPCW's timeline was several months behind schedule, and it missed a 30 June 2014 deadline to completely destroy Syria's holdings.³⁰⁰

The most lethal agents within Syria's stockpile were to be neutralized at sea aboard the *MV Cape Ray*, a converted container ship outfitted by the US military with Field Deployable Hydrolysis Systems (FDHS) for CW neutralization.³⁰¹ The remaining toxic agents we planned for destruction in Finland, the US and Britain.³⁰² As of August 13, 2014, some 581 metric tons of Syria's declared holdings of methylphosphonyl difluoride – a Sarin gas precursor – were neutralized.³⁰³

Regardless of any such timing issues, Russia's proposal to put Syrian CW stockpiles under international control offered the US Administration a ladder to climb down from a reluctant and unpopular US call for a military response in Syria. Regardless of the intent of US Secretary of State John Kerry's statement in London on September 9, 2013, the Russian proposal would not have been possible without the tacit backing of both the Assad regime and – more critically – Syria's chief regional ally Iran.

Despite initial hopes that the Russian proposal may lead to a political opening on Syria at the level of forces backing either the regime or opposition factions, was little to no movement as all of the factions resumed their own tactics and strategies for success on the battlefield. This – as with much in Syria's civil conflict – was a case of competing to the point of self-defeat. Playing geopolitical chicken in Syria is dangerous; dangerous for the United States, for Russia, for Iran, for the Assad regime and its opponents in the Gulf.

Meanwhile, the dangers of escalation in Syria cannot be divorced from Iran's own security concerns and the need to stand by Assad or respond to a major military strike in Syria.

Nuclear Weapons

As a separate study on *Iran and the Gulf Military Balance* analyzed in detail, Iran's nuclear and missile programs could radically alter Iran's future ability to target Israel and other major powers in the Middle East.³⁰⁴ This, however, is only one of the threats that weapons of mass destruction pose in the region.

Israel saw nuclear weapons in the hands of any potential enemy as an "existential threat" and had already carried out preventive strikes on nuclear facilities in Syria. On September 6, 2007, the Israeli Air Force targeted and destroyed the Al Kibar facility in Deir el-Zor on grounds the remote installation may have housed a nuclear reactor.³⁰⁵ While weapons of mass destruct (WMD) are not often associated with US-Iran strategic competition in the Levant, they could not be discounted as a source of potential instability and a means of shifting the regional balance of power in Iran's favor.

Israel, in turn, is widely reported to have nuclear weapons and advanced ballistic missiles. Israel obtained substantial amounts of nuclear weapons design and test data from France before 1968, and seems to be able to manufacture fission, boosted and thermonuclear weapons. There are no reliable unclassified figures on Israel's holdings of nuclear weapons or the mix of delivery systems it has available, but most unclassified reports indicate Israeli nuclear weapons have been manufactured at the Negev Nuclear Research Center, outside the town of Dimona.

Outside experts have made estimates of the plutonium production capacity of the Dimona reactor that indicate Israel could have 70-300 such nuclear weapons. Global Security estimates that the total could be as high as 375 to 500 weapons. However, such estimates are based on nominal production figures and very uncertain estimates of the material required for a given number of nuclear weapons. These estimates do not attempt to give any details as to yield, design, or the mix of fission, boosted, and thermonuclear weapons.

In 2014, *Jane's* reported that Israel was believed to have enough fissile material for between 100 and 300 warheads – a level comparable to the United Kingdom. As was discussed earlier, the *Jericho-II* and *Jericho-III* ballistic missile systems were capable of carrying nuclear warheads and Israel continue to test ever-more capable ballistic missile and other delivery systems that could be armed with such warheads.³⁰⁶

V. THE U.S. AND IRAN IN A CHANGING REGIONAL STATE SYSTEM IN THE LEVANT

This section addresses both old and new patterns of Gulf partnership and competition with key regional states, reinterpreting – and possibly misinterpreting – the roles and priorities of the US and Iran in the Gulf and the Middle East, the changing “rules of the game” along the UN Blue Line between Israel and Hezbollah, and accounting for potentially destabilization foreign policy choices tied to the rise in regional sectarianism. This section also includes looking at key ideological and policy shifts on the part of the US, Iran and their regional allies when it came to competition in the Levant and the broader Middle East. All of these trends informed and lead up to the current crisis in the Middle East with the start of the Arab uprisings in early 2011.

The Geopolitical Effects of Regional Unrest

The start of popular protests in the Middle East and North Africa in December 2010 complicated patterns of US-Iran competition in the Levant that were already mired by the complexities of decades of alliances and counter-alliances, a nuclear arms race between Iran and Israel, and the risk of Israeli preventive strikes on Iran. The uprisings thus served to escalate pre-existing pressures in a region that was already embroiled in what amounted to a new regional cold war for the better part of the first decade of the 21st century.³⁰⁷

As a result, the Middle East, the Levant -- and how the US or Iran choose to pursue their respective interests -- may be dependent on an uncharacteristic and potentially destabilizing degree of foreign policy activism by key southern Gulf states.

The Arab Uprisings

Bahrain, Egypt, Jordan, Libya, Morocco, Syria Tunisia and Yemen all experienced challenges to well-established authoritarian structures ranging from protests to regime change and civil war. It is noteworthy that three years of political upheaval and unrest driven by socio-economic, demographic and governance pressures generated levels of political dynamism and permeability in the Arab state system not seen since the Arab-Israeli war of 1973.³⁰⁸ However, these regional shifts came at the cost of unpredictable transformative change with ramifications at both the micro and macro levels in each country that are likely to span decades.

Libya remained mired by a weak central government, the proliferation of localized militias and a persistent state of low intensity civil war in 2014.³⁰⁹ In 2013 Egypt – which already saw one uprising in 2011 that deposed President Hosni Mubarak – experienced a military-led counter-revolution against Cairo’s Muslim Brotherhood-led government.³¹⁰ While President Abdel Fattah al-Sisi – a former Marshall and commander of the Egyptian Armed Forces – was sworn into office on June 8, 2014, the outcomes of Egypt’s struggle for power, prospects for socio-economic recovery, and the country’s ability to regain its traditional preeminence in regional affairs all remain broadly uncertain.³¹¹ Meanwhile, Yemen is struggling to deal with what shifting to federal politics may actually entail,³¹²

and Tunisia stands alone as a very precarious and incomplete “success story” in the wake of the uprisings.³¹³

Morocco and Jordan also experienced protests, but as of 2014, regimes in both countries continued to stave off growing popular pressures through a mix of internal balancing, political reform, foreign political support and external aid.³¹⁴ Bahrain also experienced massive protests and violence, but strong regional Gulf support for the monarchy, Saudi military intervention and unwillingness by the US to test alliances or inject instability in the Gulf have served to beat back forces calling for far-reaching reforms or regime change.³¹⁵

Lastly, Syria – devastated by more than three years of protests, regime repression, civil war, sectarian radicalization, proxy competition between Saudi Arabia and Iran and the effects of pro and anti-Assad divisions within the UN Security Council – continues to be the Arab uprisings’ greatest tragedy. Syria’s intractable war of attrition over the 2011 to 2014 period has cost well in excess of 100,000 lives,³¹⁶ created some 6.5 million internally displaced Syrians,³¹⁷ and led to more than 2.8 million refugees in neighboring states – principally Lebanon, Turkey and Jordan – by July 2014.³¹⁸ The conflict has also proven to be a magnet and incubator for transnational Sunni jihadi and militant groups that threaten the stability of every state bordering Syria.³¹⁹

Monarchical Exceptionalism

Only the southern Gulf monarchies Jordan and Morocco benefited from relative stability in terms of forestalling popular unrest and broadly unaltered continuity in governance. This “monarchical exceptionalism”³²⁰ was in large part due to three advantages neither Egypt, Syria nor the other states undergoing dramatic unrest could rely upon.

First, many if not most of these monarchical regimes deployed and relied upon broad-based coalitions of popular support that helped to dissipate the threat of mass mobilization. Second, most of these states benefited from rents from oil and gas exports that in turn paid for welfare projects, job creation and subsidy programs. Meanwhile countries without these resources such as Jordan and Morocco benefitted from foreign aid – both from fellow monarchies and from international allies like the US. Lastly – and as a last line of defense – these regimes enjoyed the complete diplomatic, economic and military support of key external backers. The US is one such crucial state, but Saudi Arabia itself has also played the role of guarantor for more fragile monarchies, such as Bahrain and Jordan.³²¹

By using a mix of these strategies for regime survival, by mid-2011 the richer and more stable oil monarchies of the GCC had largely insulated themselves from the effects of regional unrest. Bahrain proved to be the sole exception. A Gulf monarchy with fast-declining oil reserves, questionable popular legitimacy, a Shia majority, and a massive cross-sectarian protest movement, the rule of country’s minority Sunni community led by the al-Khalifa family appeared increasingly precarious.³²² Meanwhile, other GCC states – chief among them Saudi Arabia – grew concerned that Shi’a Iran would find ways to benefit from the turmoil in the small Gulf kingdom.³²³ At the request of the government in Manama, the GCC deployed its joint Peninsula Shield Force to Bahrain in March 2011 – a de facto intervention by Saudi Arabia and the United Arab Emirates (UAE).³²⁴

Not unlike in Bahrain, Saudi Arabia and its Gulf allies also saw the stability and viability of the Hashemite monarchy in Jordan to be of critical foreign policy concern. Jordan acted as a key buffer state between the Kingdom and Israel on the one hand, and the Kingdom and Assad's Syria on the other. Jordan had also proven itself as a reliable Saudi ally in regional affairs and key US partner in the Levant. In an effort to shore up Jordan and Morocco, the GCC pledged \$5 billion in fiscal support in the event the two kingdoms choose to pursue GCC membership.³²⁵ Saudi's delivery of \$1.4 billion in August 2011 also allowed Amman to avoid an unprecedented budget deficit while still maintaining enough margin of maneuver to expand public employment and costly subsidies.³²⁶

The Gulf's Geopolitical Moment in the Levant

As previous chapters of the study showed, Syria and Iran proved to be either critical enablers or dangerous spoilers to US engagement in the Levant.³²⁷ However, the chosen roles and influence of these two states have had a far more immediate impact on the foreign policy imperatives of other regional states. No state has had more to gain or lose in geopolitical terms as a result of Syrian and Iranian policy choices than Saudi Arabia.³²⁸ Decades of regional hegemonic competition have done little to secure what Riyadh viewed as its need to check Iranian regional hegemonic aspirations – so much so that after years of escalation in the wake of the 2003 invasion of Iraq, the Kingdom was once more contemplating compromise in its ties with Damascus and Tehran.³²⁹

However, the Arab uprisings appeared to present Riyadh with a golden opportunity: a rare geopolitical moment wherein Saudi Arabia and its allies may be able to shape events in the broader Levant. In 2011, post-Saddam Iraq was still struggling with a Sunni insurgency and an unstable power-sharing structure in Baghdad. Egypt – once a powerhouse of the Arab state system – saw the swift fall of the Mubarak regime. Even Hafez al-Assad's Ba'athist state fell prey to growing popular protests. In short, the three Arab countries that had for so long plagued Saudi foreign policy aspirations – Egypt, Iraq and Syria – were either sidelined or unable to respond to or shape regional events in the immediate aftermath of the 2011 uprisings.³³⁰

For over 30 years, the firm grip of Assad family rule had transformed Syria in a regional player. Protests in Der'a and subsequent regime repression and armed uprising have returned Syria to the role it held throughout much of the 1950s and 60s: a deeply penetrated society, not unlike Lebanon, where external and regional actors settled their geopolitical scores.³³¹ With the GCC and Jordan largely stable or having weathered aborted instability, Saudi Arabia could now actively work to shape events in its favor in both the Levant and the Gulf. Riyadh also correctly inferred that its regional arch foe Tehran would actively seek to stabilize the Assad regime as a means of maintaining Iranian influence in Lebanon and on the frontlines of the Arab-Israeli conflict.

In the face of perceived regime intransigence, the GCC and the Arab League disavowed Bashar al-Assad with key states – led by Saudi Arabia and Qatar – providing political, financial and military support to mostly Sunni opposition forces battling Assad forces. This was driven by a desire to weaken the Assad regime, Iran's sole Arab state partner and a key way station for Iranian support to Hezbollah in Lebanon. To Riyadh, control or increased influence over a post-Assad Syria led by a new Sunni-dominated power structure was deemed to be an effective means of counter-balancing the loss of a Sunni-ruled Iraq to

Iran.³³² Saudi Arabia and the southern Gulf states were also keen to appease and placate populations that increasingly saw events in Syria through the lens of Sunni-Shi'a regional competition.³³³

For Iran, the risks of not tackling Syrian instability and southern Gulf opposition to Assad could include at least a partial loss of its ability to influence the Arab-Israeli conflict or to provide support via Syria to militant Palestinians and Iran's Shi'a allies in Lebanon.³³⁴ As such, Iran – which had already pledged political and economic support to its beleaguered ally – opted to balance against perceived Saudi, Qatari and Gulf policies in Syria. Tehran mobilized Hezbollah in Lebanon and loyal Shi'a militias in Iraq to fight alongside Assad forces while the Islamic Revolutionary Guards Corps (IRGC) took on a commanding supervisory role in Syria.³³⁵

Saudi Arabia's adoption of a fundamentally different approach in dealing with regime change in Egypt reflects key foreign policy divergences within the GCC and the Kingdom's emphasis on controlling or rolling back potential Islamist challengers. Mass protests in 2011 had ousted longtime president Hosni Mubarak, ushering a new political order seemingly dominated by the country's Islamist movements in general, and the Qatar-backed Egyptian Muslim Brotherhood in particular.³³⁶ Saudi Arabia was initially accommodating of Qatar's new-found foreign policy activism in the Levant. However, the Kingdom always perceived the Brotherhood movement as a clear and present threat due to its mass populism and appropriation of Islam as a challenge to direct or authoritarian rule. That Doha was backing the Brotherhood and appeared to be threatening the Kingdom's core interests in the region and the stability of fellow GCC states only served to further accentuate Riyadh's need recalibrate its policy in Egypt.³³⁷

When the Egyptian Armed Forces overthrew the Muslim Brotherhood-led government of Mohamed Morsi on July 3, 2013, Saudi Arabia, the UAE and Kuwait pledged their diplomatic and support to Cairo's new rulers – including some \$12 billion in much-needed financial assistance.³³⁸ Riyadh's push against Qatar in Egypt also coincided with Saudi efforts to undercut Qatari control rebel and militant groups fighting Assad in Syria.³³⁹ Saudi Arabia also used its weight in the Arab League, the GCC and Organization of Islamic Cooperation (OIC) in its bid to shape events in Egypt and Syria.³⁴⁰ Upon the election of Abdel Fattah al-Sisi as Egypt's new president on June 3, 2014,³⁴¹ Saudi King Abdullah was among the first to congratulate the new leader, visiting Cairo to show added support for the new government on June 20, 2014.³⁴²

The Sectarian Spiral of Saudi-Iranian Balancing

Throughout much of the post-WWII period, many arguments were articulated to explain the foreign policy choices of regional states, including models tied to the regional balance of power, constraints driven by domestic politics, challenges posed by domestic political economy, the whims and idiosyncrasies of ruling elites, and the persistent ability of regional states to miscalculate.³⁴³ Elements of all of the above certainly play a part in shaping the long trajectory of Saudi-Iranian rivalry in the Gulf and the Levant. However, for all of those complexities, the defining feature of both Saudi and Iranian foreign policy-making remains their deployment of balancing tactics through local, regional and international alliances.³⁴⁴

This initially seemed at odds with what Saudi Arabia and its Gulf allies on the one hand, and Iran on the other, were doing. The predominantly Sunni Gulf states actively supported Sunni forces in Syria, and did not shied away from framing the struggle for Syria in overtly sectarian terms.³⁴⁵ By contrast, Iran also appeared to be playing the sectarian card by mobilizing its own principally Shi'a regional allies in Lebanon and Iraq and framing their collective intervention in Syria in communal terms tied to defending Shi'a across the Middle East.³⁴⁶

However, both countries' approaches to Syria fit into a much larger pattern that dates back at least to the 2003 invasion of Iraq. Iran and Syria's adoption of balancing strategies in Iraq to foil a threatening US regional reform and democratization agenda are not unique. Iraq's southern Gulf neighbors did so as well, and for mostly the same sets of reasons tied to regime autonomy and regional influence.³⁴⁷ In many ways, the 2011 Arab uprisings starting and the new-found permeability of a once-impenetrable Syria are just the latest arenas within which regional states chose to compete. Within that, the mobilization of hardline support or opposition along Sunni-Shi'a sectarian lines is one tool used by both Riyadh and Iran as each country attempts to balance against the other, ensure regime security, and preferably expand regional influence and hegemony.³⁴⁸

While balancing may have served both Saudi Arabia and Iran well in the past, the strategy resulted in dramatic consequences for the Levant in ways that threatened first and foremost to destabilize the near-abroad of both countries. The regional state system saw its fair share of turning points and watershed moments, including the creation of Israel, the Palestinian refugee crisis, multiple Arab-Israeli wars, regime change and other similar event. However, none of these may ultimately have proven to have the lasting impact and scale of uprisings across the Middle East and North Africa driven by socio-economic, demographic and governance pressures which have been in the making for decades – if not much of the 20th century.

One immediately apparent side-effect of Iranian balancing strategies in the Levant was a dramatic loss of perceived popular support in the region. After the 2006 Israel-Hezbollah war, the Shi'a militant group and its patron enjoyed broad support that cut across ethnic and sectarian lines.³⁴⁹ By 2014 – thanks to Tehran's Syria policy and the increase in regional sectarian polarization – the image of both Iran had plummeted across much of the Sunni Arab world.³⁵⁰ Saudi Arabia also paid a price for its choices in Syria and the broader Levant. Reconciling regime change in Syria versus counter-revolution in Egypt increased tensions within the GCC and in ties with the US, the West and Turkey. In addition, fueling a largely horizontal and leaderless insurgency in Syria has principally served to create more regional instability rather than decisive policy outcomes.³⁵¹

How Iran and Saudi opted to compete – along with the internal and regional balancing strategies of other key states like Iraq, Qatar, Syria and Turkey – has also triggered or reinvigorated mainly Islamist fifth column forces across the Levant. The civil war in Syria and tensions over governance and power-sharing in Iraq exposed both countries and the broader region to the growing ascendancy of Jihadi-Salafi groups that now straddle the Syrian and Iraqi frontier.

In 2013, this included groups in Syria like the Al-Qa'eda affiliate Jabhat al-Nusra. In 2014, groups like the puritanical Islamic State in Iraq and al-Sham (ISIS) seemed best positioned

to benefit from the scale of regional competition and the security vacuum in created in eastern Syria and Sunni provinces in Iraq. In sum these forces had come together to trigger a geopolitical downward spiral of a scale that neither Saudi Arabia nor Iran may find ways to ultimately benefit from.³⁵²

Assessing the Impact of Other Regional States

There were also other regional dynamics that served to complicate both how the Iran and Saudi Arabia competed, but also how each country perceived and interacted with what could – if not should – have been key allies in shaping preferred outcomes. This was especially the case insofar as Qatar, Turkey, Jordan, Egypt and Lebanon, and how each of these states interacted with the US, Iran, Saudi Arabia and other regional states with regard to the civil war in Syria.

Time and again, Qatar worked to exercise a degree of foreign policy influence well out of proportion with the country real-world geopolitical size and demographic stature. The wealthy Gulf states accomplished this by leveraging billions of dollars in reserve from energy exports to buy and shape influence across the MENA region, especially insofar as sponsoring the Muslim Brotherhood in Egypt and Islamist armed groups in Syria was concerned.

However, Qatar's own balancing game often found it at odds with Saudi Arabia and Iran – to say nothing of the US. Once a key ally of Syria and Iran, Doha largely alienated Tehran and ties in 2014 remained broadly transactional. Successive Qatar governments also seemed to have an innate ability to upset or thwart the foreign policy priorities of its larger Gulf neighbors – especially Saudi Arabia, which sought to isolate factions and backed the replacement of leadership across the Levant – especially in Egypt and the Palestinian Territories – and with close ties to Qatar.³⁵³

Turkey's role was equally problematic. In its bid to gain if not maintain legitimacy in a largely Arab Sunni Levant, Turkey worked to support Sunni political factions in ways that mirrored some aspects of Qatar's own regional foreign policy to groups that included Muslim Brotherhood affiliates. Beyond political support and a political platform for expatriate or exiled Syrian opposition groups in Istanbul and Ankara, however, Turkey also appeared to maintain low security insofar as allowing foreign fighting to transit its territory to join a broad range of factions fighting the force of president al-Assad.³⁵⁴

However – and despite some corrective efforts in 2014 by the Turkish government – where Turkey did come under growing pressure by both the US and Iran in addition to Saudi Arabia and key European states, was with regard to allegations that Ankara did little to stop some of the most radical factions – including JAN and ISIS – to either transit through Turkey or to use Turkish territory to conduct attacks into Syria.³⁵⁵

On September 12, 2014, former US Ambassador to Turkey Francis Ricciardone indicated that Turkey had directly supported Jabhat al-Nusra – Al-Qa'eda's affiliate in Syria – despite US objections.³⁵⁶ Meanwhile, US officials remained critical in 2014 of what they thought to be a Turkish approach to Syrian instability where Ankara would have to make little to no real commitments and take on almost none of the real risks when it came either to aiding rebel factions or playing a role in regional military intervention.³⁵⁷ Turkey – a critical transit state for would-be fighters and a crucial hub for the illicit sale of oil from

ISIS controlled territory in Syria and Iraq - also failed to back an emerging US-led regional anti-ISIS coalition that includes the GCC and other regional states.³⁵⁸

Much like Qatar and Turkey (and as will be shown in Egypt and Lebanon) Jordan's own role vis-à-vis Syria was also defined by the idiosyncrasies of Jordanian domestic and regional dynamics. Throughout the Syria crisis from 2011 to 2014, Jordan strove to maintain a delicate balancing game by trying, on the one hand, to mitigate the worsening effects of the Syria crisis on already precarious Jordanian political, security and socio-demographic pressures. On the other, the Hashemite Kingdom sought an expeditious end to the conflict in an effort cut short the rise of potentially more radical forces in Damascus – irrespective of whether they were pro or anti-Assad.³⁵⁹

Where Amman had once been among the first regional states to call for Assad to step aside, by June, 2014, the Monarchy was working hard to steer Jordan as clear as it could from either supporting either the regime or opposition forces.³⁶⁰ Jordan's initially audacious response to Syria complicated Iran's efforts to support its regional ally and its preference that Jordan remain on the geopolitical sidelines of the Arab League – much like Algeria, Iraq and Lebanon had done – to avoid further exacerbating the tensions between the country's delicate internal and external commitments. Meanwhile Riyadh – without which Amman would have struggled to blunt many of the effects of chronic deficit spending – had to deal with a key regional ally that could back its foreign policy priorities at the rhetorical level, but do no more than provide a geographic buffer between Saudi Arabia on the one hand and the nexus of instability linking Syria and Iraq on the other.

It would have been difficult to imagine that the Assad regime would have found itself as geopolitically isolated as it was by 2012, were it not for regime change first in Egypt in early 2011. Despite their often-confrontation bilateral relations, Egypt and Syria both shared long-held common preferences (as did Saudi Arabia and Jordan) centered on preserving a tenuous status quo in the Levant regional state system. The arrival of the Muslim Brotherhood-backed government of President Mohamed Morsi presented Saudi Arabia with a new democratically-led Islamist Egypt that could and did at times complicate the domestic policies, regional priorities, and ideological legitimacy of the Saudi Monarchy. Meanwhile, Iran had high hopes for ties with the “new” Egypt in 2012 after the removal of long-time regional foe President Hosni Mubarak's 2011 removal from power.³⁶¹

Iran's initial optimism and Saudi Arabia's foreign policy concern seemed to switch places over the 2012 to 2014 timeframe. For Iran, an Egypt led both by Morsi's Muslim Brotherhood in 2012 and 2013 meant closer Egyptian ties not with Iran but with Qatar, Turkey and anti-Assad factions in Syria. Later, under President Abdel Fatah al-Sisi, Iran found an Egypt in 2013 and 2014 that was far closer to the geopolitical orbit of Saudi Arabia, the UAE, and the US. It is worth noting however, that as of 2014, Egypt's return to good graces of Riyadh had done little to address the reality that Cairo could do little more than emulate key aspects of Jordan's own domestic and regional policy choices: stabilize fundamentally local socio-economic, demographic, and security realities, while minimizing potentially destabilizing entanglements in an already intractable Syrian civil war.

Finally, chapter twelve on Lebanon shows just how difficult the 2011 to 2014 period has been for a Lebanon that already exhibited very deep Sunni-Shi'a sectarian divisions over the 2005 to 2010 period – divisions, which as this chapter has shown, have come to pollute and complicate every aspect of policy and policy-making in the post-2011 Lebanon. Throughout the Syrian crisis, both Iran and Saudi Arabia had hoped that their respective local clients in Lebanon could do more to support the foreign policy priorities of their patrons. As multiple sections of this study have shown, Lebanese Hezbollah was active in Syria as far back in 2012. Meanwhile, limited numbers of mainly Sunni Lebanese joining a broad mix of opposition factions battling Assad.

Lebanon's role in Syria presented different problems for both Saudi Arabia and Iran over time. For Saudi Arabia, there was little doubt that Hezbollah's role in Syria provided decisive to turning the tide against the armed opposition in 2013. There was also the challenge that anything Saudi Arabia supported to undermine Iranian clients in Lebanon could ultimately do as much harm to Saudi interests and clients in the Sunni community as well. While Iran did benefit both in Syria and more broadly in Arab-Israeli affairs from its years of investment in Hezbollah, Tehran also had certain means of reversing the reality that many if not most of both Lebanon's and the broader Middle East's Sunni Arabs found it anything but easy to empathize with Iran or the Lebanese Shi'a militant group. At worst, Hezbollah's role in Syria served to expand recruitment in both relatively moderate and more radical anti-Assad and anti-Iran militant forces in the Levant.

The U.S. and the Mess in the Levant

In 2010 prior to the start of regional protests, the US was still struggling to recalibrate its own foreign policy toward the Middle East and North Africa. In its twilight years, the George W. Bush Administration seemed to be returning to more pragmatic engagement with Syria.³⁶² The Obama Administration continued and deepened what some had dubbed a "return to American realism in the Middle East," including shifts in approach to Iran and its nuclear program.³⁶³ Meanwhile, domestic pressures, fiscal constraints, and a failure to find long-term common ground with the Maliki government in Baghdad on the status of US forces brought an end to the presence of the US military in Iraq – leading to the complete withdrawal of US troops from the northern Gulf state by December 18, 2011.³⁶⁴

The Arab uprisings – once optimistically dubbed "the Arab Spring" – caught the US government, much of the US foreign policy community and governments throughout the international community by surprise.³⁶⁵ However, the Obama Administration did try to adapt. The US withdrew its support for the Ben Ali regime in Tunis and the Mubarak regime in Cairo. With revolutions and regime change in Tunisia and Egypt yielding tentative transitions in 2011, the US then supported and helped execute regime change in Libya under the guise of the responsibility to protect or "R2P."³⁶⁶

To many in the US, it seemed increasingly likely that the Assad regime – by then under pressure from protests mainly in south-western Syria – could quickly follow suit. At the urging of the White House, a vigorous internal debate took place in mid-2011 between and across the US Departments of State and Defense on whether the US should adopt a similar approach to Syria as it had in Libya. The result was that neo-liberal advocates of intervention based on R2P appeared to have won the debate against a more conservative and risk-averse US military that cautioned policy restraint in Syria.³⁶⁷

As later sections will show, there are many reasons Syria did not prove to be Libya.³⁶⁸ Chief among them here was the fact that – unlike Libya – Syria was at the very heart of the Arab and regional state system, a key player in the Arab-Israeli conflict, and a fixture of decades of Saudi-Iranian strategic competition in the Levant.

As Iran and Saudi Arabia sought to compete and balance against each other in the Levant in the wake of the 2011 Arab uprisings, a damaged and penetrated Syria – not unlike Lebanon and post-Saddam Iraq before it – became the theater of choice. Whatever US policy towards Syria may have been, is, or could be, there can be little doubt that the struggle for power in Syria and the Levant between Riyadh and Tehran, and the tactics of both Assad and his opponents, decimated Syrian national institutions and tore apart an already fragile diverse social fabric.³⁶⁹

One key development in mid-2014 that added a new burden to the foreign policy mess in the Levant was the rise of ISIS across a broad swath of eastern Syria and western Iraq. While Syria and Iraq had discreet challenges rooted in very local political and socioeconomic realities, both crises had also become inextricably linked. The emergence of ISIS had other complicating effects both for the US and Iran. Washington found the prospect that it may have to intervene against ISIS in Iraq after years of trying to withdraw US military forces from Iraq and years of trying to avoid military intervention in Syria a bitter prospect to say the least. Ultimately the Obama Administration did allow for and conducted limited air strikes against ISIS targets in early August 2014.³⁷⁰

While the US conducted operations under the premise of providing urgent relief to minority groups threatened by ISIS, it would be disingenuous to assume that the US was also not defending its geopolitical interests in the broader Middle East tied to core the set of core foreign policy priorities described in chapter two of this study, including priorities tied to security and stability in the northern and southern Gulf region, which was in turn critical to the stability of global energy markets. However, it was doubtful that opposition groups in Syria that had spent much of the 2011 to 2014 period imploring the US either to provide them with the means to defeat Assad – or to lead military intervention in Syria – should have been expected to do little more than take this nuance in long-term US foreign policy in stride.

The emergence of a Syria-Iraq nexus linked by ISIS also presented Iran with a mixed regional net assessment. On the one hand, the group's consolidation across territory roughly the size of Jordan across Syrian and Iraqi territory played into the narratives of Iran and Syrian regime insofar as the threat from militant Salafi jihadism in the Levant was concerned.

Already limited support for military intervention in 2013 all but evaporated as national and sub-national dynamics become exponentially more complex throughout 2014. However, the crisis in Iraq and the march of ISIS on Baghdad also had the effect of recalling much-needed Iraqi Shi'a manpower from the battle lines of Syria back to Iraq to defend their homes and their communities. Meanwhile, the emergence of ISIS also did more on its own than any set of regional forces to show just how porous and narrow the notion of a "Shi'a Crescent" truly was.

While the battle lines for control in Syria (and Iraq) continued to shift in 2014, it was all but clear that events in the Levant over the 2011 to 2014 period could be summarized as

no less than a regional mess from hell for the US.³⁷¹ The same, however, could be said for Iran and its key regional opponent Saudi Arabia, and all of the other Arab states in and around the Levant, and Israel. All of the dynamics described in this chapter made the Levant steadily more complex in 2014 for both the US and Iran, driven by changes in leadership, political contestation, the fragmentation of decaying state and security structures, socio-economic challenges driven by long-term popular discontent, and the effects of balancing by key regional states. Key regional states – including Egypt, Iraq, Jordan and Lebanon – have all been affected by this trend in ways that impact how both the US and Iran choose to compete in the Levant in what may well be a lost decade of regional instability.

VI. THE SOCIO-ECONOMIC DIMENSIONS OF COMPETITION

While military dynamics and the regional geopolitical context shaping US and Iranian competition are important; trade, economics, and energy are also increasingly critical. The first table in **Figure 23** shows the trade dynamics between the US, Iran and countries in the Levant for 2010.³⁷² It is clear that the US is the dominant player in terms of trade in all countries except Syria. Iran maintained trade relations with Turkey comparable to the US in 2010. However, how deep that bilateral relationship has become is yet uncertain; exports from Iran, driven mainly by natural gas transfers, accounted for 80% of bilateral trade.³⁷³

The EU is also a major trading partner in the region. This is illustrated in the second table of **Figure 23**. With the exception of Jordan, which saw Saudi Arabia as its top trade partner in 2010, The EU was the leading trading partner of Israel, Lebanon, Syria and Turkey. The EU's role was especially important for Israel and Turkey, where trade with the Eurozone accounted for 30.6% and 42% of all trade respectively. Even Iran counted the trading block as its largest trading partner in 2010.

While the EU is the leader in the Levant in terms of trade, the US is a far more important trader than Iran. US industries have built deepening trade partnerships with countries such as Israel and Turkey, and the US has worked hard to build up bilateral trade with Jordan, a key regional ally that continues to maintain peaceful relations with Israel.

Iran does remain important to the Turkish economy and has done well in developing trade ties with Ankara. Iran also plays an important role in the Syrian economy, but is not as significant as its rhetoric sometimes implies. Iranian trade levels were overshadowed by EU, Saudi, Turkish, and Russian trade with Syria – a pattern that Tehran has not managed to shift thus far. As for Lebanon, a key battleground for US-Iranian regional competition, both players have limited trade ties with the country relative to Lebanon's place in their respective foreign policy calculus.

Iran's own economic failures have probably done far more to limit Iran's role in the region than sanctions. Despite Iran's leading role as the world's fourth-largest crude oil exporter and a large young population, the post-revolutionary economy has been severely mismanaged, with too many challenges at home that need to be addressed before Iran can take on a more robust regional role.³⁷⁴

The fact that Iran relied on oil exports for 80% of its total revenue and 40-50% of government revenue in 2008 made Iran deeply susceptible to collapses in oil prices. In 2008-2009, shortfalls in revenue from energy exports left a \$30 billion budget deficit in addition to \$28 billion in foreign debts, forcing Tehran to rely on now-severely reduced foreign currency reserves.³⁷⁵ An inability to reform effectively, coupled with challenges in managing public spending, further complicate Iran's ability to utilize its economic resources to their full advantage.

The Role of US Economic & Trade Sanctions on Iran

It is critical to point out that one other factor weakened the prospect for Iranian economic and trade engagement with the Levant states, and all were centered on the reality that regional states like Egypt, Lebanon and Jordan all need access to the US economy and financial system. Below is a list aggregated by the Congressional Research Service of key US sanctions that worked as a deterrent against expanded economic and trade activity with Iran. It is not a complete list, including only sanctions regimes that regional states have proven especially sensitive to – including critical restrictions on financial and banking times to Iran.³⁷⁶

“Sanctions on Oil and Other Payments to Iran’s Central Bank

In late 2011, some in Congress believed that action was needed to cut off the mechanisms oil importers use to pay Iran hard currency for oil. Proposals to cut Iran’s Central Bank from the international financial system were based on that objective, as well as on the view that the Central Bank helps other Iranian banks circumvent the U.S. and U.N. banking pressure.

In November 2011, provisions to sanction foreign banks that deal with Iran’s Central Bank were incorporated into a FY2012 national defense authorization bill (H.R. 1540, signed on December 31, 2011, [P.L. 112-81]). Section 1245 of P.L. 112-81, provides for the following:

- Requires the President to prevent a foreign bank from opening an account in the United States—or impose strict limitations on existing U.S. accounts—if that bank processes payments through Iran’s Central Bank.
- Exemption Provision. Foreign banks can be granted an exemption from sanctions (for any transactions with the Central Bank, not just for oil) if the President certifies that the parent country of the bank has significantly reduced its purchases of oil from Iran. That determination is reviewed every 180 days; countries must continue to reduce their oil buys from Iran, relative to the previous 180-day period, to retain the exemption.
- Effective Dates. The provision applied to non-oil related transactions with the Central Bank of Iran 60 days after enactment (by February 29, 2012). The provision applied to transactions with the Central Bank for oil purchases only after 180 days (as of June 28, 2012).
- The provision applies to a foreign central bank only if the transaction with Iran’s Central Bank is for oil purchases.
- Sanctions on transactions for oil apply only if the President certifies to Congress—90 days after enactment (by March 30, 2012), based on a report by the Energy Information Administration to be completed 60 days after enactment (by February 29, 2012)—that the oil market is adequately supplied. The EIA report and Administration certification are required every 90 days thereafter. (...)”

“Sanctions on Paying Iran with Hard Currency

The ability of Iran to acquire hard currency has been further impeded by a provision of the Iran Threat Reduction Act (P.L. 112-158), which went into effect on February 6, 2013—180 days after enactment. Section 504 of the Iran Threat Reduction Act amended P.L. 112-81 (adding “clause ii” to Paragraph D(1)) by requiring that any funds owed to Iran as a result of exempted transactions (oil purchases, for example) be credited to an account located in the country with primary jurisdiction over the foreign bank making the transaction. This has the net effect of preventing Iran from bringing earned hard currency back to Iran and compelling it to buy the products of the oil customer countries. (...)”

“Sanctioning Foreign Banks That Conduct Transactions with Iran

The Treasury Department efforts were enhanced substantially by Section 104 of CISADA (P.L. 111-195) and U.N. and EU sanctions. The intent of Section 104 was to weaken Iran’s economy by

preventing Iranian traders from obtaining “letters of credit” (trade financing) to buy or sell goods. The binding provisions of Section 104 of CISADA require the Secretary of the Treasury to prescribe several sets of regulations to forbid U.S. banks from opening new “correspondent accounts” or “payable-through accounts” (or force the cancellation of existing such accounts) for foreign banks that process “significant transactions” with

- Any foreign entity that is sanctioned by Executive Order 13224 or 13382 (terrorism and proliferation activities, respectively). These orders are discussed elsewhere in this report. To date, several hundred entities (including individuals), many of them Iran-based or Iranian origin, have been sanctioned under these two Orders; a full list is at the end of this report.
- Any entity designated under by U.N. Security Council resolutions that impose sanctions on Iran.
- Iran’s energy, shipping, and shipbuilding sectors, including with NIOC, NITC, and IRISL. (This provision was added by Section 1244(d) of the FY2013 National Defense Authorization Act (P.L. 112-239) but it does not specifically amend CISADA).

Foreign banks that do not have operations in the United States typically establish correspondent accounts or payable-through accounts with U.S. banks as a means of accessing the U.S. financial system. The Treasury Department has authority to determine what constitutes a “significant” financial transaction. (...)

Iran Designated a Money-Laundering Jurisdiction

On November 21, 2011, the Administration took further steps to isolate Iran’s banking system by identifying Iran as a “jurisdiction of primary money laundering concern”²⁵ under Section 311 of the USA Patriot Act (31 U.S.C. 5318A). The Treasury Department determined that Iran’s financial system, including the Central Bank, constitutes a threat to governments or financial institutions that do business with these banks. The designation carried no immediate penalty, but it imposed additional requirements on U.S. banks to ensure against improper Iranian access to the U.S. financial system.

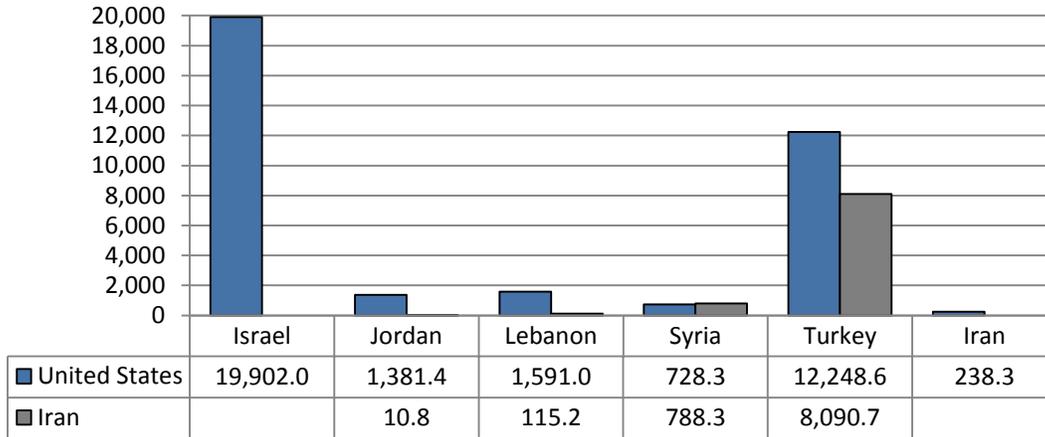
Promoting Divestment

A recent trend in Congress and in several states has been to require or call for divestment of shares of firms that have invested in Iran’s energy sector at the levels sanctionable under ISA.²⁶ The intent of doing so is to express the view of Western and other democracies that Iran is an outcast internationally. A divestment provision was contained in CISADA, providing a “safe harbor” for investment managers who sell shares of firms that invest in Iran’s energy sector. Section 219 of the Iran Threat Reduction and Syria Human Rights Act of 2012 requires companies, in their reports to the Securities and Exchange Commission, to disclose whether it or any corporate affiliate has engaged in any sanctionable transactions with Iran under ISA, CISADA, and other applicable laws.(...)

Figure 23: The Economics of U.S. and Iranian Competition in the Levant: Comparative Trade Levels in 2010

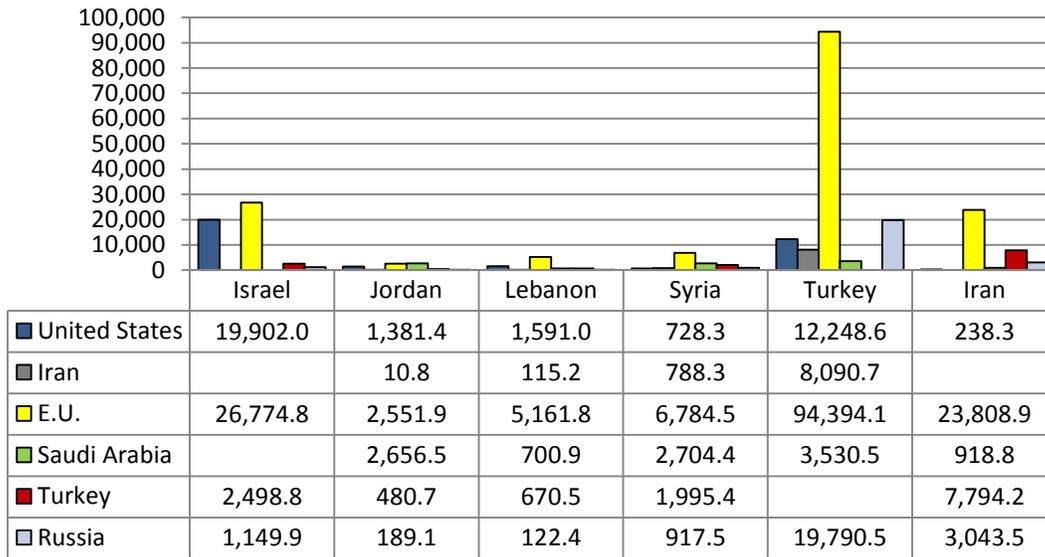
U.S. versus Iran Trade Levels in the Levant

(In millions of current Euros)



U.S., Iran and other Major Levant Trade Partners

(In millions of current Euros)



Source: Adapted by Aram Nerguizian from International Monetary Fund (IMF) and the European Union Directorate General for Trade.

The Socioeconomic and Demographic Origins of the Arab Uprisings

Most if not all of the countries affected by what was initially dubbed an “Arab Spring” were predominantly non-rentier and non-oil economies. In the wake of WWII and after the cycles of regime and political changes of the 1950s and 1960s, the new non-oil and principally republican regimes adopted socialist-statist socioeconomic models.

This model was not limited solely to the new pseudo-republican regimes like Egypt and Syria. The Hashemite Kingdom of Jordan – nominally a constitutional monarchy – also adopted similar approaches to governance and the management of socio-economic pressures. Only Lebanon maintained a socio-economic model with free market characteristics, but nonetheless with active participation by the state in managing pressures tied to everyday and staple consumables.³⁷⁷

The core premise of this revolutionary social contract was that governments would expand the creation of public sector employment opportunities and sustain significant and costly subsidies in exchange for popular support and limited-to-no mass political participation. In countries that adopted this model, large bureaucracies were established; security forces and the military were expanded – both to protect the regime and to continue playing a role in the Arab-Israeli conflict; private sector activity along capitalist or open-market lines was not encouraged, and large numbers of public-sector driven corporate structures were established; basic foods and fuel – the staples of everyday life and productive activity – were heavily subsidized.³⁷⁸

Levant populations were smaller, the nominal number of new entrants into distinct labor markets were lower, and economic conditions were more favorable. For example, Egypt – the Levant’s and the MENA region’s most populous nation – maintained a 20-29 age group labor force of some 2.86 million in 1947.³⁷⁹

By contrast, Egypt’s labor force in that same age group in 2009 numbered about 15.1 million – increasing more than five times in size over a 60 year period.³⁸⁰ More manageable labor forces – prevalent across all of the Levant states – allowed this social contract of “no taxation and no representation”³⁸¹ to limit unemployment and mitigate pressures from below.

The 1973 oil embargo and the oil boom in the southern Gulf of the 1970s presented yet another opportunity for non-rentier states in the Levant to conclude that the socioeconomic model they had adopted was successful. GDP growth across the non-oil and oil-importing economies in the Levant increased sharply during this period, almost doubling when compared to levels in the 1960s.

For example, Egypt’s GDP growth during the 1970-1980 period was 7.4%, compared to 4.3% during the 1960-1970 period. Jordanian GDP growth had reached 9.3%, which Syria had achieved an astonishing 10% in GDP growth over the 1970-1980 period.³⁸² Egypt and Syria – two of the region’s smaller oil exporters – experienced surges in revenue from higher oil prices on exports. Meanwhile, grant aid from major oil exporting states – including the southern Gulf states – also increased, as did labor migration from countries in the Levant to the Gulf. Increased tourism to Egypt and Jordan also helped to boost revenues.³⁸³

The Levant states continued to postpone committing to costly and unpopular structural reforms that could have repositioned their economies away from government services and public sector spending to export-focus industries, privatization and the lifting of subsidies. Critically, countries in the Levant and the broader MENA region – especially Egypt – failed to adopt policies designed to curb their extremely high birth rates at a time when regional mortality rates were in decline thanks to increases in per-capita income.³⁸⁴

The relative prosperity of Levant economies was finally cut-short by the dramatic decline in oil prices in mid-1986. With oil trading at less than \$10 per barrel, economic activity and productivity in Egypt, Jordan and Syria slowed dramatically. To illustrate this, GDP growth in Egypt and Syria over the 1980 to 1990 period fell to 5% and 2.1% respectively.³⁸⁵

The affected states adopted socioeconomic reforms to forestall further economic deterioration. They finally adopted long-proscribed family planning policies to curtail exorbitant birthrates that were increasingly putting pressure on fragile labor markets and saturated public sector employment. In line with the post-Cold War “Washington Consensus,” regional states pursued adjustments to their national exchange rates, the privatization of public sector companies, and moved to reduce tariffs on trade.³⁸⁶ In hindsight, it is not difficult to conclude that by the mid-1990s, most if not all non-oil regional economies were reaching a moment of dramatic crisis.³⁸⁷

There were initial hopes that the Second Gulf War would produce knock-on effects that could help boost struggling Levant economies, and for a short term that hope appeared to have been validated. Egypt and Syria were key beneficiaries of aid and investment in the wake of their support for the US-led coalition after the 1990-1991 conflict.

This included a reduction of Egyptian debt from \$49.2 billion in FY 1990-91 to \$26.6 billion in FY 1997-98 by the US, the southern Gulf states and the Paris Club.³⁸⁸ Meanwhile, Syria received \$3 billion in aid from the southern Gulf states, undertook large-scale economic migration to post-war Lebanon – which Damascus then controlled – and secured robust GDP growth of 5 to 6 percent during the first half of the 1990s, buoyed by the discovery of additional oil fields.³⁸⁹ While Jordan suffered in the wake of its refusal to back force against Saddam’s Iraq, Amman nonetheless benefited from an economic windfall as a result of its 1994 peace treaty with Israel – which led to international and US debt forgiveness.³⁹⁰

Despite these benefits and the promise they held, no amount of grant aid or debt relief could change the fact that most of the Levant economies – more specifically Egypt, Jordan and Syria – all lived an economic world where GDP growth had little to no impact on employment or job creation. All of the policies and missed opportunities for reform of the 1960s, 70s and 80s piled on growing pressure in the first decade of the 21st century.

After factoring in the scale of “demographic momentum”³⁹¹ in these states tied to growing youth populations and youth underemployment, it becomes clear that national expenditures could not have kept up with changing macroeconomic and socio-demographic changes. The cost of living, inflation and climbing oil and commodity prices ensured that the standard of living for a vast majority of Egyptians and Jordanians grew steadily worse.³⁹²

Meanwhile, another phenomenon gradually took shape that had far more to do with generational politics than the nature of shifting socio-economics. The first generation of

revolutionary leaders in countries like Egypt and Syria with the likes of Gamal Abdel Nasser and Hafez al-Assad enjoyed strong popular support and were often lauded for their perceived modesty and simple lifestyle. This pattern became more tenuous as new leaders took over during the 1980s and 2000s – especially insofar as the opulence and perceived corruption of new regime elites were concerned.

The economic choices of very different Arab regimes across the Levant set the stage decades late for the weak socio-economic dynamics that not only defined the lead-up to the Arab protests in 2011, but also every year since then countries shaken by instability tried to navigate an entire region in the throes of socioeconomic malaise.

Figure 24 through 26 illustrates key governance indicators in the Levant states from 1996 to 2012. The metrics shown here are based on the World Bank's Worldwide Governance Indicators (WGI). For years, Egypt, Jordan and Syria had among the region's highest levels of overall perceived stability. Israel was an odd exception due to persistent violence tied to the Arab-Israeli conflict. Lebanon had also improved markedly in terms of overall stability, largely in the wake of new security politics along the UN Blue Line in the wake of the 1996 "Grapes of Wrath" IDF campaign and the establishment of the Israel-Lebanon Monitoring Group (ILMG). Almost all of the Levant states saw marked declines in perceived stability in the wake of the US-led 2003 invasion of Iraq.

Meanwhile, only Israel has stable overall governance structures in the Levant, followed at a distance by Jordan. Syria, Egypt and Lebanon had roughly similar levels of stable governance in 2011 prior to the Arab uprisings. Lastly, Israel maintained the highest regional levels of openness and public accountability, followed by Lebanon which is a relatively open society in the Levant. Given the long trends tied to their existing social contracts, none of the Levant states experienced dramatic shifts in openness and accountability – save for Egypt in the wake of the Arab uprisings.

Figure 24 through 26 also looks at WGI indicators for the Levant over that same period, focusing more narrowly on corruption, rule of law, and regulatory quality. None of the countries in the Levant have seen dramatic improvements in terms of how they are perceived to control corruption, and while Israel has the highest regional score, it has seen a steady decline over time. Jordan is a close second, while all these remaining Levant states have declined gradually or have maintained low levels of perceived control. Indicators on rule of law paint a similar picture, although with Lebanon and Syria performing especially poorly. These trends carry over to regulatory quality; however it is worth noting that over the 2006-2009 period, both Egypt and Syria saw improvements.

Figure 27 is a dismal if effective illustration of where much of the MENA region – including key Levant states such as Egypt, Jordan and Syria – stood in macroeconomic terms at the start of the 2011 Arab uprisings. The MENA region had the second smallest overall population of any region; however, as was illustrated above, the region also maintained some of the world's highest fertility rates, which put pressure on labor markets.

The MENA region had the highest overall production of oil of any region at 30 million barrels per day. However, only oil-exporting states benefit from this windfall: regional per capita GDP stood at \$7,381 – only higher than Sub-Saharan Africa and South Asia. Meanwhile, the MENA region in 2011 has the global economy's highest level of official unemployment at 12.3%. Economic activity also lagged significantly by global standards.

At 10% and 42.3% respectively, the MENA region had the lowest global share of GDP when it came to the weight of manufacturing and services as a share of national GDP.

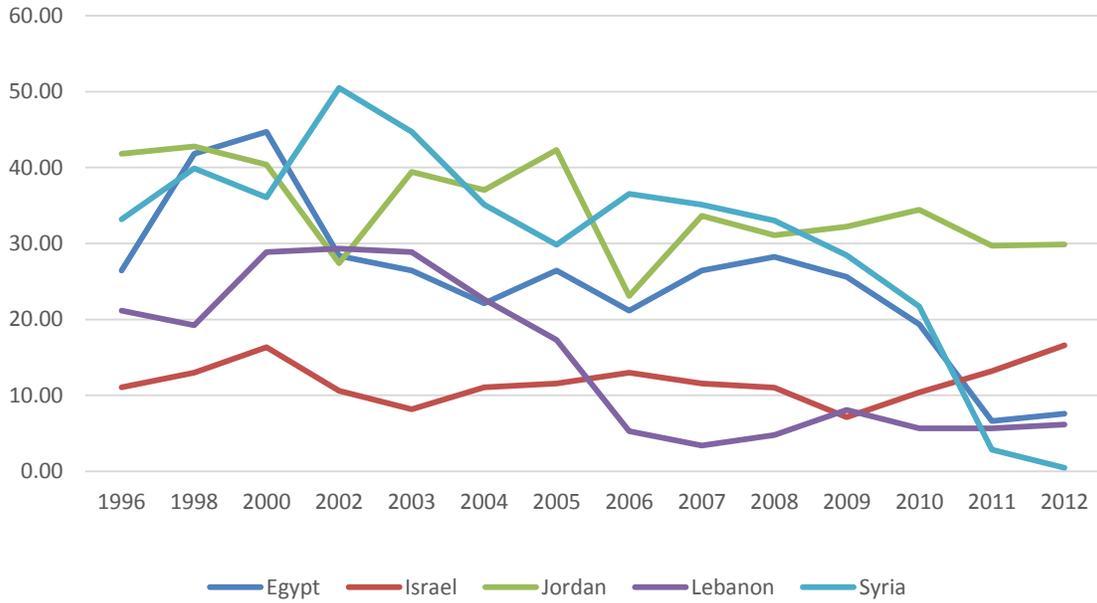
Combined with the underlying pressures described earlier, the collapse or fracture of tenuous social contracts and changes in leadership, it was only a matter of time before something had to give, and it ultimately did so in late December 2010 to early 2011. Beyond Israel, the only Levant state not to experience protests tied to the Arab uprisings was Lebanon. This was in no small part tied to the complex web of Lebanese domestic politics, wherein competing political-sectarian factions are the true center of political gravity as opposed to the central government. Short of large cross-sections of the constituencies within Lebanon 18 recognized communities “rising up” against their traditional communal leaders at the same time, it will be difficult for Lebanon to undergo a real-world parallel of regime change not unlike those seen in Egypt, Libya or Tunisia.

Figure 28 presents key population growth data over the 1960 to 2030 timeframe. The metrics presented here were derived from US Census Bureau statistics, and while much of the data covering the 2013 to 2030 period were estimates, **Figure 28** nonetheless adds some needed context for the data presented in **Figure 27**, including the long-term demographic trajectory of the Levant.

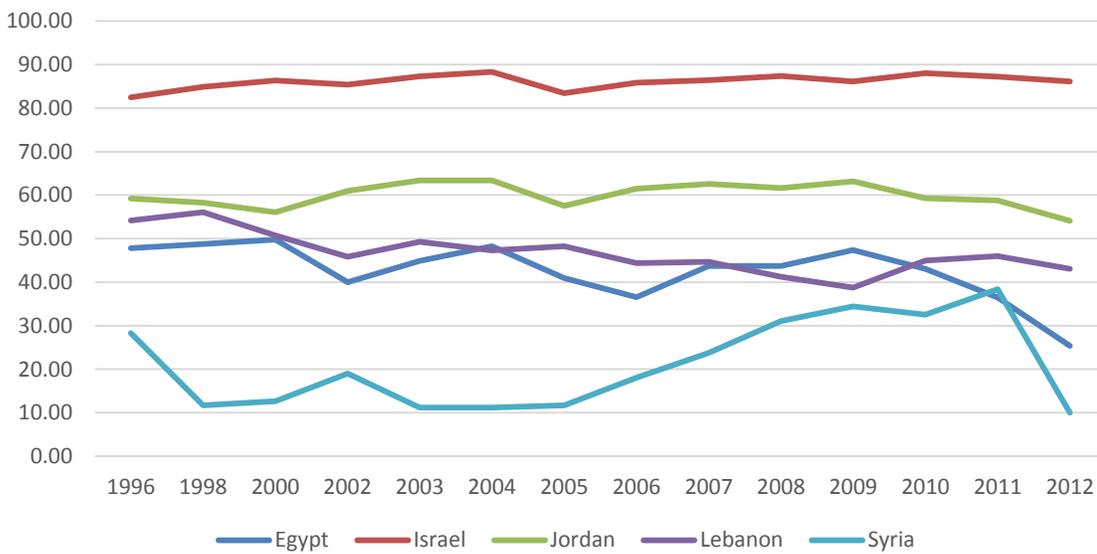
Egypt and Syria – two key countries undergoing massive internal upheaval – both experienced massive and unrestricted population growth, and while demographic growth alone did not explain protests and regime contestation in 2011, they did and continued to play a part in shaping pressures that – if ignored or mismanaged – could lead to unemployment, under-employment, dangerous levels of youth under-education, unemployment, civil unrest and the potential for regime change. These pressures are also what made groups like ISIS and Jabhat al-Nusra so appealing, given their promise of reasonable wages, fringe benefits and a relative degree of promised social stability – all in exchange for ideological support that may or may not be genuine.

Figure 24: Worldwide Governance Indicators I: Assessing Instability in the Levant – 1996-2012
(Percentile Rank)

Political Stability and Absence of Violence/Terrorism



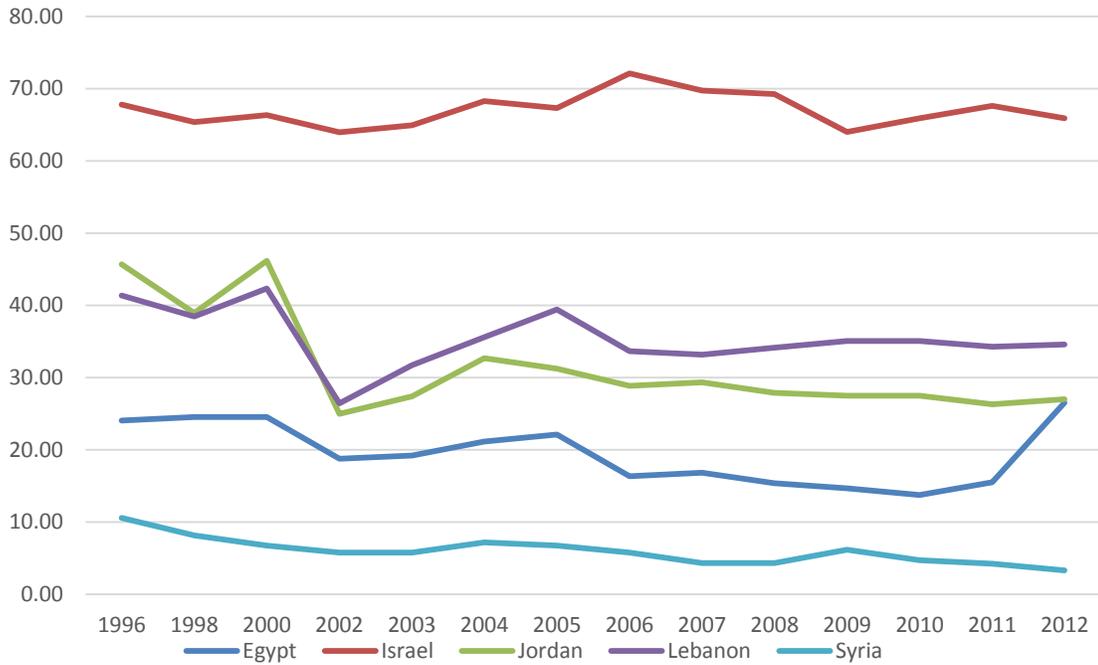
Government Effectiveness



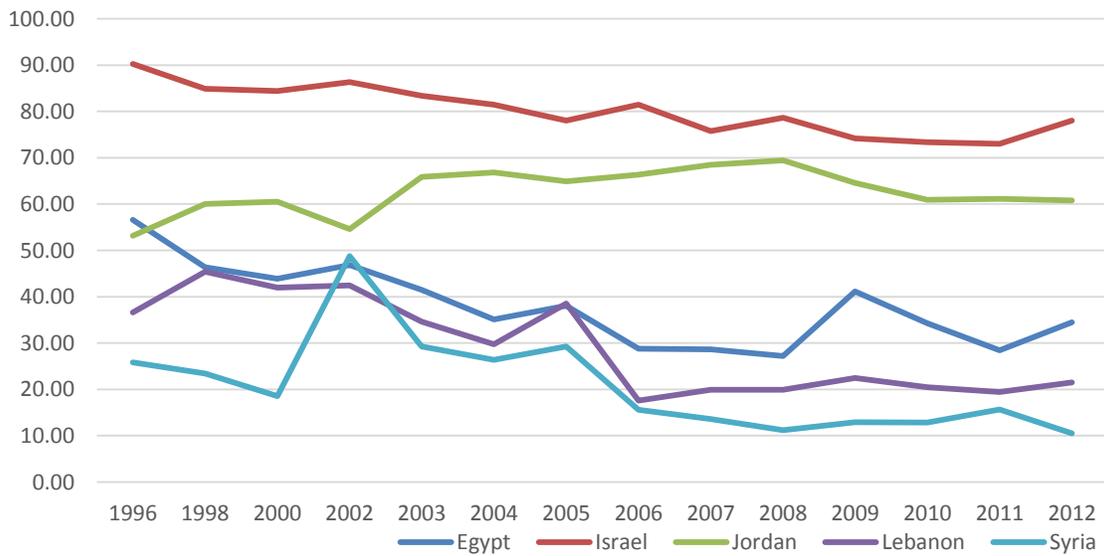
Source: Adapted by Aram Nerguizian from data provided by the World Bank’s Worldwide Governance Indicators (WGI).

Figure 25: Worldwide Governance Indicators II: Assessing Instability in the Levant – 1996-2012
(Percentile Rank)

Voice and Accountability



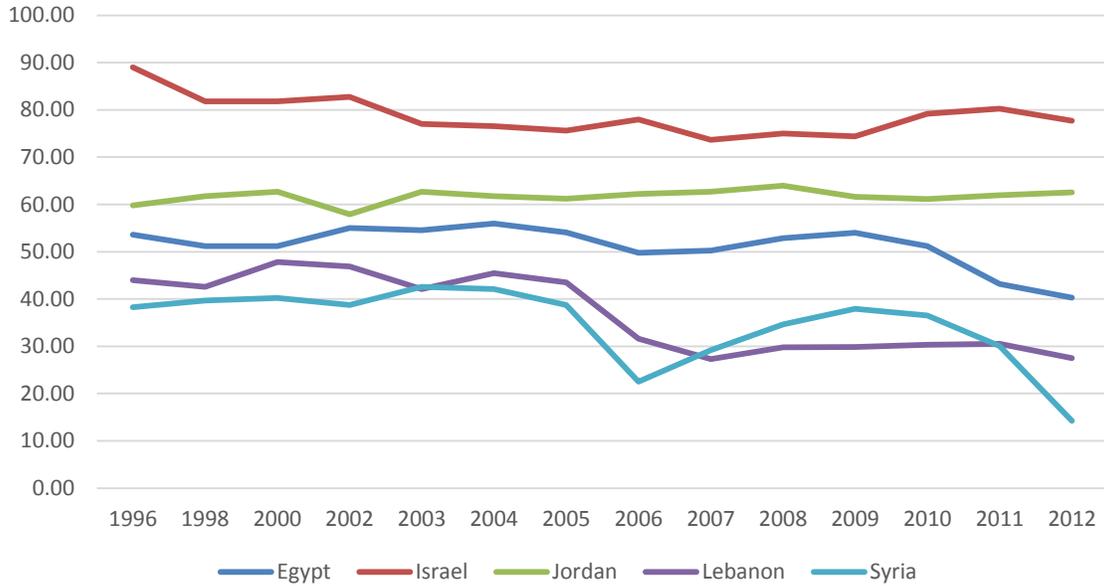
Control of Corruption



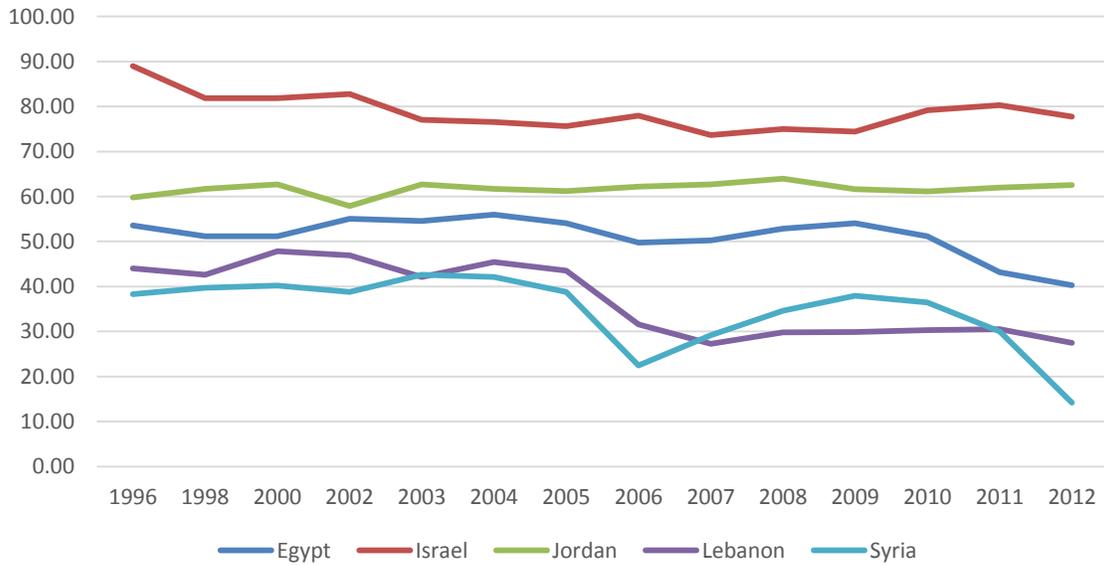
Source: Adapted by Aram Nerguizian from data provided by the World Bank’s Worldwide Governance Indicators (WGI).

Figure 26: Worldwide Governance Indicators III: Assessing Instability in the Levant – 1996-2012
(Percentile Rank)

Rule of Law

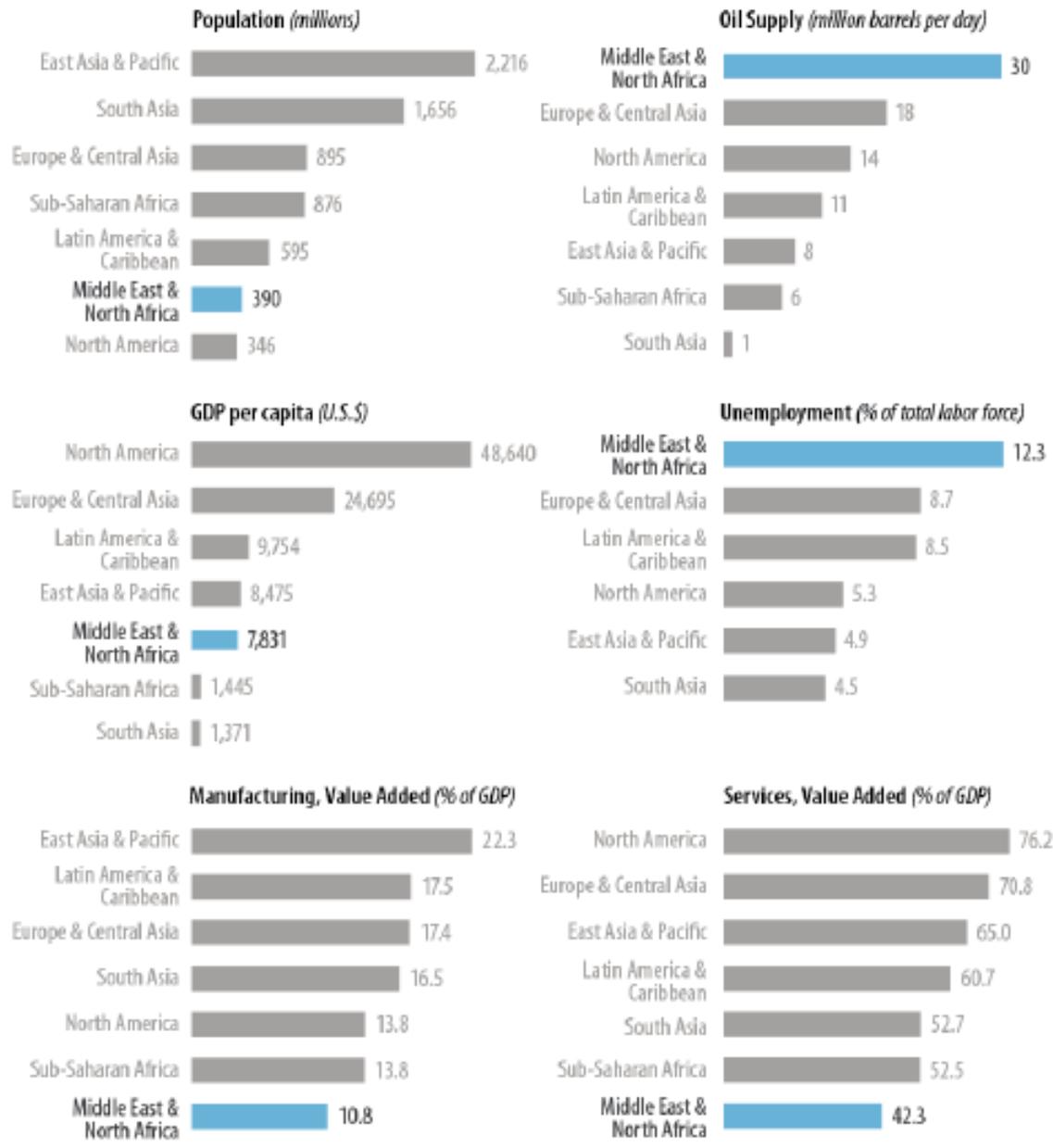


Regulatory Quality



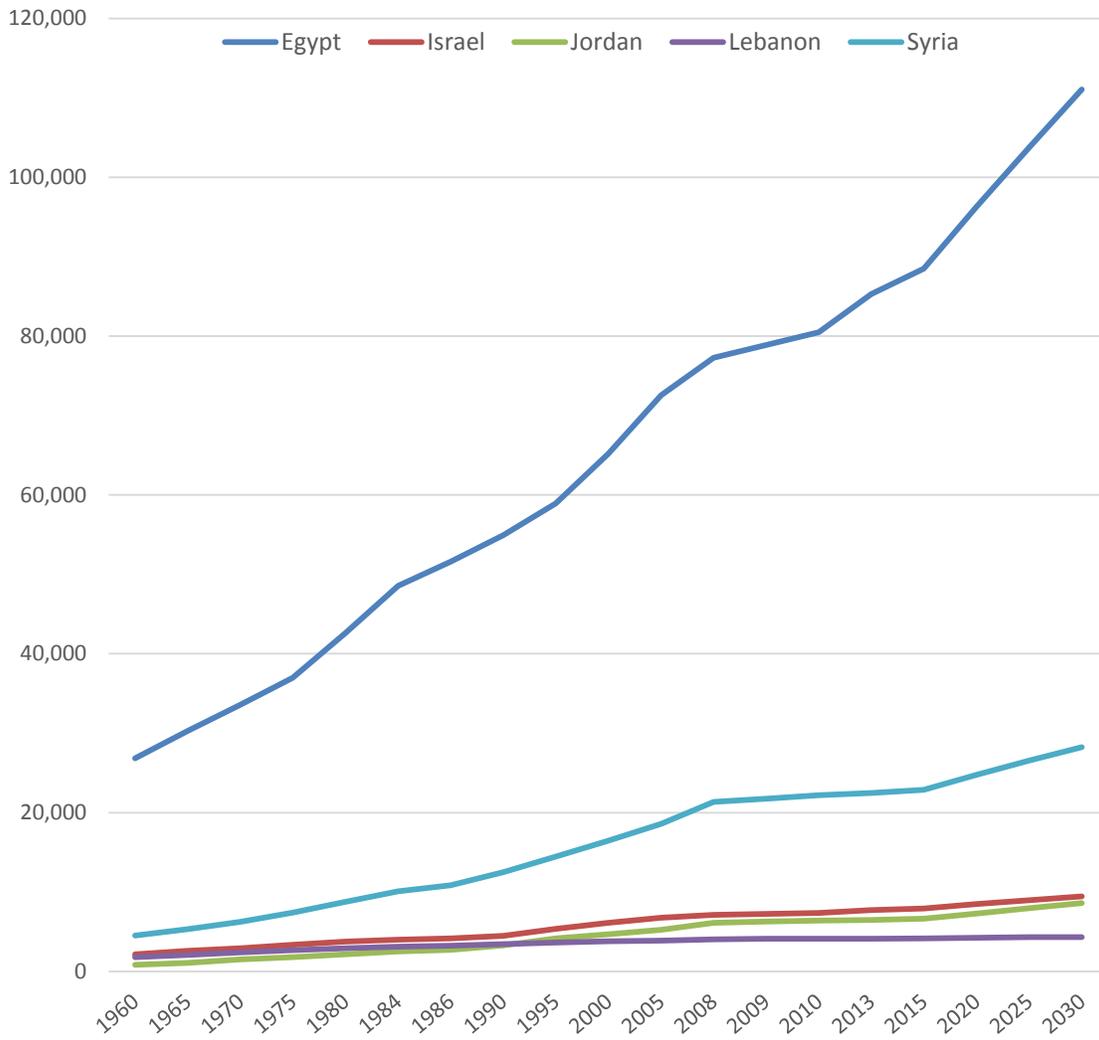
Source: Adapted by Aram Nerguizian from data provided by the World Bank’s Worldwide Governance Indicators (WGI).

Figure 27: MENA Economic Indicators Compared to Other Regional Indicators in 2011



Source: Shayerah Ilias Akhtar, Mary Jane Bolle & Rebecca M. Nelson, “U.S. Trade and Investment in the Middle East and North Africa: Overview and Issues for Congress,” *Congressional Research Services*, R42153, March 4, 2013, p. 4; World Bank, *World Development Indicators*; U.S. Energy Information Administration, *International Energy Statistics*. *Research Services*, R42153, March 4, 2013, p. 13-14; U.S. Department of Commerce, Bureau of Economic Analysis.

**Figure 28: The Levant’s Long-Term Demographic Challenge:
Population Growth from 1960 to 2030**
(Population in thousands)



Note: Population numbers from 2013 to 2030 were statistical estimates.

Source: Adapted by Aram Nerguizian from data provided by the United States Census Bureau’s International Data Base.

Assessing the Impact of Unrest in the Levant & the Region

In 2014, three years after the start of protests across the Middle East and North Africa, it was still unclear if, how, and when states in the Levant would find relative stability. Every Arab country in the Levant has suffered the effects of the uprising and its effects in one way or another. While some like Jordan and Lebanon had limited protests or experienced no civil unrest driven tied to regional unrest, they did suffer dramatically from knock-on effects tied to the three-year long Syrian civil war.

The first chart of **Figure 29** shows estimates and forecasts prepared by the Institute of International Finance (IIF) of the cost of economic disruptions from the so-called “Arab Spring” to oil importing states in the Levant in addition to Tunisia. Over the 2011-2013 period, an estimated 10% of cumulated GDP was lost collectively across Egypt, Jordan, Lebanon, Syria and Tunisia worth some \$143 billion. Syria – now its fourth year of an intractable war of attrition – has seen the largest single of GDP at \$67 billion.

Egypt follows closely behind at \$50 billion in GDP loss, although Egypt’s larger size in terms of demographics and the scale of its national economy on further emphasize the damaging effects of Syria’s civil war. Jordan and Lebanon have lost \$7 billion and \$8 billion respectively, which translate into massive losses for the Levant’s two smallest countries. Overall, the regional’s GDP at the end of 2013 was an estimated 18% lower than it would have been were it not for the uprisings’ effects.³⁹³

The second chart of **Figure 29**, meanwhile, shows the weak prospects of current and estimated GDP growth of regional oil important states, including Egypt, Jordan, Lebanon and Syria. Excluding Syria, the IIF estimated that real GDO growth in the Levant, Morocco and Tunisia was expected to be 2.6% - 1.6% when including Syria in the analysis.³⁹⁴ Despite regime change in July 2013, Egypt’s new government appeared broadly stable, buoyed in part by financial support and investments from the GCC.

Meanwhile, Lebanon suffered a dramatic loss in revenue from tourism and overland trade from Syria, but as will be discussed in a later chapter, had managed to stave off further instability as a result of the Syria crisis thanks to the support of the international community and actions of the country’s national security institutions. Lastly Jordan managed its own internal political pressures, secured additional external financial support, and appeared to be pushing through additional IMF-mandated structural reforms in the hope of pushing up economic growth.

The first chart of **Figure 30** shows global growth, labor force and unemployment data, including on the MENA region. It shows that the three first years of the Arab uprisings saw further increases of overall unemployment with estimates for 2012 standing at largely underestimated 12.1% for the MENA region – which is still the highest overall rate among emerging markets. As the chart also shows, youth unemployment is particularly dramatic at 27.1% - more than double the official level in Sub-Saharan Africa, or the global average. Critically, the second chart of **Figure 31** shows projected growth rates of the work age population over the 2010-2030 period – roughly 20 years out of the start of the Arab uprisings.³⁹⁵

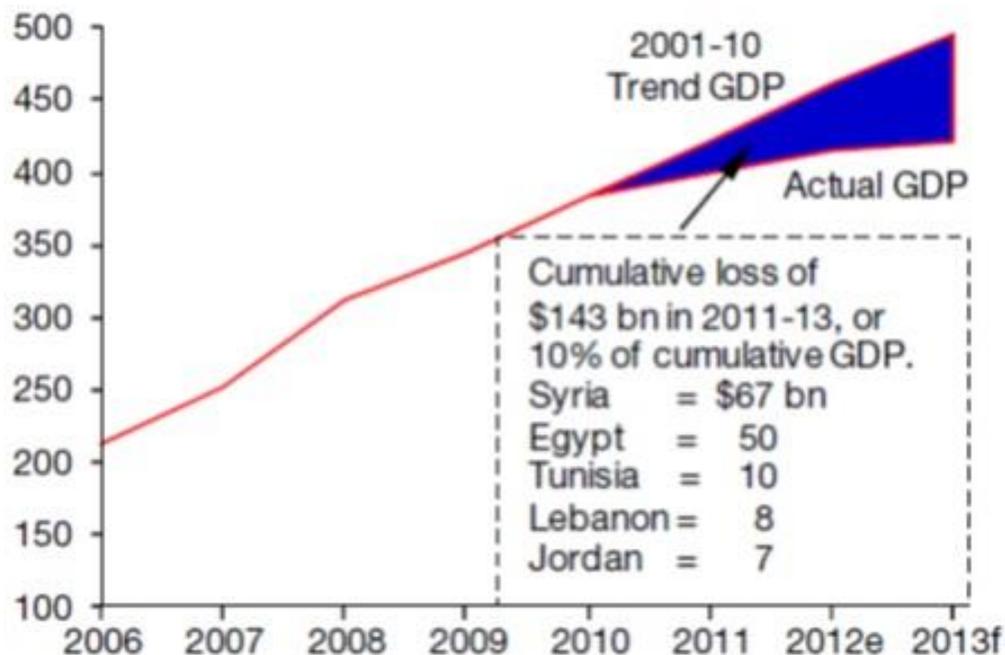
Owing to the aforementioned absence of policies designed to curb fertility rates and the entry of growing numbers of women into the labor market, countries in the Levant – chiefly Egypt and Jordan – along with other MENA states are poised to deal with a potential unemployment problem that could span decades with deep structural roots and no easy solutions. Furthermore, despite plans for reform and economic repositioning, the public sector in the Levant and the broader MENA region remains larger than in any other emerging market, with salaries remaining broadly more attractive than alternatives in the private sector.³⁹⁶

While the IIF projected better prospects for growth for 2014 as regional states worked through their respective challenges, those projections were made prior to the expansion of ISIS straddling the Syrian-Iraqi border. Chapter seven on Syria outlines key spillover effects as a result of continued instability in 2014 and beyond, and while each country has sought – and often found – ways to address socioeconomic, demographic and security pressures at home, few if any of the challenges faced by Egypt, Lebanon, Jordan or Syria seem to be heading towards dramatic resolution as of July 2014.

Figure 29: Assessing the Economic Cost of the “Arab Spring”

Assessing the Impact on GDP of Oil Importing States:

(\$ billion, excluding Libya)



Assessing the Impact on GDP Growth of Oil Importing States:

(Percent)

	Average 2001-10	2011	2012e	2013f	2014f
Average, incl. Syria	4.9	1.4	0.6	1.6	2.4
Average, excl. Syria	5.0	2.2	2.4	2.6	2.9
Egypt	4.9	1.9	2.2	2.1	2.7
Jordan	6.3	2.6	2.7	3.0	3.6
Lebanon	5.2	1.8	1.1	0.7	2.7
Syria	4.5	-6.0	-20.0	-15.0	-8.0
Morocco	5.0	5.0	2.8	4.6	3.5
Nonagricultural	4.5	5.0	4.2	2.7	4.2
Tunisia	4.5	-1.9	3.6	2.6	3.5
Nonagricultural	4.0	-4.3	3.9	2.9	3.3

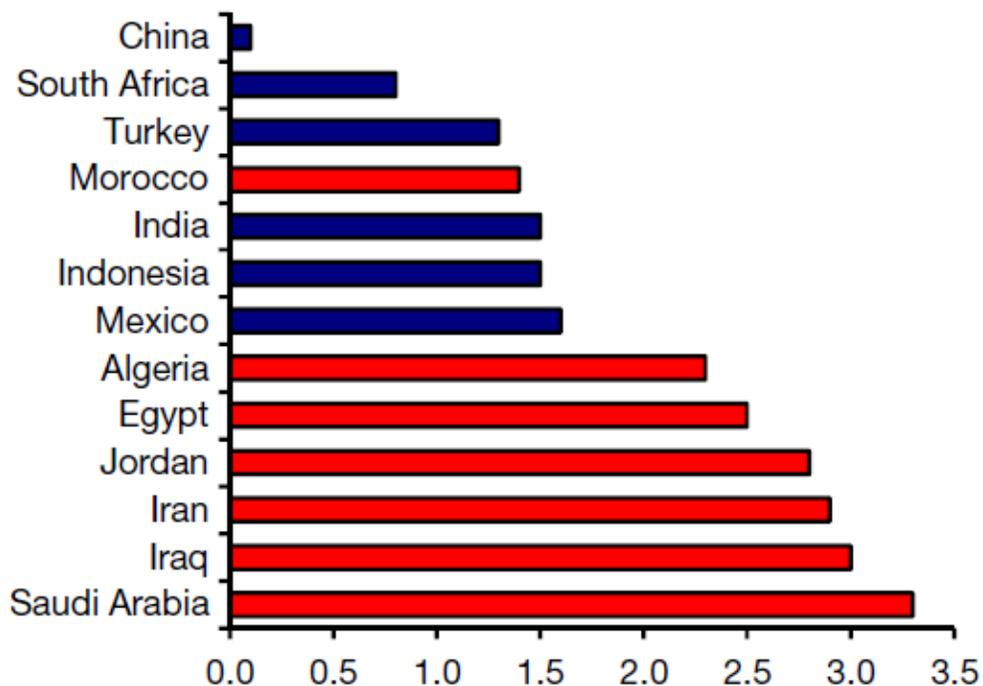
Source: Adapted from “IIF Regional Overview on Middle East and North Africa: “Arab Spring” Countries Struggle, GCC Prospect Favorable,” the International Institute of Finance p. 5.

Figure 30: The Long Term Challenge of Middle East & North Africa Labor and Unemployment Pressures

Patterns in GDP Growth, Labor Participation & Unemployment:
(Percent)

	Per Capita	Labor	Labor	Unemployment	
	Real GDP	Force	Participation	Rate, 2012	
	Growth	Growth	Rate	Total	Youth
	1981-2012	1980-2011	1980-2011		
MENA	1.4	3.1	48	12.1	27.1
Sub-Saharan Africa	1.5	2.9	68	8.2	12.6
Latin America	1.7	2.0	66	7.3	14.4
East Asia & Pacific	4.8	1.1	72	4.4	9.4
World	2.0	1.6	65	6.2	13.3

Assessing MENA Labor Pressures;
(Percent)



Source: Adapted from “IIF Regional Overview on Middle East and North Africa: “Arab Spring” Countries Struggle, GCC Prospect Favorable,” the International Institute of Finance p. 10.

Aid and the Struggle for Stability and Development

While US bilateral ties with each country in the Levant will be discussed in greater detail in the country analysis in chapters seven through twelve, this section illustrates some of the broad trends in US and Gulf Arab attempts to stabilize the Levant. Where Iran did have ties to states or entities in the Levant, no reliable metrics existed. Furthermore, as was discussed earlier, Iran only had narrow ties to most of the states in the region when it came to trade, investment and aid.

The current cycle of popular unrest in the Middle East is in large part a byproduct of decades of economic neglect by regional states undergoing deep internal changes. As a result, the US is caught between trying to massively cut federal expenditures and the fact it cannot afford to give Iran a free “win” by failing to address the economic ramifications of regional upheaval. The recent protests across the Arab world have prompted the Obama Administration to assure the Middle East that the US will be a partner in the long term effort to manage the economic costs of social upheaval in the region.

Figure 31 illustrates just how important these issues are to the US, as is reflected in the full transcript of President Obama’s May 19, 2011 address. It should be noted that US policy has since been much stronger on rhetoric than actual action and funding, and there is strong US political resistance to providing large amounts of aid.

However, the President’s May 2011 statement provides little detail about the steps Washington can or will take in terms of economic aid in the wake of Arab protests. On the one hand, it is clear from the economic impact of the protests on countries such as Egypt and Tunisia that the long standing pressures on the economies of nations caught up in unrest will be sharply downgraded by their dependence on depleted revenues from tourism and outside investment and trade. If the US hopes to ensure a stable regional environment and mitigate both economic and regional risk, it will have to play an important role in ensuring that the economic drivers that led to protests do not lead to a cycle of regional violence and further instability.

On the other hand, the US will have to do this at a time of economic crisis and a striking lack of domestic support for foreign aid.

Iran has little to offer a region in flux short of rhetoric. It has neither the national resources nor the economic health to play a leading role in steering the outcome of Arab protests. However, Iran has shown time and again its ability to co-opt regional militant groups and to capitalize on instability and misery. In the end, this Arab world in flux is the US’s to lose.

Figure 31: U.S. Economic Support for the Middle East & Africa

The revolutions in the Middle East and North Africa (MENA) provide an historic opportunity to meet the aspirations of a people long denied political freedom and economic opportunity. Economic modernization is key to building a stronger foundation for prosperity and showing people the fruits of democratic change. The people of the region will choose their own paths to democracy and prosperity, with policies and programs that suit their circumstances. That process may take years, as was the case in the transitions of Central and Eastern Europe. From the beginning of this process and along the way, the United States will offer its support for economic modernization and development to those making the transition to democracy.

The countries of the Middle East and North Africa are diverse societies with diverse characteristics and economies. The region of over 400 million people contains a group of countries that export 18 million barrels a day of oil as well as a group that is dependent on oil imports from their neighbors. Saudi Arabia's \$440 billion economy is more than 14 times that of Yemen. What these countries share is untapped potential, that if unlocked could provide broader economic opportunities for their people.

Oil and gas revenues have enriched several countries and enabled them to fund ambitious infrastructure programs. Some of the non-oil exporters attracted more foreign direct investment and achieved an acceleration of economic growth. The pace of economic reform in the region, however, has been uneven and corruption has been a widespread challenge. Despite an abundance of natural resources and impressive potential human capital, economic growth in the region has not been as rapid as in the fast-growing emerging market world, nor have its benefits been widely distributed.

With the majority of the population under the age of 30, and more than 4 million people entering the labor force annually, the demographics of the Middle East and North Africa pose challenges. Unemployment rates are high across the region, particularly among the burgeoning youth population. In Egypt, youth unemployment is estimated at over 30 percent. The ability to address the growing demand for jobs – which was one of the drivers behind the revolution – will require significant structural changes and economic reform.

From the beginning of the transitions, representatives of the U.S. government have consulted with the people of the region to better understand the significant challenges they are facing. Given the nature of change in the region – the nature of our support is also evolving. The President outlined a new economic vision to support nations that commit to transition to democracy, and announced a series of initiatives that are geared toward supporting a broadening of economic opportunity.

These initiatives are designed to meet short term economic stabilization requirements as well as longer term economic modernization needs. These two objectives are not mutually exclusive – The U.S. will direct support now to help meet the needs of future generations. Our approach is based around four key pillars – support for better economic management, support for economic stability, support for economic modernization, and the development of a framework for trade integration and investment.

Support for better economic management

We will offer concrete support to foster improved economic policy formulation and management. We will do so alongside our democratization efforts. We will focus not only on promoting economic fundamentals, but also transparency and the prevention of corruption. We will use our bilateral programs to support economic reform preparations, including outreach and technical assistance from our governments, universities, and think tanks to regional governments that have embraced reform, individuals, and NGOs. We will mobilize the knowledge and expertise of international financial institutions to support home grown reforms that increase accountability.

Support for economic stability

Egypt and Tunisia have begun their transitions. Their economic outlooks were positive before recent events, but they are now facing a series of economic dislocations. Growth forecasts have been revised downward to 1 percent or less. International reserves have decreased and budget deficits are widening. The tourism sector, which is an important employer and source of revenue, has been idled and foreign direct investment will significantly decrease this year. Egypt is projecting a fiscal gap of 10 percent of GDP over the next 12 months, and Tunisia is projecting a deficit of 5 percent of GDP. If we implement the right initiatives to offer stabilization support, the long term outlook for these countries can be positive. Absent action, we run the risk of allowing economic instability to undermine the political transition.

The United States has designed initiatives to support the stabilization process and to lay the foundation for longer term prosperity. We are galvanizing financial support from international financial institutions and Egypt and Tunisia's neighbors to help meet near term financial needs. We

strongly welcome Egypt and Tunisia's engagement with the IMF and are looking forward to seeing the joint action plan that multilateral development banks are working on for the G8 summit.

We will also help bilaterally. In response to numerous requests from the Egyptian government and the Egyptian people, the United States will relieve Egypt of up to \$1 billion in debt by designing a debt swap arrangement, and swap it in a way that allows Egypt to invest these resources in creating jobs and fostering entrepreneurship. As another part of our effort to help Egypt invest in its people and regain access to global capital markets, we will lend or guarantee up to \$1 billion in borrowing needed to finance infrastructure and support job creation. We will do this via our Overseas Private Investment Corporation (OPIC).

Support for economic modernization

We realize that the modernization of the MENA economies will require a stronger private sector. To address that, we are committed to working with our international counterparts to support a reorientation of the European Bank for Reconstruction and Development to support countries in the region. That Bank played a crucial role in the democratization and economic transition in Central and Eastern Europe and can make a great contribution in MENA as well. The International Financial Corporation will scale up its investments to strengthen the private sector in transition countries. We also seek to establish Egyptian-American and Tunisian-American Enterprise Funds to stimulate private sector investment, to promote projects and procedures that support competitive markets, and to encourage public/private partnerships. And as Secretary Clinton announced in Cairo, the Overseas Private Investment Corporation will provide up to \$2 billion dollars in financial support for private sectors throughout the MENA region.

Develop a framework for trade integration and investment

If you take out oil exports, the MENA region of nearly 400 million people exports about the same amount of goods as does Switzerland, with less than 8 million people. Moreover, regional trade structures are poorly integrated, as MENA sourced just 13 percent of their imports from other countries in the region. Developing Asian countries, in contrast, sourced over 25 percent of their imports from regional partners. The United States will launch a comprehensive Trade and Investment Partnership Initiative in the Middle East and North Africa. We will work with the European Union as we launch step-by-step initiatives that will facilitate more robust trade within the region, build on existing agreements to promote greater integration with U.S. and European markets, and open the door for those countries who adopt high standards of reform and trade liberalization to construct a regional trade arrangement.

Background: The Economic Situation in Egypt and Tunisia

Egypt's economy grew by more than 5 percent on average over the last 15 years. However, these gains did not translate into improved opportunity for the Egyptian people. Egypt is a lower middle income country, with per capita GDP at about \$2,800. Inflation levels are well above regional averages, and Egypt is plagued by chronic structural problems, including high levels of youth unemployment (34 percent) and long-term unemployment for first time job-seekers.

Egypt is now facing a series of economic dislocations associated with the transition, which has raised its financial vulnerability. Before recent unrest, GDP growth was projected at 5.5 percent and the fiscal deficit was estimated at 8.4 percent. Due to a slump in tourism, which accounts for over 5 percent of GDP and employs more than 10 percent of the labor force, as well as a decline in foreign direct investment, growth forecasts have been revised downward to about 1 percent and the deficit is expected to widen to over 10 percent of GDP. Decreased tourism revenues and foreign direct investment will also have an adverse impact on employment.

Tunisia, which is wealthier than Egypt on a per capita basis (\$4400), also had a positive economic outlook before the revolution. However, the revolution is expected to put pressure on the economy in the short term. GDP growth will be close to zero this year, and reserves have declined by about a billion since unrest broke out. After running relatively small fiscal deficits the past few years, Tunisia's fiscal position is expected to widen this year to about 5 percent of GDP (up from 3 percent in 2010). Much like in Egypt, tourism revenues and foreign direct investment, coupled with labor

protests and increased social spending, are adversely impacting the near-term economic outlook. A failure to help stabilize these economies could undermine democratization efforts.

Source: "Factsheet: Economic Support for the Middle East and North Africa," Office of the Press Secretary, the White House, May 18, 2011.

The US, Iran, the Arab Gulf states, and outside donors all faced growing challenges in using military and civil aid to try to help bring stability to nations in the region and deal with what became a humanitarian disaster in terms of refugees and IDPs – first in Syria starting in late 2011 and then in Iraq after late 2013. Development and economic performance were critically affected in Lebanon, and Jordan. Meanwhile Egypt's prospects for developmental reform were crippled, and the Syrian economy virtually imploded as well as divided into Assad and rebel controlled territory. Only Israel was able to move toward significant growth – and this growth was not shared broadly by the Palestinians.

While US and Iranian military aid continued to play major roles in building and maintaining strategic partnerships in the Middle East, engaging effectively on economic and development aid, as the previous sections showed, was far more difficult. The socioeconomic challenges facing the Levant and the broader MENA region in 2014 remained massive in scale, structural, have their own momentum, and were likely to play out in terms of their effects over years if not decades. From the perspective of either the US or Iran – and what either country could do to impact events in the Levant – it is unclear how this aspect of competition will play out in the future given US resource constraints and the uncertain political, socioeconomic, demographic or security futures of Egypt, Jordan, Lebanon or Syria.

The US allocated \$1.67 billion in Economic Support Funds (ESF) to the MENA region for FY2010 and FY2011. This represents some 34-36% of the value of FMF and 23-24% of total aid to the Middle East for FY2010 and FY2011. It is important to note, however, that economic aid levels are subject to US fiscal constraints that do not abide by the realities of the Arab uprisings. Economic aid levels are down when compared to previous fiscal years, having declined to an estimated \$1.4 billion in FY2013³⁹⁷ with current projections for FY2015 standing at \$1.49 billion.³⁹⁸

Despite strong domestic pressure to suspend assistance in the wake of raids on US democracy-focused non-governmental organization operating in Cairo, the State Department announced in March 2012 that Egypt's annual \$1.3 billion in military funds would be released, allowing the delivery of 125 M1A1 tank kits in July 2012.³⁹⁹ The announcement followed President Obama's pledge in May 2011 to provide Egypt with up to \$1 billion, to be allocated specifically for infrastructure and job creation.⁴⁰⁰ Ultimately, so long as the Egyptian military and the country's new government headed by President Abdel Fatah al-Sisi met Egyptian commitments to peace with Israel and worked to bolster stability in Sinai, US military aid was likely to remain stable.

The US provides Jordan with economic assistance in the form of cash transfers and USAID programs in-country. The cash transfers helped Jordan to service its foreign debt, and 45% of Jordan's annual ESF is in the form of cash transfers. USAID programs in the country focused principally on democracy assistance, water preservation and education reform.

Water management was an especially important area for US economic assistance given Jordan's status as one of the region's most water-scarce countries.⁴⁰¹

The Palestinian Authority has been a major recipient of US economic aid since the 1993 Oslo Accords with aid worth some \$2.3 billion over the FY2004 to FY2010 period. US assistance to the Palestinians averaged some \$388 million a year and is geared principally towards economic development, democratic reform, water management, infrastructure, health management, education reform and professional development projects in both the West Bank and Gaza, but principally the former in the wake of the Hamas take-over of the Strip in 2007.⁴⁰²

In addition to ESF and other conventional aid programs, the US is the largest single bilateral donor to the United Nations Relief and Works Agency (UNRWA) with only the EU as a larger overall contributor. US funding to UNRWA was not classified as bilateral economic assistance and funds provided by the US account for 20-25% of the UNRWA budget. While UNRWA funding continued to be a divisive issue in the US and is often associated with the risk of US funds reaching groups that the US considers terrorists, such as Hamas, US funding towards UNRWA remained critical for the operation of Palestinian refugee relief services in the West Bank, Gaza Strip, Jordan, Syria and Lebanon.⁴⁰³

Lastly Lebanon also received increased levels of economic aid via ESF from the US. Given US commitments to support Lebanon in the wake of Syria's withdrawal in 2005, US economic aid (in addition to military aid) was significantly boosted over the FY2006-FY2014 period. US economic aid focuses principally on USAID-managed democracy support and development programs and efforts to reduce corruption.

ESF and other programs have focused on promoting education reform and scholarships for students in Lebanon. US ESF to Lebanon spiked at some \$334 million in FY2007 to help in Lebanon's post-war recovery in the wake of the 2006 Israeli-Hezbollah conflict. While there were indications that ESF to Lebanon had stabilized at around \$109 million for FY 2010, cuts to global aid programs saw aid levels decline to \$84.7 million in FY2011 with a similar amount estimated for FY2012 and a further reduction to \$70 million in FY2013.⁴⁰⁴

The False Promise of US Development Assistance

Despite the longer term focus in the US on aid and development, questions remained in 2014 about whether or not any US aid program was essentially little more than an effort to win political influence mixed with humanitarian concerns. The actual development impact often was little more than econometric noise and provided little more than political symbolism.

Traditional US or Iranian economic activity – tied to trade or foreign domestic investment (FDI) – ultimately had far more impact than aid. While there was no reliable data on Iranian FDI in the MENA – or for that matter MENA FDI in Iran – at the start of the Arab uprisings, there are publically available metrics that track the FDI links between the US and MENA region for 2011.

These metrics are shown in **Figure 32**, The MENA – and within the Levant – constituted only 1% out of a total of some \$4.1 trillion in US FDI around the world. The MENA region also represented a minor player in the US in terms of its own FDI efforts. However, two Levant states – Israel and Egypt – had among the highest levels of FDI from the US in

2011 at \$9.56 billion and \$14.58 billion respectively. Meanwhile, no MENA country invested anywhere near the level of Israeli FDI to the US in 2011 which stood at \$15 billion.

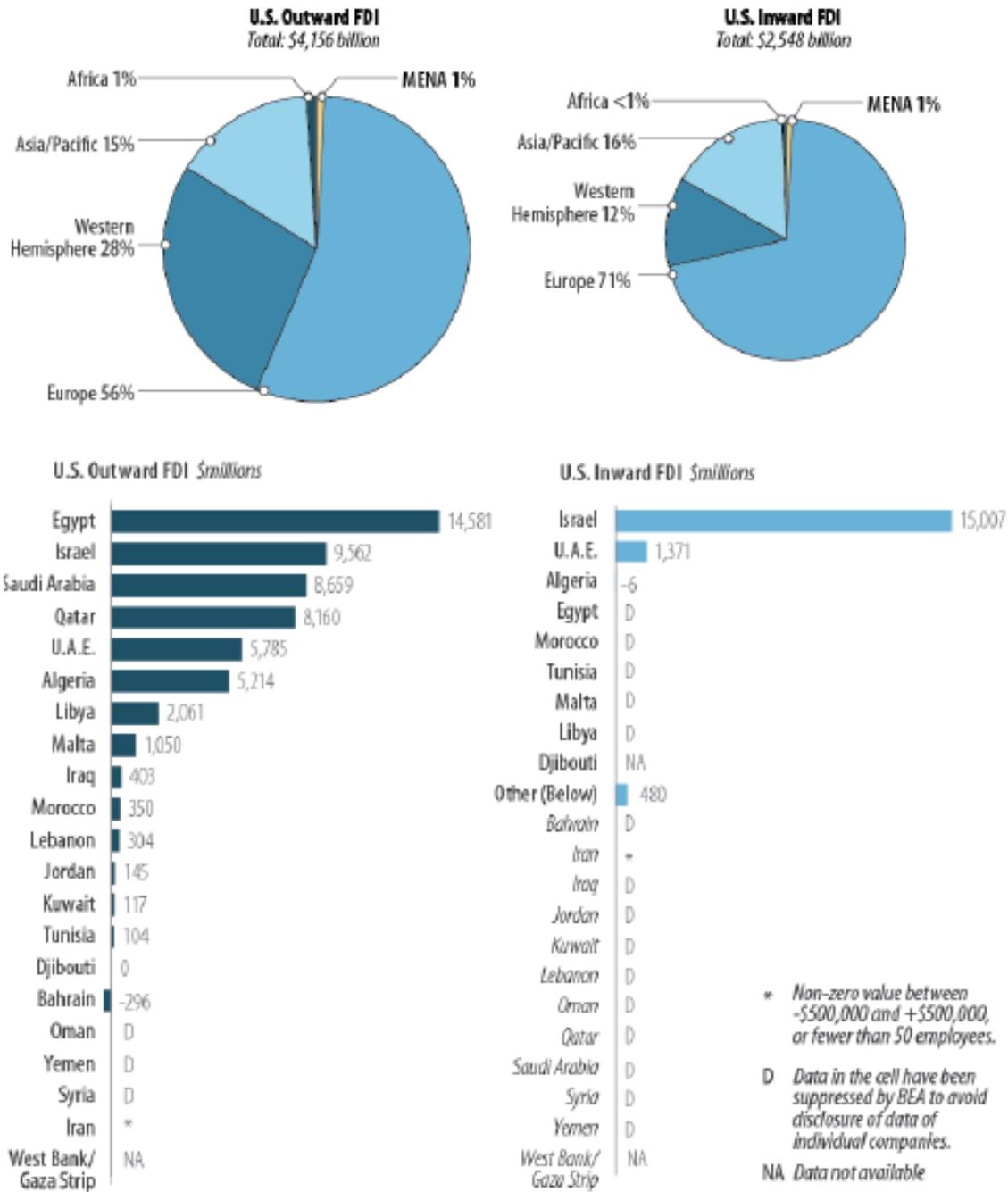
So where can the US, Iran, or any of the Levant states affected by the Arab uprisings go from here? Is shaping recovery – and within that influence on macroeconomics and socio-demographics – even possible? Every country in the region save Israel was in need of lasting stability, higher levels of overall labor participation, the elimination of public non-productive government spending, stable global economic conditions and the maintenance of relatively low oil and energy prices.⁴⁰⁵ However, many of these challenges are structural, incredibly costly, and outside of the spheres of influence of the US, Iran, or any narrow set of states.

In 2014, Egypt needed to stabilize after a tumultuous 2013 that saw what amounted to a form of counter-revolution. Syria's civil war is unlikely to end in the short term and the costs of the conflict – estimated by some at more than \$20 billion in 2012, and certainly far more in the future – will reverberate across the Levant. Jordan will continue to be defined by deficit spending and an overreliance on foreign aid that built up over decades. Meanwhile, Lebanon's prospects for further growth remained intrinsically tied to war and peace in Syria, and favorable security politics along the UN Blue with Israel.

Meanwhile, there were other challenges that – if not properly addressed – will likely metastasize into the Levant's next radical challenge: millions of displaced Syrians are in limbo awaiting repatriation and opportunities that don't exist tied to education, health care, employment, and a stable future. As **Figure 33** shows, the US has shouldered a significant proportion of the budget burden on aid to displaced Syrians. This is another case where the GCC states – thanks to their deep reserves and still-ample revenue from high oil prices – can make a difference in support of a US that views prosperity in both the Gulf *and* the Levant as critical to lasting stability.

For all the affected countries in the region, relief ultimately had far less to do in the short term with either the US and Iran than it did with the prospect that Gulf energy prices may decline and that the GCC states may be ready and able to absorb at least some of the labor pressures countries in the Levant were facing. However, any scenario where oil and energy prices come down to the point where subsidies could be pulled back was also a classic case of hoping for the best: 2013 forecasts projected that the southern Gulf states would maintain oil prices at or near \$95 per barrel in 2014.⁴⁰⁶ Meanwhile, the GCC states had done little to shift their economies away from their current preferences tied to non-Arab labor.⁴⁰⁷

Figure 32: U.S.-MENA Foreign Direct Investment 2011



Source: Shayerah Ilias Akhtar, Mary Jane Bolle & Rebecca M. Nelson, "U.S. Trade and Investment in the Middle East and North Africa: Overview and Issues for Congress," *Congressional Research Services*, R42153, March 4, 2013, p. 13-14; U.S. Department of Commerce, Bureau of Economic Analysis.

**Figure 33: Dealing with the Syrian Refugee and IDP Crisis:
International and U.S. Responses 2012-2013**

International & U.S. Funding by Destination Country in 2013:
(As of August 15, 2013)

Destination Country	2013 Funding from All Donors, as of August 15, 2013		2013 Funding from the United States, as of August 15, 2013		2013 Funding from the United States as a Percentage of Total Funding
	2013 Contributed/Committed ^a	2013 Pledged ^b	2013 Contributed/Committed	2013 Pledged	
Egypt	\$16,659,205	0	\$7,400,000	0	44%
Iraq	\$74,404,182	0	\$35,260,000	0	47%
Jordan	\$465,963,684	0	\$102,000,155	0	22%
Lebanon	\$457,821,723	0	\$113,900,000	0	25%
Region	\$733,222,847	\$1,019,303,966	\$85,181,800	0	12%
Syrian Arab Republic	\$955,127,434	\$12,894,906	\$435,529,389	\$3,000,000	46%
Turkey	\$115,044,737	0	\$38,893,000	0	34%
TOTAL	\$2,818,243,812	\$1,032,198,872	\$818,164,344	\$3,000,000	29%

International & U.S. Funding by Destination Country in 2012:

Destination Countries	2012 Funding from All Donors		2012 Funding from the United States		2012 Funding from the United States as a Percentage of Total Funding
	2012 Contributed/Committed ^a	2012 Pledged ^b	2012 Contributed/Committed	2012 Pledged	
Egypt	\$577,461	0	0	0	0%
Iraq	\$13,747,124	0	\$2,820,503	0	21%
Jordan	\$217,168,068	0	\$20,435,974	0	9%
Lebanon	\$122,651,848	0	\$18,124,211	0	15%
Region	\$140,400,582	\$98,908,318	\$16,767,717	0	12%
Syrian Arab Republic	\$383,296,751	\$2,817,947	\$115,034,564	0	30%
Turkey	\$68,902,082	0	\$16,219,312	0	24%
TOTAL	\$946,743,916	\$101,726,265	\$189,402,281	0	20%

Source: Adapted by Aram Nerguizian from Rhoda Magessont & Susan G. Chesser, "Syria: Overview of the Humanitarian Response," *CRS Report to Congress*, R43119, September 4, 2013, p. 10.

The Uncertain Role of the Gulf Cooperation Council

America will have to increasingly rely on – and influence – the financial flexibility and resources of oil exporting partners. As **Figure 34** shows, the GCC states committed in excess of \$39.7 billion since July 2013 to countries affected directly or indirectly by the effects of instability. In many ways, the US and its Gulf allies shared similar objectives in terms of stabilization. However, as analysis on regional actors in chapter five showed, the US and its Gulf partners did not always share the same interests, let alone at the same time.

The US would have to work harder to ensure that GCC funds become part of the solution and not part of a larger regional problem. Three years since the 2011 Arab uprisings, Egypt and Syria – in addition to Libya when looking outside the Levant – all had surpluses in militant radicalization rather than real world jobs with real world wages. As chapter five showed, it would be difficult for any country to get either Iran or its Gulf Arab opponents to dramatically reduce more aggressive policies in the Levant without a level of US engagement that the Obama Administration was either unable or unwell to sustain. However, US allies needed to hear just how important it was to the US that the GCC play a positive role in supporting opportunities in the Levant that would present viable alternatives for “careers” with Jihadi militant organizations spanning the broader MENA region.

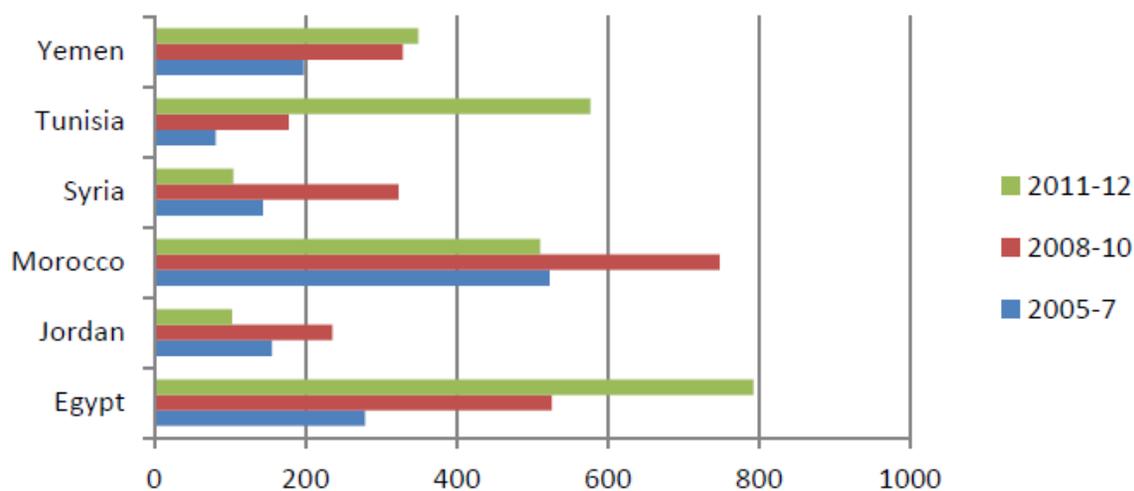
Lastly, on the surface, Gulf financial relief for legacy subsidies in Egypt and Jordan may have seemed like the right approach to alleviate short term pressure – and it could be if properly executed. But ultimately, every state affected by the Arab uprisings needed to ask itself long hard questions about the unintended consequences of postponing critical reforms yet again in the hope external aid and windfalls that – in all likelihood – were likely to be either too low, or unlikely to every materialize in real world terms.

Figure 34: GCC Support to Arab States in Transition

Cumulative Pledges as of July 2013:
(US\$ million)

	Kuwait	Qatar	Saudi Arabia	UAE	Total
Egypt	4,000	3,000	9,000	6,000	22,000
Jordan	1,250	1,250	2,700	1,250	6,450
Tunisia	0	1,000	750	200	1,950
Yemen	500	500	3,250	136	4,386
Morocco	1,250	1,250	1,250	1,250	5,000
Total	7,000	7,000	16,950	7,658	39,786

Commitments of Arab Financial Institution:
(US\$ million)



Source: Adapted by Aram Nerguizian from "World Bank Middle East and North Africa Economic Developments and Prospects," The World Bank, October 2013, p. 15. Secretariat of the Coordination Group, "Arab Development Institutions: Members of the Coordination Group, Financing Operations." Kuwait City: Arab Fund for Economic and Social Development, 2012; Rouis, M. "Arab Donors' Financial Assistance Continues to Expand Following the Arab Spring" Middle East and North Africa, Office of the Chief Economist, the World Bank, September 26, 2013.

VII. COMPETITION OVER SYRIA

While the previous sections have discussed the overall environment in the Levant in which the US and Iran compete, the future course of this competition and the impact of growing internal political upheavals only became clear by examining such competition on a country-by-country basis in Syria, Lebanon, Israel, the Occupied Palestinian Territories, Egypt and Jordan.

Syria has been a key player in US-Iranian competition in the Levant, and has been Iran's most important strategic partner over the past 30 years. Since Syria's 2005 military withdrawal from Lebanon, the regional partnership between Syria and Iran has become increasingly skewed in favor of the latter. However, Syria remains critical to Iran's efforts to shape a favorable security situation in Lebanon and along Israel's northern frontier. This helps explain why the US has repeatedly sought to reorient or downgrade Syria's long-held role as Iran's gateway to the Levant.

After almost three years of protests, civil violence, insurgency, and civil war starting in early 2011, Syria's internal stability came undone and its role in regional security politics was uncertain. As the regime carried out its crackdown on dissent, international pressure on Syria steadily increased. The US, the EU, Turkey and most of the members of the Arab League called for President Bashar al-Assad to step aside, bolstered unilateral and multilateral sanctions on the regime, turned to the UN to deepen international pressure, provided varying degrees of lethal and non-lethal aid to armed opposition groups, and even considered possible military intervention in Syria.

Turkey initially tried to use its good offices with the Assad regime to broker some form of peaceful solution to what was then a more limited Syrian insurgency in 2011. However, when the Erdogan government failed to change the behavior and policy choices of the Assad regime, Turkey shifted from close relations with Syria to becoming one of al-Assad's most vocal critics. Ankara also sought to leverage its relationship with Islamist political forces, including the Syrian Muslim Brotherhood, in a bid to shape Syria's emerging opposition forces in 2011.

In the two years that followed, Turkey worked closely with other countries – including the US, NATO allies and Arab countries such as Saudi Arabia and Qatar – to provide political and material support to Syrian opposition forces. As was mentioned earlier, and of critical concern to the US, Turkey may also have played a role as both a transit state and staging ground for foreign fighters seeking to join the battle against. In addition to reports about foreign jihadists transiting through Turkey, there were also reports in March 2014 that Turkish personnel may have supported Syrian Salafi Jihadi factions as they pushed into north-west Syria. These reports – along with conversations with UN representatives in Lebanon and Syria – also pointed to tacit Turkish support for a jihadist incursion into the largely ethnic Armenian town of Kassab near the Mediterranean border.⁴⁰⁸

Meanwhile – and as was discussed in chapter five – despite very real reservations about regional popular unrest and the stability of the Arab state system, the conservative Gulf monarchies nonetheless pushed ahead with Arab League efforts to further isolate Syria. Saudi Arabia and Qatar in particular were keen to support opposition forces politically, financially, and through gradually escalating military aid. While opposition

factions linked to Gulf sponsors – like elements within the so-called Supreme Military Command Council (SMC), the Syrian Revolution Front (SRF) and the Islamic Front – suffered losses against both Assad forces and the growing influence of ISIS in 2013 and 2014, both countries continued to try a shape outcomes that would replace Assad with favorable political forces in Damascus.

Some expatriate Syrian forces opposed to the regime were backed by the West, Arab Sunni states like Saudi Arabia, Qatar, the UAE and Turkey. Meanwhile, the al-Assad regime enjoyed the support of its key regional ally Iran, support from Hezbollah in Lebanon, Shi'a militia fighters from Iraq (up to their recall to Iraq in the wake of ISIS' 2014 eastern expansion into Iraq) and strong international backing from Russia and China. What some analysts asserted was the beginning of a “long winter of Arab discontent”⁴⁰⁹ in the region seemed poised in 2013 and 2014 to be an “Arab decade” of instability, conflict and proxy competition in Syria.

US Policy & Iran's Response Prior to the Syria Conflict

While continued turmoil in Syria over the 2011 to 2014 period led to major changes in US policy that affected US competition with Iran, it is still useful to consider the evolution of US policy over the past three decades. Looking at Iran-Syria relations in historical perspective is also useful in both contextualizing and explaining key aspects of Iran's current Syria policy in light of the Arab uprisings starting in 2011.

The Shifting Priorities of US-Syria Relations

Over three decades of engagement, US policy toward Syria was defined by changing inter-Arab, Arab-Israeli, and other regional balance of power dynamics. US policy was also determined by how successive administrations sought to address those patterns in dealing with countries like Syria. This included choosing confrontation or engagement in ways that were intended to suit US foreign policy prerogatives at the time.

US policy towards Syria during the Reagan Administration was defined largely by Cold War realism: the risk of uncontrolled conflict in the Levant during the 1980s as a source of growing instability and a precursor for increasingly complicated Soviet and US involvement in regional affairs.⁴¹⁰ While Syria had been on the US State Department list of state-sponsors of terrorism since 1979, the Administration could not afford to ignore Syria. This was even in spite of the increasing frequency of Syrian-terrorist attacks against US interests in the region. The country was considered too geopolitically important and US engagement with the al-Assad regime only deepened.⁴¹¹

Even in a post-Cold War context, US policy under the George H. W. Bush and the Clinton Administrations followed a similar approach toward Syria. For the George H. W. Bush Administration, this was due to the view that Syria was critical to maintaining the regional balance of power and the need to include Syria in any US-Arab coalition against Saddam Hussein's Iraq in 1991.⁴¹²

During the Clinton years, the pursuit of Arab-Israeli peace predicated engagement with Syria in order to achieve a lasting regional settlement. While many doubts rightfully remained as to whether Syria would play a positive role in the negotiations, the Clinton

Administration, not unlike its predecessors, thought to overlook Syria's illicit behavior and authoritarian politics in an effort to satisfy US national interests.⁴¹³

The George W. Bush Administration changed this approach. The neoconservative ideals that defined the Administration's approach to Syria called for "evil regimes" to be opposed through isolation rather than engagement, with regime change as the ultimate goal for Syria.⁴¹⁴ Towards the end of the Bush presidency, however, signs of a return to more traditional approaches to Syria resurfaced. They were driven by concerns that regime change as a policy goal was a dangerous departure for the Bush Administration's "freedom agenda" and that greater engagement with Syria was needed; Israel also stressed its concerns that regime change towards an unknown end state where the Muslim Brotherhood may come to dominate Syria was far too unpalatable.⁴¹⁵

The George W. Bush Administration's approach did push Syria toward Iran and helped galvanize Syrian opposition to US interests in Iraq and Lebanon.⁴¹⁶ Syria sought to strengthen its relationships with Iran, as well as Turkey and the EU. It adopted policies predicated on "classical balancing, asymmetric balancing, and balking" to counter US threats.⁴¹⁷ While the neoconservative approach was effective at temporarily isolating Syria, neoconservative adherents concede that it led to few tangible geopolitical gains for the US in terms of changing Syria's behavior or policies.⁴¹⁸

The Obama Administration initially sought to take a different approach, including the sending of envoys from the White House, the State Department and visits by senior lawmakers to Syria in 2009 signaled a return to a more realist and pragmatic approach to Syria.⁴¹⁹ This was later followed in early 2011 by the appointment of Robert Ford as Ambassador to Syria – a post that had been vacant since 2005.⁴²⁰

The Thirty Year Arc of Iran-Syria Regional Partnership

In contrast to the shifting policy choices of successive US administrations' relations with Syria, the Islamic Republic's thirty year strategic partnership with Assad's Syria has been the cornerstone of Iranian efforts to build and secure influence in the Levant.⁴²¹

Prior to the 1979 Islamic Revolution in Iran, Hafiz al-Assad's Syria was viewed with enmity by the Pahlavi throne. Pre-revolutionary Iran was a signatory of the UK-backed Central Treaty Organization (CENTO), hostile to the Soviet Union and pan-Arabism, and a key US regional ally that enjoyed close political, military and intelligence ties with both Israel and Saudi Arabia.⁴²²

While the ayatollahs proved no less hostile to communism than the Shah,⁴²³ regime change in Tehran had a dramatic impact on Iranian foreign policy. The revolution led to the definitive dissolution of CENTO, the end of strong bilateral ties with the US and a rapid decline in ties between Iran and the Gulf Arab states, Jordan and Egypt under Anwar Sadat.⁴²⁴

Long-seated Arab suspicions of Iran's regional aspirations were only further complicated by the struggle between competing visions in post-Pahlavi Tehran on whether Iran's foreign policy should include efforts to export the Islamic revolution.⁴²⁵ With Egypt, Iraq, Saudi Arabia, Bahrain and Kuwait all showing growing levels of hostility and a willingness to isolate and confront Iran, the fledgling Islamic Republic needed to forge new regional

allies within a changing Arab state system. It was in Ba'athist Syria that Tehran found an unlikely yet keen and reliable regional ally.

Given key ideological differences, idiosyncratic preferences alone cannot explain the origins of the Iran-Syria partnership. Post-revolutionary Iran was the product of the inherent contradictions of Iranian nationalism, a localized history of *Ithna Asheri* or "Twelver" Shi'ism, and attempts to both build bridges to and influence in the Arab world through common links tied to Islam.⁴²⁶ Meanwhile, in the wake of Egypt's perceived "defection" to the West and moves to normalize relations with Israel, Ba'athist Syria viewed itself as the sole remaining standard bearer of seemingly secular state-led pan-Arabism in the Middle East.⁴²⁷ Assad was also deeply hostile to political Islam, finding himself in the midst of an existential battle against a Muslim Brotherhood-led insurrection from 1976 to 1982.⁴²⁸

The trajectory of Iran-Syria relations was largely defined by both regimes' common sets of foreign policy priorities in the late 1970s and early 1980s: balance against an ascendant Israel in the wake of its military defeat of regional Arab states in 1973, bandwagon against an Iraq that was hostile to both Syria and Iran under Saddam Hussein, undermine efforts by the US and its allies to isolate militant and Arab nationalist regional forces in the wake of the 1976 Camp David Accords, prevent the US and its regional partners from unilaterally shaping the politics of the Arab-Israeli conflict, the political order in the Levant, or the balance of power in the broader Middle East.⁴²⁹

Damascus would prove to be a crucial source of foreign policy support for Tehran. Unlike the Gulf states, Egypt and Jordan, Assad moved quickly to support his new ally against his greatest Arab opponent – Iraq's Saddam Hussein – during the 1980-1988 Iran-Iraq war. Syria enthusiastically facilitated Soviet efforts to rearm and provide relief to Iranian forces battling Saddam Hussein's military – which enjoyed the tacit if not explicit support of the Gulf states and the West.⁴³⁰

In parallel, Assad allowed Iran to use Syria to transfer some 2,000 Iranian Revolutionary Guards to the Syrian-held Bekaa in Lebanon to support fledgling Shi'a militant forces – such as Hussein Mussawi's Islamic Amal, which was the precursor to Hezbollah – opposed to Israel and its pro-Western Lebanese allies.⁴³¹ Iran would go on to rely on its partnership with Syria throughout the 1980s as a means of strengthening its ties to Lebanon's Shi'a community in general and Hezbollah in particular. Ties to Syria also allowed the Islamic Republic to disrupt security politics in the Levant that would otherwise favor the US, Israel and their regional allies.

In the post-Cold war era, Assad's Syria would continue to allow Iran access to the Mediterranean. In turn Syria would continue to rely on Iran to balance against its regional opponents and maintain its geopolitical relevance in the absence of arms transfers from the Soviet Union.⁴³² However, Iran and Syria did diverge on key issues tied to their respective national interests. Both countries were suspicious about any perceived overture by the other either to the US, the Gulf states or Israel. In addition, both Iran and Syria jockeyed for poll position in terms of which country ultimately shaped their strategic partnership.⁴³³

Iran's privileged ties to Syria only grew more intricate under the leadership of Bashar al-Assad in wake of Hafiz al-Assad's death in 2000. Whereas his father was always careful to assert Syria's independence and preeminence in the Levant, the US-led invasion of Iraq

and the subsequent exit of Syrian troops from Lebanon led Bashar to grow more reliant on Tehran and its Lebanese client Hezbollah.⁴³⁴

In the wake of the 2008 Doha Accords and what appeared to be the gradual restoration of Syria's role in Lebanon and the broader Levant, there were some preliminary signs that Syria may have wanted to prioritize normalization with the US, Israel, and the Gulf states to the possible disadvantage of Iran.⁴³⁵ However, as will be discussed later, popular protests in 2011 and the subsequent civil war in Syria would serve as proof that the Syria-Iran strategic partnership remained central to Tehran's regional foreign policy preferences.

The Socioeconomic Origins of Popular Unrest

The protests and subsequent civil conflict in Syria partly reflect the Syrian people's aspiration for democratic government, as well as sectarian difference, but the core drivers of this unrest also include a broader sense of socio-economic inequity, poor governance, and the widespread perception of systemic corruption and injustice.

The Ba'ath Party initiated "reforms" in the latter years of the 1960s that were meant to degrade the power and autonomy of Syria's traditional notable families, while earning the support of the country's peasants and workers. In short, the Party sought the support of the broader Syrian populace – the intended beneficiaries of the party's aggressive policy of economic redistribution – in exchange for greater access to resources and the promise of state-led socio-economic mobility.⁴³⁶

While the state maintained monopolies on most sectors of the economy, the Ba'ath regime under president Hafez al-Assad encouraged the emergence and consolidation of new social, economic and political alliances. Fostering a mixed economic system saw the return of at least part of the old Damascene middle merchant establishment. However, their interests were now linked to those of the ruling Ba'ath order.⁴³⁷

The new power structure met its most significant test during the early 1980s when the Assad regime faced an armed insurgency led by the Muslim Brotherhood. A key pillar of dissent against the regime was centered on the merchant establishment of Aleppo, which threatened a nationwide strike. In sharp contrast, the Damascus merchants did not participate, choosing instead to cooperate with the Assad regime – a decision that, according to some, assured the survival of the Ba'ath order.⁴³⁸

Maintaining the support of the traditional Sunni "industrial bourgeoisie" became a key policy of the Alawi-led regime. So did supporting the emergence of a new group of crony capitalist middle-men tied to elements in the ruling establishment.⁴³⁹ Unlike the traditional business community, which engaged in mainly productive economic activities, this new group – often called the *awlad al-sultah* ("children of authority") – engaged in mainly unproductive rent-seeking and short term profiteering.⁴⁴⁰ In the years to come, the contradictions of this new hollow business-regime elite structure would inform at least some of the socio-economic grievances of anti-regime protesters in 2011.

Considering the metrics that shaped socio-economic disaffection and alienation in Syria is critical to understanding many of the variables that will shape Syria's future. Some very preliminary indicators about the additional long-term effects of Syria's civil war will also be discussed later. What is certain is that the impact of both preexisting pressures and those borne out as a result of conflict will be with Syria for years if not decades, regardless of

who is in charge in Damascus, the form of government that ultimately emerges, or the extent of internal Syrian efforts or competing US aid Iranian aid structures.

- **Figure 35** shows trends in population development in Syria over the 1980 to 2009 period. While population growth has been generally linear with the urban population accounting for a majority of Syrians, the country's growth rate in terms of rural areas, while slightly lower, has largely kept up with growth in urban centers. Whereas 47% of Syrians were urban against 53% rural in 1980, 55% of Syrians were urban against 45% urban in 2009: an all but net reversal over a 30-year period, but with very little real numerical variation.

Given these rates, equal attention and welfare for the Syrian urban and rural populations is critical for any government in Damascus. Given that protests in Syria began in Der'a in the south-west of the country, away from the country's major urban population centers, part of any post-protest period would have to address core grievances at the level of the Syrian periphery – not just the country's urban rich and well-to-do. It is important to bear in mind, however, that the definition of "urban" is not defined. Many Syrians, pushed out of their villages due to lack of economic opportunity, live in very difficult conditions in suburban poor housing districts just beyond the boundaries of major metropolitan cities in Syria.⁴⁴¹

- **Figure 36** shows data on Syrian economic productivity and regional trends. The first table shows that while per capita gross domestic product (GDP) and gross national income (GNI) have increased steadily over the 1986 to 2009 period, so too has household consumption, and at a much higher rate over the 2003 to 2009 period. Meanwhile, the second table shows that unlike the majority of countries in the region, Syria has seen largely negative growth in terms of GDP per person employed.
- **Figure 37** presents Syrian consumer price and migration data. The first table shows that Syrian consumer prices have risen steadily over the 1980-2009 period with steep increases over the 2002 to 2009 period. The second table in **Figure 37** shows that Syrian migration has significantly increased over the 2005-2010 period. No clear correlation exists between a sharper rise in consumer prices and increased efforts to migrate in search of economic opportunity outside of Syria. However, that both indicators seem to be increasing at higher rates shows a Syrian economy that is increasingly under strain and unable to retain an increasingly large portion of a labor pool with shrinking economic prospects.
- Lastly, **Figure 38** shows patterns in Syrian oil production, consumption, and exports. While domestic consumption of oil has steadily increased over the 1980 to 2010 period, Syrian oil production plateaued in the mid-1990s and has been in steady decline. The second table shows the other side of falling Syrian oil production. Crude oil exports have dropped significantly over the 1993-2007 period. Not only does this make it significantly harder for Syria to manage growing demand at home, it also robs the government in Damascus of much needed rents from energy exports. Syria's decreasing oil rents will continue to negatively impact the country's foreign currency reserves, making it that much more dependent on external rents and other sources of revenue. It will also make it that much more difficult for any government to mobilize national resources in support of desperately needed structural, economic and social reform programs.

In 2010, the World Bank described the Syrian socio-economic landscape in ways that warned that reform would not be easy. The Bank's assessment also could not predict just how much three years of political unrest, violent repression, sanctions, hardening sectarianism, internal displacement, and massive regional refugee flows could have made the challenge all but impossible:⁴⁴²

"Syria is a lower middle-income country with a per capita GNI estimated at US\$ 2,090 (2008), a population of 18.7 million – plus 1.2 million Iraqi refugees and migrants - growing at about 2.5 percent per annum and a labor force growing at the rapid rate of about 3 to 4 percent per annum.

Syria's growth performance has strengthened in recent years, reflecting the country's own reform efforts towards a social market economy as well as the hitherto favorable external environment for

oil-producing countries. However, Syria's macroeconomic performance has been affected by ongoing external and domestic shocks, particularly the impact of the global financial crisis and a prolonged drought that has been affecting agricultural output. Inflation was 2.5% in 2009 but is expected to increase over the next years as commodity prices recover, fuel prices rise and a VAT is introduced. Year-on-year inflation reached 3.7 percent in April 2010.

Foreign assets remain high, but their coverage of imports is declining. Although public debt remains moderate at 22 percent of GDP, the recourse to debt to finance the budget deficit is likely to increase with the progressive decline in oil revenues. Despite the decrease in oil production, real GDP growth averaged 5.1 percent in 2004-2008. This is due to the expansion in private investments, stimulated by the recent economic reforms and to inflows from oil rich countries. Real economic growth had previously averaged 3.4 percent per annum between 1999 and 2003, only one percentage point over the current population growth. While growth slowed by more than 1 percentage point in 2009 compared to 2008, and unemployment increased to 11%, the Syrian economy did continue to grow at a rate of 4% in the midst of the global crisis. This in part reflects countercyclical fiscal measures aimed at reducing the impact of the crisis, including increases in public investments and the wage bill.

Syria's GDP remains dependent on the oil and agriculture sectors, both subject to uncertainties due to changes in oil prices and rain dependency respectively. The oil sector provides approximately 20 percent of the government's revenues and about 40 percent of its export receipts. The agriculture sector contributes to about 20 percent of GDP and 20 percent of employment. Oil exports, exports of services and foreign transfers of income and remittances are the main sources of foreign earnings. Oil reserves, however, are expected to continue decreasing in the coming years and Syria has already become a net oil importer. A current account deficit of 2.4 percent of GDP is projected for 2010.

Over the medium term, Syria faces the dual challenges of: (i) keeping strong growth and developing non-oil sectors to cope with still important demographic pressures and with the decline in oil production and, (ii) maintaining fiscal sustainability.

To sustain growth, Syria will need to further develop the non-oil sector and diversify its economy, away from the oil sector, improve private sector development, and exports. Much has been done, including the opening of banking and finance to private investors, the unification of the exchange rate and the removal of many barriers to trade. However, further structural reforms are needed, to help sustain export diversification and institutional reform. More precisely, developing the business environment needed for the development of a diversified, competitive and export oriented private sector remains crucial in face of the negative impact of the decline in oil exports on external and fiscal accounts. In addition, Syria will need to increase its productivity by raising the skills of its labor force and improving its overall technological base.

To maintain fiscal sustainability, Syria needs to continue on the path of fiscal consolidation. The current budget still relies on oil revenues, and, in the recent years, increases in oil prices have led to increases in public spending. The depletion of oil reserves renders the sustainability of the current fiscal policy difficult. In recent years, Syria has started to strengthen its fiscal policy stance through conservative budgeting and by reducing the fuel subsidies and broadening the tax base for the consumption tax. Fiscal consolidation towards an adjustment of non-oil budget deficit requires a continuation of this reform process.

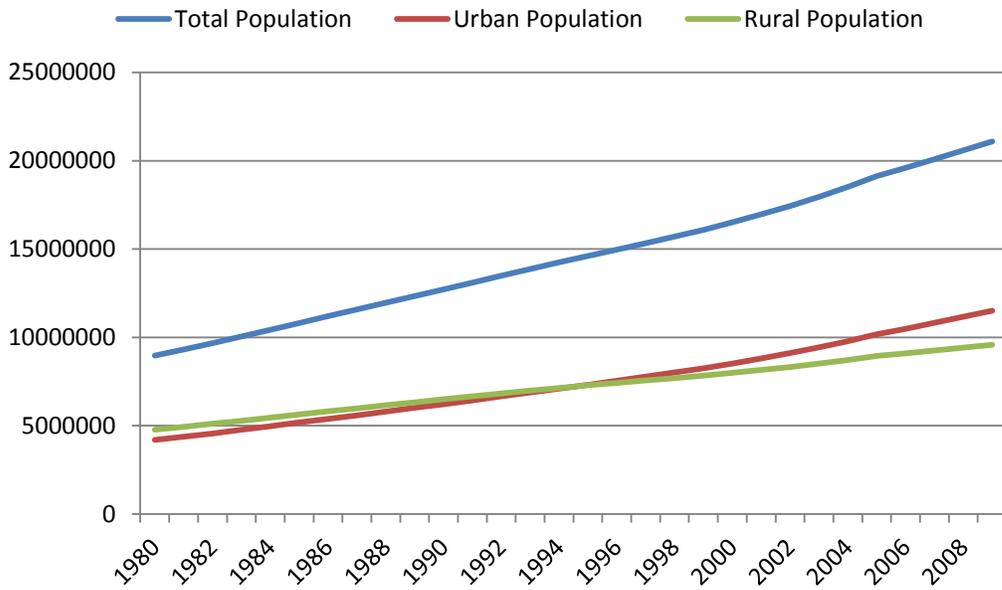
Other challenges include an education system which is not fully prepared to provide quality education and economically relevant skills to the young labor force. Syrian workers appear uncompetitive by regional standards. Major upgrading of the quality of the human resource base is required to take up the challenges of opening up the economy. This includes upgrading the quality of education in schools, professors at universities, vocational training systems, and civil servants to manage the transition.

Like many Middle East and North Africa countries, Syria faces major challenges in terms of environmental and natural resources sustainability. Most water basins are under stress and water deficits are expected to worsen, due to large and unsustainable water usage in agriculture, and

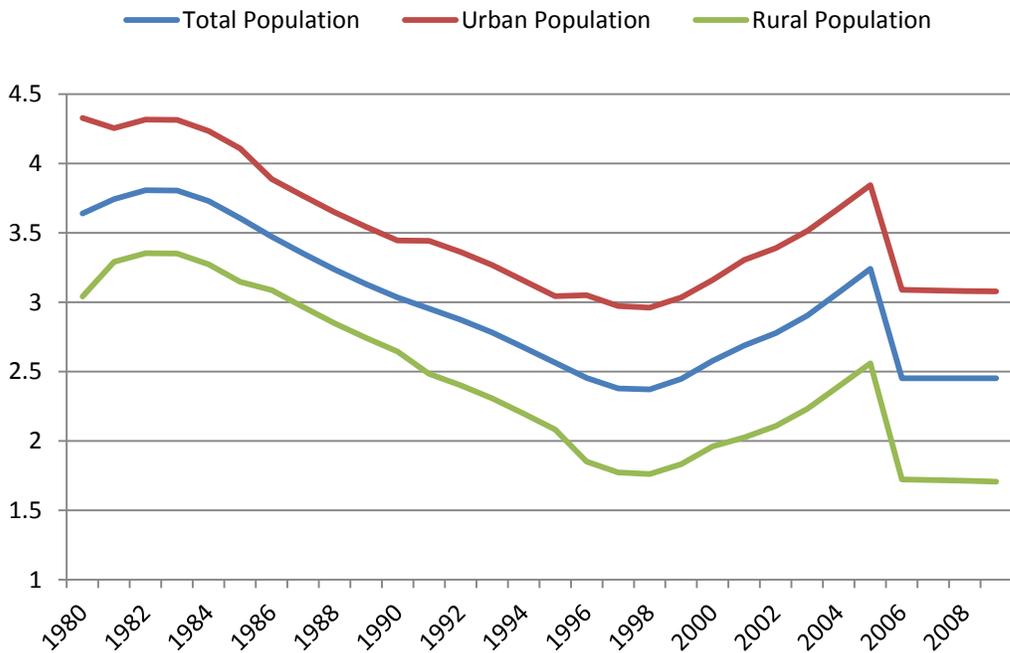
expected rapid increase in urban water demand. Climate change is resulting in a decrease in agriculture production and is adversely affecting the food security target of the Government.”

Figure 35: Syrian Total, Urban & Rural Population, 1980-2009

Syrian Population
(Actual)



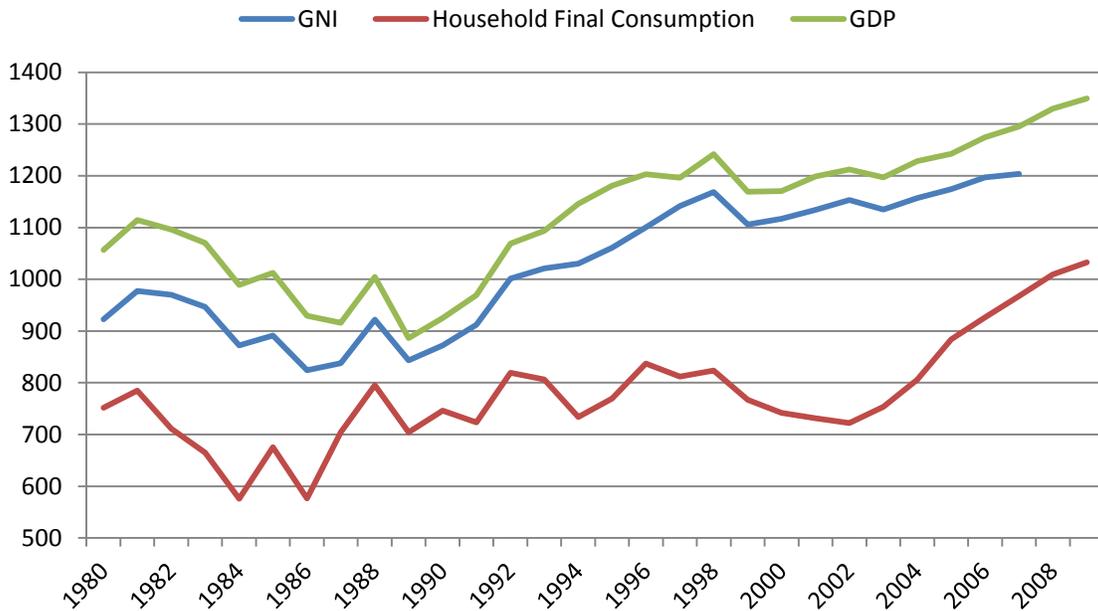
Syrian Population
(Percentage Growth)



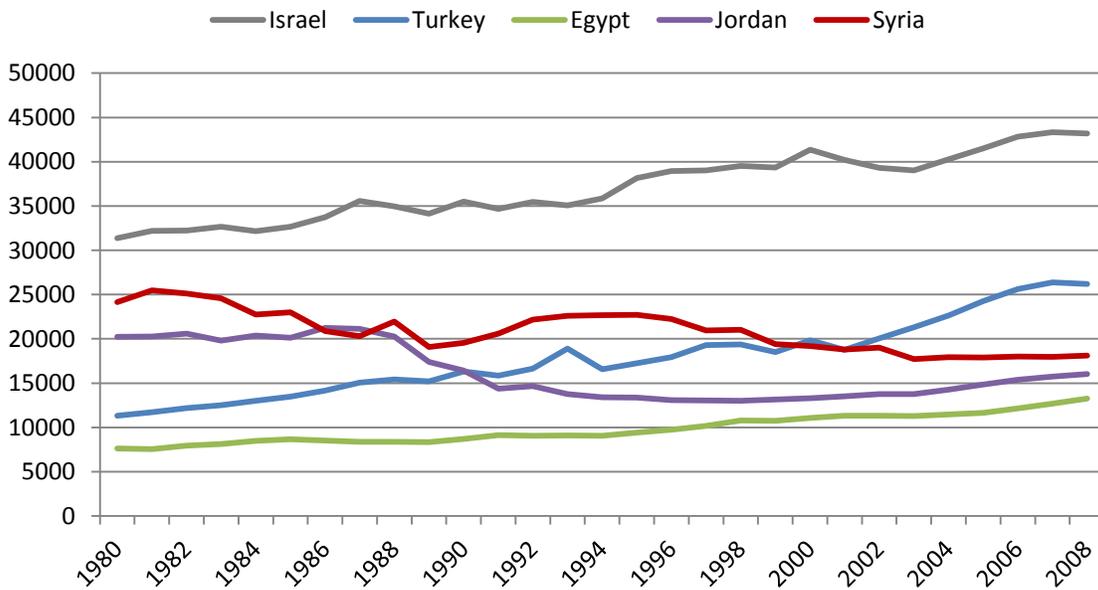
Source: Adapted by Aram Nerguizian from World Bank data.

Figure 36: Syrian Economic Productivity and Regional Trends

Syrian per Capita GDP, GNI & Household Consumption 1980-2009
(Constant 2000 US Dollars)



Regional GDP per Person Employed 1980-2008
(Constant 1999 PPP Dollars)

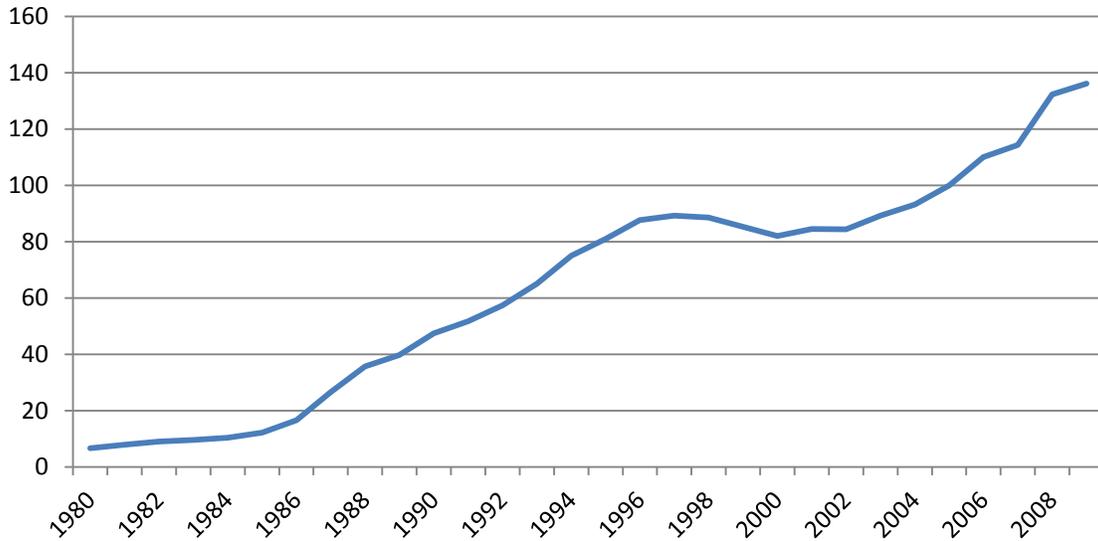


Note: "GDP" is gross domestic product. "GNI" is gross national income. "PPP" is purchasing power parity. Household consumption refers to final consumption is calculated using private consumption in constant 2000 prices and World Bank population estimates. Household final consumption expenditure is the market value of all goods and services, including durable products. It excludes purchases of dwellings but includes imputed rent for owner-occupied dwellings. It also includes payments and fees to governments to obtain permits and licenses. No per person GDP World Bank data is currently available for Lebanon.

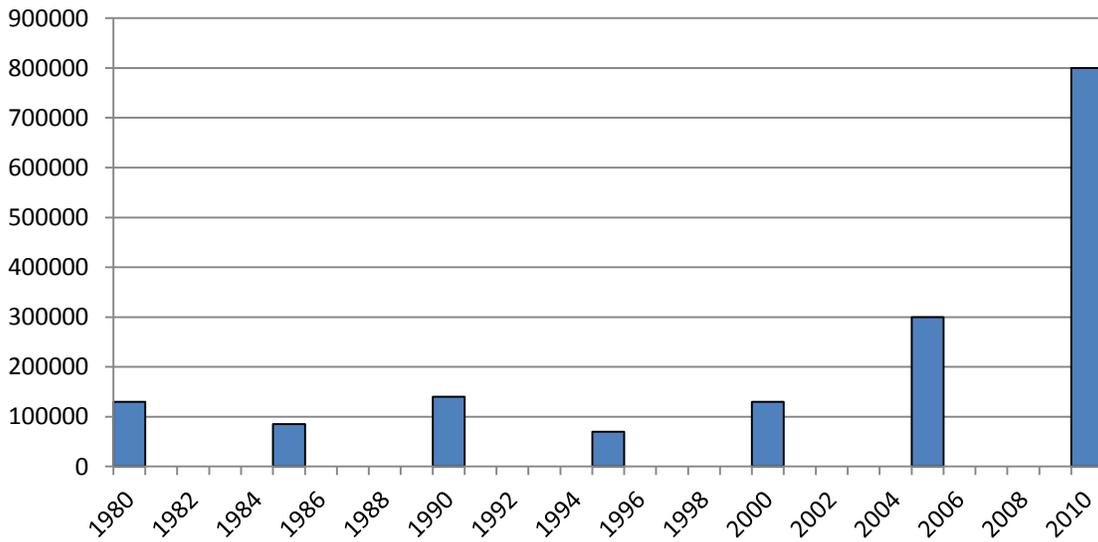
Source: Adapted by Aram Nerguizian from World Bank data.

Figure 37: Syrian Consumer Price and Migration Data

Syrian CPI 1980-2009
(Base of 100 for 2005)



Syrian Migration 1980-2010
(Actual)



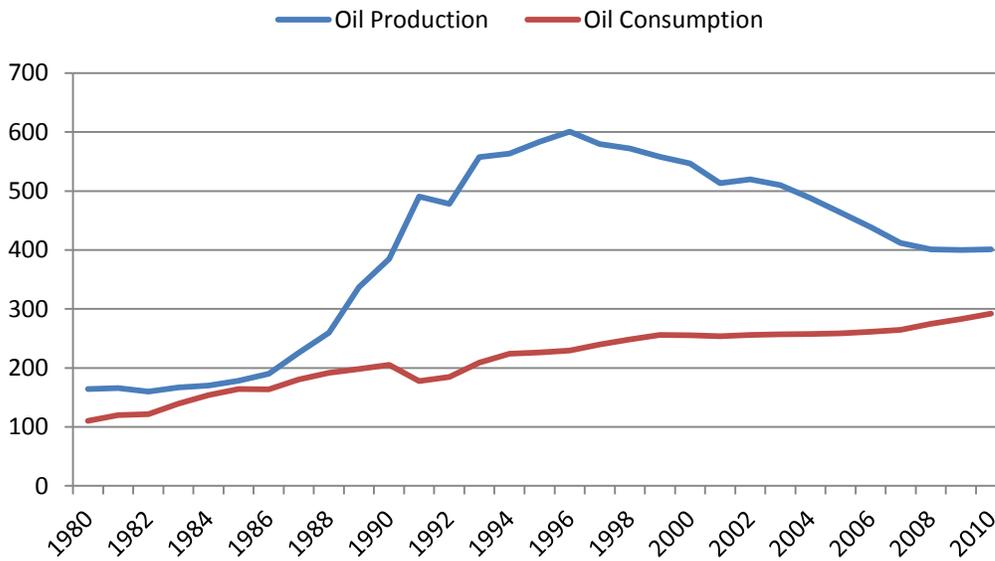
Note: "CPI" is consumer price index. Migration data are estimates and show updates at five year intervals. Actual levels might vary and could be higher.

Source: Adapted by Aram Nerguizian from World Bank data.

Figure 38: Patterns of Syrian Oil Production, Consumption & Exports

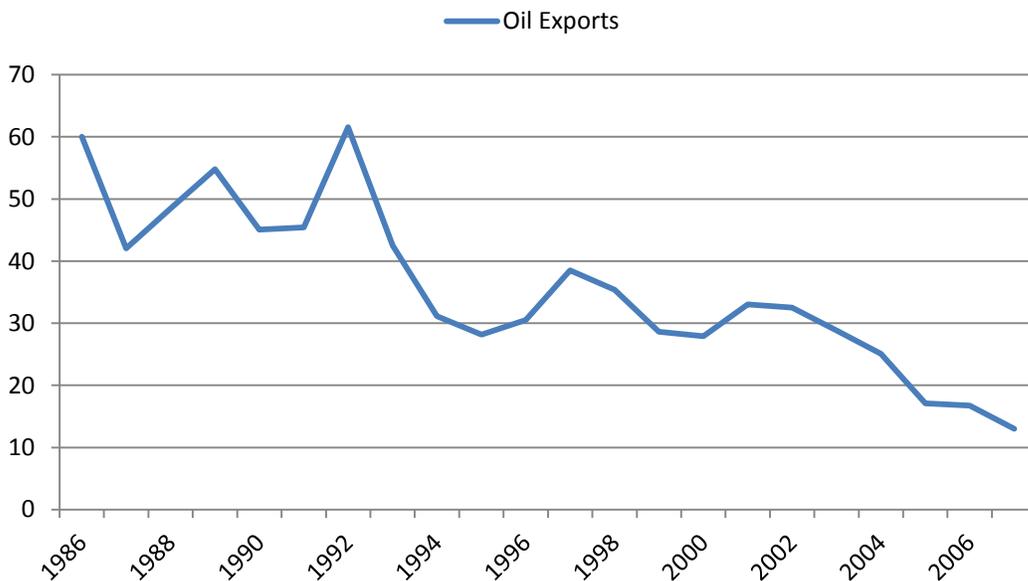
Syria Oil Production & Consumption, 1980-2010

(Thousand barrels per day)



Syrian Oil Exports, 1986-2007

(Thousand barrels per day)



Source: Adapted by Aram Nerguizian from Energy Information Administration data.

The US Response to the Syria Crisis

The US reacted to initial protests cautiously. That the first set of new sanctions came some three months after protests began were indicative of how challenging it was from a policy standpoint to respond to popular protests in Syria. However, regional and European partners have taken their own steps to apply pressure on Syria. EU oil sanctions against Syria were especially critical as imports from Germany, Italy, France, the Netherlands, Austria and Spain accounted for 95% of Syrian oil exports in 2010.⁴⁴³

By the spring of 2011, however, the rise of mass protests and unrest in Syria led the US to take a different path. On balance, the Obama Administration has balanced denouncing the al-Assad regime's brutal crackdown with the need to shape and consolidate an international consensus on the next steps towards the Syrian government.⁴⁴⁴ On August 17, 2011, the US and several major allies, including the United Kingdom, France Germany, called for President Bashar Al-Assad to step aside.⁴⁴⁵

US pressure in terms of rhetoric, sanctions and coordination with Western and Arab allies increased steadily over the 2012 to 2014 period – although the resourcing and options made available by the Obama Administration presented real limits when compared to US rhetoric on Syria. Meanwhile, shaping an effective US response to Syria became more challenging as the US felt compelled to address and reverse territorial gains by the Al-Qa'eda splinter group ISIS – also referred to as the Islamic State – in eastern Syria and western Iraq.

Below is a list of steps taken by the Obama Administration in reaction of the popular upheaval in Syria, including measures against Iranian individuals and organizations for their roles in supporting the crackdown, as well as waivers designed to allow limited transactions between the US and Syria. Much of this list was initially compiled in reporting by the Congressional Research Service based on a broad mix of publically available sources:

- April 29, 2011 – President Obama issued Executive Order (EO) 13572, blocking the property and interests of five high-ranking Syrian officials and organizations. These include President Assad's brother Maher Al-Assad; Ali Mamluk, Director the Syrian General Intelligence Directorate (GID); Atif Najib, the former head of the Syrian Political Security Directorate for Der'a province; the General Intelligence Directorate; and Iran's Islamic Revolutionary Guard Corps – Quds Force.⁴⁴⁶
- May 18, 2011 – President Obama issued EO 13573, which sanctioned President Bashar Al-Assad along with six other high-ranking Syrian officials, including: Vice-President Farouk al Shara; Prime Minister Adel Safar; Minister of the Interior Mohammad Ibrahim al Shaar; Minister of Defense Ali Habib Mahmoud; head of Syrian military intelligence, Abdul Fatah Qudsiya; and Director of Political Security Directorate Mohammed Dib Zaitoun.⁴⁴⁷
- June 29, 2011 – The US Treasury Department added Syrian Head of Air Force Intelligence Jamil Hassan, and the Syrian Political Security Directorate (PSD) to the Office of Foreign Assets Control's (OFAC) specially designated nationals list (SDN), blocking their assets and prohibiting US persons from dealing with them.⁴⁴⁸
- August 4, 2011 – The US Treasury Department added Muhammad Hamsho and his company to the Office of Foreign Assets Control's (OFAC) specially designated nationals list (SDN), blocking their assets and prohibiting US persons from dealing with them.⁴⁴⁹
- August 10, 2011 – The US Treasury Department added the Commercial Bank of Syria, its Lebanon-based subsidiary Syrian Lebanese Commercial Bank, and the country's main mobile phone operator

- Syriatel to the Office of Foreign Assets Control's (OFAC) specially designated nationals list (SDN), blocking their assets and prohibiting US persons from dealing with them.⁴⁵⁰
- August 18, 2011 – President Obama issued EO 13582 directing the US Treasury Department to freeze Syrian assets in the US and banning the import of petroleum products produced in Syria. EO 13582 also prohibits people in the US from operating or investing in Syria.⁴⁵¹ The US Treasury Department also added Syria's General Petroleum Corporation, Syrian Company for Oil Transport, the Syrian Gas Company, Syrian Petroleum Company, and Sytrol to the Office of Foreign Assets Control's (OFAC) specially designated nationals list (SDN), blocking their assets and prohibiting US persons from dealing with them.⁴⁵²
 - August 30, 2011 - The US Treasury Department added Syrian Foreign Minister Walid Mouallem, Syrian Ambassador to Lebanon Ali Abdul Karim Ali, and Syrian Advisor Bouthaina Shaaban to the Office of Foreign Assets Control's (OFAC) specially designated nationals list (SDN), blocking their assets and prohibiting US persons from dealing with them.⁴⁵³
 - September 9, 2011 – The US Treasury Department's OFAC issued four general licenses to Syria to authorize “wind down” transactions, select official activities related to international organizations, and incidental transactions related to US persons residing in Syria.⁴⁵⁴
 - September 27, 2011 – The US Treasury Department's OFAC issued a general license to authorize third-country diplomats and consular funding transfers and to permit certain services to support nongovernment organizations operating in Syria.⁴⁵⁵
 - October 3, 2011 - The US Treasury Department's OFAC issued two general licenses to authorize payments linked to over-flights and emergency landing and transactions with regards to telecommunications in Syria.⁴⁵⁶
 - December 1, 2011 – The US Treasury Department added Muhammad Makhluaf, an uncle of Bashar al-Assad and economic advisor to the Assad family, as well as the Syrian Military Housing Establishment and Real Estate Bank, to the Office of Foreign Assets Control's (OFAC) specially designated nationals (SDN) list, blocking their assets and prohibiting US persons from dealing with them.⁴⁵⁷
 - February 16, 2012 – The US Treasury Department added the Iranian Ministry of Intelligence and Security to the Office of Foreign Assets Control's (OFAC) specially designated nationals (SDN) list, blocking its assets and prohibiting US persons from dealing with it.⁴⁵⁸
 - May 1, 2012 – President Obama issued EO 13608, prohibiting transactions with and suspending entry into the United States of foreign sanctions evaders with respect to Iran and Syria, which expanded the Treasury Department's ability to act against persons or organizations deemed to be acting on behalf of sanctioned entities in Iran and Syria.⁴⁵⁹
 - May 30, 2012 – The US Treasury Department added the Syria International Islamic Bank (SIIB) to the Office of Foreign Assets Control's (OFAC) specially designated nationals (SDN) list, blocking its assets and prohibiting US persons from dealing with it. The Treasury claims the SIIB acted as a front for the Commercial Bank of Syria, facilitating almost \$150 million in financial arrangements for the Commercial Bank of Syria from 2011-2012.⁴⁶⁰
 - August 10, 2012 – The US Treasury Department announced that it was designating Hezbollah to the Office of Foreign Assets Control's (OFAC) specially designated nationals (SDN) list, for providing support and aid to the Assad regime; Syrian state-run oil company Sytrol was also targeted in the latest round of sanctions.⁴⁶¹

- August 14, 2012 – The US Treasury Department removed former Syrian Prime Minister Riyad Hijab from the Office of Foreign Assets Control's (OFAC) specially designated nationals (SDN) list in the wake of his defection to the opposition from the Assad regime.⁴⁶²
- December 4, 2012 – NATO announced that it would deploy *Patriot* missile defense batteries to areas in Turkey in presumed need of defense against potential Syrian *Scud*, other ballistic missile or CW attacks. The US Germany and the Netherlands planned to contribute the batteries and operational teams which would be deployed at three at Gaziantep, Karamanmaras, and Adana.⁴⁶³
- December 10, 2012 – the US Department of State designated Jabhat al Nusra, a Salafi-Jihadist militia and reported affiliate of Al Qaeda in Syria, as a Foreign Terrorist Organization (FTO), indicating that the group not only threatened US interests in the short term by the effects of fighting in Syria, but that the US could be threatened over the long term by the empowerment of extremist groups in Syria.⁴⁶⁴
- February 28, 2013 – US Secretary of State John Kerry announced an initiative to provide US non-lethal support to the Syrian Opposition Coalition (SOC) and local opposition groups inside Syria. US assistance to the SC and other opposition groups seeks to increase the opposition's capacity and credibility. To date, the Obama Administration and Congress have repurposed \$250 million to support opposition groups and provide assistance in opposition-controlled areas of Syria.⁴⁶⁵
- April 17, 2013 – the US Defense Department announced that it would deploy an Army headquarters element (est. 200 personnel) to Jordan to help local forces defend their border with Syria. The Defense Department noted that US troops dispatched to Jordan would provide training and equipment to Jordanian forces to detect and stop chemical weapons transfers along Jordan's border with Syria, and develop Jordan's capacity to identify and secure chemical weapons assets.⁴⁶⁶
- June 13, 2013 – In response to reports that Assad forces had used chemical weapons in limited operations in the Spring of 2013, the Obama Administration decided to expand US assistance to the Supreme Military Council (SMC)⁴⁶⁷ Further reports indicated that US support would be provided via the Central Intelligence Agency, including small arms, ammunition, and limited numbers of anti-tank weapons and training.⁴⁶⁸
- May 7, 2013 – US Secretary of State John Kerry and Russian Foreign Minister Sergey Lavrov announced that the United States and Russia would cooperate to convene an international conference aimed at reaching a political settlement.⁴⁶⁹
- June 12, 2013 – the US government announced a partial waiver of pre-existing Syrian Accountability Act sanctions restricting exports to Syria to allow, subject to case-by-case review the export and re-export of certain items to rebel controlled areas. The items available to be license under the sanctions change were commodities, software, and technology, including but not limited to those related to water supply and sanitation; agricultural production and food processing; power generation; oil and gas production; construction and engineering; transportation; and educational infrastructure.⁴⁷⁰
- August 30, 2013 – the White House released an unclassified summary of the US intelligence community's assessment of the Syrian government's mass use of chemical weapons on August 21. Among other things, the assessment determined that 1,429 people were killed in the chemical weapons attack, including at least 426 children.⁴⁷¹
- August 31, 2013 – the Obama Administration submitted a draft resolution requesting that the US Congress authorize the use of force for military operations “against Syrian regime targets” to “hold the Assad regime accountable for their use of chemical weapons, deter this kind of behavior, and degrade their capacity to carry it out.”⁴⁷²

- April 8, 2014 – US Deputy Assistant Secretary of Defense for Countering Weapons of Mass Destruction Rebecca K.C. Hersman said that the Cooperative Threat Reduction (CTR) program had allocated \$160 million to support the effort to eliminate Syria's CW holdings. DoD's CTR program also accepted \$19 million in contributions from Germany, the UK, and Canada to assist with CTR programs, including the effort in Syria. Since the bulk of this funding was spent preparing the *MV Cape Ray* and equipping inspectors, the budget request for FY2015 is less than what was spent this past year—\$15.7 million for technical expertise and resources to support the U.N.-OPCW Joint Mission in FY2015.⁴⁷³
- September 10, 2014 – President Barak Obama informed the US public that he had granted the US military authorization for the first time to conduct future airstrikes against ISIS targets in Syria. The Obama Administration also requested that the US Congress authorize \$500 million to train and equip “vetted” Syrian rebel factions and fighters to fight ISIS. The train and equip effort would take place sites in the region, including Saudi Arabia. The US government also added that it would cooperate or coordinate with the Assad regime on attacks against ISIS.⁴⁷⁴
- September 11, 2014 – At a meeting of foreign ministers in Jeddah, Saudi Arabia, Washington announced the formation of a coalition that included the Gulf Cooperation Council states, Egypt, Iraq, Jordan, Lebanon and the US with the intent of opposing “the threat posed by all terrorism, including the so-called Islamic State in Iraq and the Levant (ISIL), to the region and the world.”⁴⁷⁵ Neither Assad's Syria nor its regional ally Iran were invited to join the so-called anti-ISIS coalition.⁴⁷⁶

Challenges to Formulating a Decisive US Response

While it is tempting to draw conclusions about the Obama Administration's overall approach to the crisis over the 2011 to 2014 period, the challenges and regional reverberations associated with deepening instability from *within* Syria were a source of great division in Washington policy circles as well as within the US government.

Calls for the US to either intervene militarily or to provide military aid in support of Syrian opposition groups have escalated steadily since late 2011 steadily through 2013 with Libya often invoked as the template for a response to events in Syria. Moral and humanitarian grounds for shaping a US policy response were often cited. However, whether or not the US was willing to deepen its involvement in Syria and engage in protracted proxy warfare with Iran was the true geopolitical question.

US experiences in Iraq from 2003 to the present and Lebanon in 1982-1984 may be more useful than comparing Syria to Libya. Both countries, like Syria, had sectarian and other internal divisions and were close to the epicenters of regional Arab-Israeli and inter-Arab politics. Both countries also served as regional arenas for competition between the US and its regional allies on the one hand and Iran on the other. Like Iraq, instability and change in Syria will have significant consequences not only for US-Iranian competition, but also on the regional balance of power in the Levant and the stability of states like Iraq, Israel, Jordan, Lebanon and Turkey.

The US Department of Defense was especially cautious with regards to events in Syria with indications that at least parts of DoD were uneasy with official US calls for Assad's ouster, given signs the Assad regime continued to enjoy the support of key minority groups, a resilient and loyal security apparatus and acquiescence from the country's Sunni business community and Ba'ath Party membership.⁴⁷⁷

Even with an increasingly capable array of opposition forces, US military planners remained deeply concerned about the sheer scale of Syria's military forces, the lack of unity of the opposition, its uncertain and increasingly radical ideology, and the risk of religious extremist and sectarian conflict. They remained worried that what might start as a limited intervention to avoid further regional instability could lead to mission creep, a major conflict with significant casualties, and collateral damage, as well as further complicate an already nation-wide civil conflict along sectarian lines.

Both US military and State Department planners were deeply concerned about inserting secular US forces into an Arab internal conflict in an area where US ties to Israel are far more important than was the case in Libya, doing so without Arab nations being in the lead, and doing so without the support of the UN and NATO. They feared that unless the US supported from behind efforts led by Arab states and Turkey, US action could be portrayed as supporting Israel and used to discredit the Syrian opposition – particularly what remains of more moderate and secular elements.

There was still no tangible consensus in the US in 2014 on what should be the official response after three years of unrest and more than 170,000 Syrian casualties. Congressional testimony on March 7, 2012 by Secretary of Defense Leon Panetta and Chairman of the Joint Chiefs of Staff General Martin Dempsey on the risks of intervening in Syria seemed to indicate that the US hoped to avoid getting embroiled in yet another unstable and divided Middle Eastern state in the throes of what could be a decade of socio-economic instability, political unrest and civil war.⁴⁷⁸

Later on July 22, 2013, the chairman of the Joint Chiefs of Staff, General Martin E Dempsey presented the US Senate Armed Services Committee with the first publicly releasable military assessment of the challenges that would have been associated with military intervention in Syria. Within his testimony, General Dempsey noted before a cost and war-weary Senate that that long-range strikes on the Syrian military targets would require “hundreds of aircraft, ships, submarines and other enablers,” and could cost “in the billions.”⁴⁷⁹

While many saw the US walking back from potential airstrikes in Syria in September 2013 as a sign that the US may be hedging its position on the Syria conflict, General Dempsey's July 2013 remarks may have been a key moment that reflected the broader internal trend within the US military with regards to Syria.⁴⁸⁰ Meanwhile, as the radical Salafi Jihadi group ISIS shifted much of its focus between December 2013 and June 2014 to taking control of territory spanning eastern Syria and western Iraq, so too did much of how and why the US was focusing both on Syria and the rise of extremist groups across the broader Levant.

Regardless of how and why ISIS became the region's leading transnational threat in 2014, the Obama Administration felt in 2014 that the group posed a threat that neither the US nor its allies could ignore. ISIS threatens the stability of Iraq and Syria, but also key allies in the GCC – including Saudi Arabia – and neighboring Levant states like Jordan and Lebanon. Unlike Assad's Syria in the fall of 2013, the US government felt the need to conduct airstrikes against ISIS targets in Iraq throughout August and September 2014, and stood ready to conduct strikes against ISIS targets in late September 2014.⁴⁸¹

The Challenge of Responding to the Possible Use of Chemical Weapons

In what may or may not have been an off-scripted remark on August 19, 2012, President Obama indicated that any movement or use of chemical weapons (CW) by the Assad regime would change his administration's "calculus," possibly triggering some form of US intervention in Syria.⁴⁸² Just over a year later on August 30, 2013, the Obama Administration asserted with "high confidence" that the Assad regime was behind an August 21, 2013 chemical weapons attack against civilian-populated area in rebel-controlled parts of Damascus. The Administration requested that the US Congress authorize the use of force for "limited" military operations against selected Syrian targets.

However, in the wake of the Russian initiative to disarm Syria's CW capability described earlier, the Obama Administration requested that US lawmakers suspend their formal considerations or proposed legislation to authorize the use of force in Syria. Throughout the crisis, US foreign policy was largely concentrated either on finding a political solution to the conflict, or finding ways to pressure Assad to make political concessions – possibly through the training and equipping of select rebel factions. However, in the immediate aftermath of the Russian proposal, the attention of the Obama Administration shifted almost completely to the narrow issue of Syria's chemical weapons.

As was shown earlier, a sub-section of chapter four described both how the US and Russia reached a 2013 agreement on disposing Syria's CW holdings, and subsequently how key states went about eliminating Syria's stockpile. Singling out chemical weapons all but ensured that any effort to get rid of Syria's CW capability would become a form of political warfare. Even the best resolution and enforcement attempts could not have stopped Assad from benefiting from a stalling exercise that bought him time to use other weapons against the rebels, and lead most states to concentrate on chemical weapons rather than the overall impacts of the civil war. More critically in Syria, in dealing with Iran or in any interaction with states that oppose US foreign policy prerogatives, how the Obama Administration handled the August 2013 crisis may have sent an unintended and inaccurate message about America's willingness or lack thereof when it comes to the selective use of military power – a message that may or may not have been corrected in the wake of August 2014 strikes against ISIS militant positions in Iraq.

The Geopolitical Contest Over Syria

The Gulf Cooperation Council (GCC) states – led by Qatar, Saudi Arabia and the UAE – continued to provide financial and military support to mostly Sunni opposition forces inside Syria in 2014. This was driven by a desire to weaken the Assad regime, Iran's sole Arab state partner and a key way station for Iranian support to Hezbollah in Lebanon.

Facilitating arms transfers and weakening Assad forces through attrition would have been one way that Assad's Gulf opponents could have undermined his rule in Damascus much of the analysis on the exact nature of transfers to the Syrian armed opposition remained uncertain, albeit with enormous amounts of unsourced and unofficial reporting on the transfer of increasingly capable ATGMs and MANPADs. This issue is discussed in some details in a section on transfers of mobile weapons systems from Libya in analysis provided in chapter thirteen on this report.

Another factor driving Gulf policy choices included appeasing populations that increasingly saw events in Syria – as well as dynamics in Iraq and Lebanon – through the lens of Sunni-Shi'a regional competition. A third factor – which was described in great detail in chapter five of this study – and was a unique opportunity to shape the regional balance of power at a time when the three traditional pillars of inter-Arab politics – Egypt, Iraq, and Syria – were either unstable or unable to shape regional events.

These increased levels of involvement in Syria's internal dynamics by the Gulf states were matched if not exceeded by Iran. For Iran, the risks of losing the friendly Assad regime could have included at least a partial loss of its ability to influence the Arab-Israeli conflict or to provide support via Syria to militant Palestinians and Iran's Shi'a allies in Lebanon. Iran is providing assistance to the Assad regime as it tries to suppress an insurgency that is enjoying growing levels of external support.

As analysis on Iranian interests in Syria in chapter two of this study clearly showed, there was growing evidence over the 2012 to 2014 timeframe that the IRGC's Quds Forces, aided by Hezbollah are actively training and equipping mainly Alawite and Shi'a irregular forces into what could be a deeply ideological *Jaysh al-Shaab* or "People's Army" meant to take pressure of Syrian regular forces and fight for the interests of the Alawite community and other allied factions in Syria. There were also indications that the force could be modeled on Iran's own Basij militia.⁴⁸³

The development of such a force along such basic sectarian lines was but the latest factor to make a stable future for Syria an increasingly unlikely outcome as the conflict drags on over time. It also means that the strategic choices of Iran and its chief ally in the region Hezbollah are evolving. While "Plan A" is to try and maintain Assad in power and fend off his local and regional opponents, "Plan B" in the event Assad falls seems to be the prevention of the emergence of a stable Syria under Sunni rule in Damascus.⁴⁸⁴

The Military Dimension of Syrian Instability

The US had used limited covert or overt arms sales and military aid to Syria to compete with Iran since at least July of 2013. Covert aid presents the problem that it could fall into extremist hands. Overt aid could only occur if Assad fell and a suitably favorable new regime emerged in Syria. In the meantime, both the Assad regime and its opponents are evolving and devising new strategies and tactics in the hope of shaping relative success in Syria's civil war.

Figure 39 shows an ever shifting and uncertain representation of areas controlled either by the Assad regime or its opponents in mid-2014. The amount of territory controlled says little about who may or may not be winning. Assad forces may have lost much of eastern Syria, but they do still control an area of Syria that contains the bulk of the country population and major cities – including Damascus, much of Aleppo and the coastline.

While the exact capabilities of this system are uncertain, unclassified sources report that it is a short to medium range ground based air defense system, with automatic anti-aircraft guns and surface-to-air-missiles which have radar or optical target-tracking and radio-command guidance. It is used to provide protection for civil and military point and area targets, for motorized or mechanized troops up to regimental size, and as part of a layered air defense systems providing close in defense for longer range systems like the S-300PMU-2/ SA-10 *Grumble* or the S-400/SA-21 *Growler*.⁴⁸⁶

The *Pantsyr-S1E* is claimed to be able to hit targets with at least a radar cross-section of 2 cm² to 3 cm² and with speeds up to a maximum of 1300 meters/second within a maximum range of 20,000 meters and heights up to 15,000 meters. The system is claimed to be able to defend against stealth aircraft, cruise missiles, and precision guided weapons, although some of these claims seem more hype than real.

Such Iranian support for Syrian arms acquisition was possible. Iran had a vested interest in ensuring that its core regional ally has at least some modern systems to offset the substantial qualitative edge of the IDF and to ensure that the bulk of the burden of confronting or defending against Israel is not solely on the shoulders of Hezbollah. Syria for its part benefited from its alliance with Iran as a means of allocating external resources to bolster its balancing approach in the region.

Syria's relations with Russia, however, were the key to Syrian progress. Syria used to rely on substantial levels of Soviet assistance during the Cold War, but saw arms deliveries decrease from \$2.6 billion in 1987 to \$52 million in 1994 as a result of the collapse of the Soviet Union. By 2005 Syria also owed some \$13.4 billion in debt to the Russian Federation, compounding efforts to continue force recapitalization.

Syria responded by attempting to cement its relationship with Iran while continuing efforts to obtain Russian assistance at or near Cold War levels. In 2005, Russia agreed to write off 73% of Syria's debt, opening the prospect of renewed arms sales. Russia has been keen to reassert its influence in the region, committing to provide Syria with some \$300 million in aid over a three year period starting in 2008.

However, it was increasingly unclear, whether Moscow would emerge as a future source of funds, equipment, and training for a politically unstable and cash-strapped Damascus. Russia had yet to disrupt the regional balance by providing either Syria or its ally Iran with the sophisticated long range SAM systems, such as the S-300PMU-2/ SA-10 *Grumble* or the S-400/SA-21 *Growler* that would make a major difference in the air balance, and seriously erode Israel's "edge" and US capability to intervene.

Given the fact that the bulk of agreements with Russia were made in 2007, it remains to be seen whether Syria has found a reliable arms supplier in the longer term. Even with renewed Russian support, it is doubtful that external support for Syrian expenditures will reach pre-1992-levels. Meanwhile, as analysis in chapter three showed, events in Russia may have evolved in ways in 2014 that did not favor Syria's bid to augment its long range air defense holdings. An August 11, 2014 report by Russian news agency *Ria Novosti* seemed to indicate that Moscow was ready scrap the sale and delivery of S-300P complexes to Syria altogether.⁴⁸⁷ In any case, the question will become moot or enter true uncertainty

if the Assad regime was to collapse and new forces manage to consolidate their authority in a post-Assad Damascus.

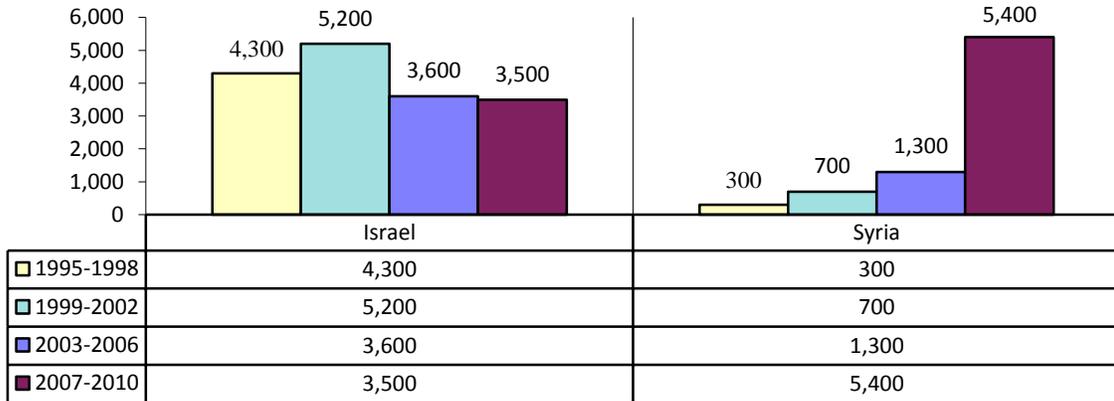
Unrest in Syria prompted much debate and discussion of a military option to end the Assad regime's security crackdown against an increasingly militarized protest movement. At the international level, Russia had signaled that intervention in Syria was a foreign policy red line and in December 2011, reports emerged that Russia had provided Syria with its sophisticated and lethal long range SSC-5 *Bastion* radar guided anti-ship cruise missile (ASCM) coastal defense system based on the SS-N-26 *Yakhont* supersonic ASCM.⁴⁸⁸

These two systems were not suited to giving Syria new capabilities to deal with its internal opponents. Instead they impacted the prospects and costs of outside US or European intervention if it came by sea. Delivery of the *Bastion* signaled Russia's support for its regional ally and constituted a significant statement from Moscow with ramifications for the regional military balance. If Russia were to provide Syria with much-delayed major SAM systems – such as export variants of the S-300 or the S-400 strategic SAM systems – that would constitute yet another signal that further intervention in Syria was a red line.

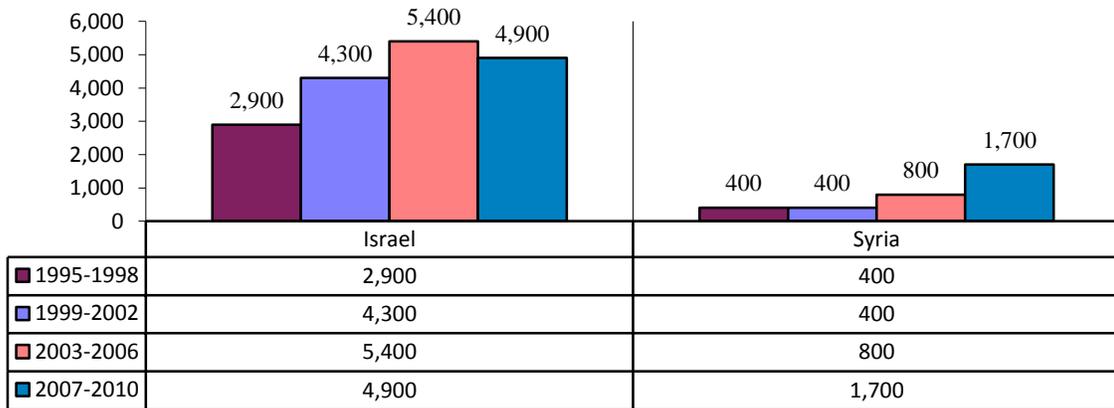
Multiple sources report that Russia delivered unspecified numbers of *Yakhont* ASCMs to Syria in December 2011 to fulfill the \$300 million deal.⁴⁸⁹ The *Yakhont* was capable of reaching a maximum speed of Mach 2-2.5, and could deliver a 200 kg warhead out to a range of 300 km with a “hi-lo” high altitude trajectory and a range of 120 km on a “lo-lo” sea-skimming trajectory. Unlike most other anti-ship missiles, the *Yakhont* relied on passive homing for the majority of its flightpath and only resorted to active tracking in the final stages of flight. Coupled with its speed and low altitude approach, the *Yakhont* would have significantly reduced warning time, thereby increasing the vulnerability of ships offshore to attack.⁴⁹⁰

Figure 40: Syrian-Israeli Arms Agreements and Deliveries: 1995-2010
 (\$U.S. Current Millions)

New Agreements: 1995-2010:



New Deliveries: 1995-2010:



Source: Richard F. Grimmett, *Conventional Arms Transfers to the Developing Nations*, Congressional Research Service, various editions.

The Transformation of the Manpower Structure of Pro-Assad Syrian Forces

As was mentioned in chapter three, the 2011-2014 uprising and insurgency in Syria forced Syrian ground forces, and manpower in general, to either adapt or die. By early 2013, a major force transformation was had having to learn or re-learn how to fight an insurgency in the urban battlefield. Ground operations and artillery mass fires were used in rotation, large units were divided up into smaller nimbler units, ineffective and ageing leadership were sidelined, and new or emerging junior officers began to take on greater operational responsibility. Meanwhile, the once-critical issues of attrition by defection or desertion had not slowed to a trickle as Syrian military personnel were forced to reassess any future role in an armed uprising increasingly dominated by Salafi-Jihadi groups.⁴⁹¹

Gone were the days when the Syrian Army was made up largely of unwitting conscripts with potentially questionable loyalties. By late 2013, manpower seemed to have stabilized at roughly 50% of its pre-war fighting strength with casualties being replaced by loyalist recruits, volunteers, and manning from otherwise low-strength units on the path to being disbanded or merged with larger and more capable units. Army personnel continued to receive their full salaries and even were allowed to rotate out on leave.⁴⁹² In short, 100,000 to 150,000 loyal troops tested in battle over more than two years of fighting are arguably more lethal than the 300,000-strong Syrian military in 2010, complacent after some 30 years of sitting idle along the Golan Heights.

In addition to the restructuring of existing units, new forces were also brought online, or created from existing militia or paramilitary forces. Supporting by funding from Iran, the Assad regime deployed a new unit branded the National Defense Force (NDF). An amalgam of different locally sourced pro-regime militias, NDF recruits were drawn all but exclusively from the Alawite community and other minority sects that had tied their fates to Assad. Many of the so-called *Shabiha* organizations – most of which were composed of Alawites – were gradually absorbed into the NDF while other units – like the Popular Front for the Liberation of Iskenderun – were reported to maintain their relative autonomy.⁴⁹³

Unlike conventional and elite units in the standing Syrian Army, units under the NDF were less costly to bring online and send into action, were principally intended to conduct rear guard maneuvers, and proved useful to localized intelligence collection operations and the contribution of localized fighting groups. Together with now-transformed and battled hardened elite units, the regime was able to push back rebel forces built up in eastern and southern Damascus, participate in operations to re-establish control of the sensitive Qusayr region linking Lebanon and Syria, retake much of Homs, and consolidate efforts in partnership with Hezbollah to close the Lebanese-Syrian frontier – a key thoroughfare for fighters, money and weapons for forces battling Assad.⁴⁹⁴

As was discussed in chapter two, former IRGC General Hussein Hamedani in May, 2014, commented publically on Iranian and Syrian plans to establish a new organization in Syria based on the model of Lebanese Hezbollah. Hamedani also noted that the Syrian government was integrating new manpower strategies against their asymmetric opponents, including the formation of 42 separate groups, 128 battalions, and some 70,000 Alawite, Sunni and Shi'a fighters to bolster the Assad regime.⁴⁹⁵

The Armed Opposition & Syria's Escalating Civil War

How the armed opposition in Syria evolved between 2011 and 2014 played a critical role in shaping the eventual emergence and consolidation of more radical Salafi Jihadist organizations, like the Jabhat al-Nusra (JAN) and the Islamic State in Iraq and al-Sham (ISIS). These patterns also had implications that went well beyond Syria, impacting Iraq and – as a latter sections in this chapter will show – instability and violence in neighboring Lebanon and Egypt

More than three years after the start of a largely peaceful protest movement calling for the exit of President Assad, local and external Syrian groups largely failed to create a unified opposition group, refute accusations of overrepresentation by Sunni and Muslim Brotherhood factions, attract meaningful Alawite representation, or allay the fears of Christians and other minority groups.

Meanwhile, Assad's unrelenting and brutal security response, the mobilization of sectarian dividing lines, and growing competition over Syria by regional and international states supporting either Assad or his opponents served to harden and metastasized the opposition. By mid-2013, traditional and more moderate political opposition groups were all but completely marginalized in the wake of the near-complete militarization of the battle for Syria, and by mid-2014, even more hardline Islamist factions were struggling between the Assad regime and its allies on the one hand, and the ISIS in eastern Syria and Iraq on the other.

The majority of the armed Syrian opposition consisted of rural Sunnis who did not benefit from the economic windfalls of Bashar Al-Assad's reform initiatives. Even in major urban centers like Aleppo and Damascus – recent frontlines in the battle between the regime and its opponents – the insurgency gained footholds in predominantly poorer peripheral neighborhoods that saw a steady influx from the rural periphery to city over several decades.⁴⁹⁶

There were no clear or reliable metrics on the size and scale of the armed Syrian opposition. In August 2012, Colonel Riad al-Asaad, then a leading figure in the leadership structure of the FSA, claimed that the organization stood at more than 100,000 men, including some 1,500 defected Syrian Army officers.⁴⁹⁷ There was little to qualify this overall number – which is disputed by other figures – and there were other estimates of individual groups within the broader insurgency. What is all but certain is that there are more than 200 individual armed groups fighting against the Assad regime now with total men under arms numbering in the mid-to-high tens of thousands.⁴⁹⁸

In September 2013, an IHS *Jane's* estimate presented an updated estimate on manpower of major factions aligned against the Assad regime and its regional allies from Iran, Iraq and Lebanon totaling an estimated 100,000 to 120,000 fighters.⁴⁹⁹

There was no single insurgency in Syria, let alone a unified and cohesive Free Syrian Army. It is also important to distinguish between the “Free Syrian Army” – a primarily exiled organization constituted in Turkey and in Jordan and based on defected Syrian Army officers, NCOs and enlisted men – and the “Free Syrian Army franchise” – a moniker and identifier taken on by many if not most of the insurgent groups in Syria. All but the most extreme and ideologically driven Islamist units subscribe to the FSA title in one form or

another, and while that can be a vehicle to bolster external attention and possibly support for the insurgency, it does little to clearly articulate in definitive ways current command structures or clarify who the insurgents are and where they want to take Syria.

In addition to adhering to the FSA franchise, insurgent elements regularly referred to themselves as brigades, regiments and battalions. However, here too there is no uniformity of structure, no standard for chain of command, and a very broad spectrum of organizations and leaders. In addition, given that increasing numbers of fighters were civilians with limited military let alone political experience only months ago, these groups also vary wildly in terms of ideology and political orientation, if and when either do exist.

While some of these groups did prove themselves operationally and tactically in action against Assad forces, one cannot easily ignore their origins and socio-economic or communal makeup. Once again, the demographics are predominantly Sunni, and most fighting units are local forces hailing from specific provinces, let alone towns and villages. In this regard, many if not most insurgent groups in Syria started out – and in many cases still were – local militias in what has become a national struggle; a feature of Syria’s civil war that draws stark parallels with previous and ongoing struggles in neighboring Lebanon and Iraq.

Given the speed with which Syria’s civil war is evolving and questionable metrics in the open source, trying to prescribe a clear ideological color to specific fighting groups is at best an educated “guesstimate.” As the previous sections have shown, what cannot be denied are the successes of – and the dangers posed by – the increasingly influential fighting units that are either linked to or support the ideology of Al-Qa’eda. Even if external support to moderate or less ideological factions were more forthcoming earlier in the crisis, porous borders and a brutal minority-dominated regime crackdown on a Sunni majority all made Syria fertile ground for radical and jihadi activity by groups like ISIS and the Nusra Front.

The Emergence of the Nusra Front

While the US is opposed to Iranian and Hezbollah efforts to shape outcomes in Syria, it has as much reason to oppose and confront the spread of Sunni jihadist elements as well. On December 10, 2012, the US State Department designated the Jabhat al-Nusra or the Nusra Front – a 6,000 to 10,000 strong Al-Qaeda in Iraq affiliate in Syria – a foreign terrorist organization. In late 2012, the Nusra Front was one of the most operationally successful armed groups fighting Assad forces. The US government’s National Counterterrorism Center describes the Nusra Front as follow:⁵⁰⁰

“Al-Nusrah Font is one of the most capable al-Qa’ida-affiliated groups operating in Syria during the ongoing conflict. The group in January 2012 announced its intention to overthrow Syrian President Bashar al-Asad’s regime, and since has mounted hundreds of insurgent-style and suicide attacks against regime and security service targets across the country. The group is committed not only to ousting the regime, but also seeks to expand its reach regionally and globally. Initially, al-Nusrah Front did not publicize its links to al-Qa’ida in Iraq or Pakistan.

Al-Qa’ida in Iraq (AQI)—also known as the Islamic State of Iraq (ISI)—played a significant role in founding the group. AQI since 2003 has used Syria as a facilitation hub and transformed this facilitation and logistics network into an organization capable of conducting sophisticated explosives and firearms attacks. AQI leaders since the beginning of al-Nusrah Front’s participation in the conflict had provided the group with personnel and resources, including money and weapons.

For most of early 2013, however, al-Nusra Front and AQI were consumed by a public rift stemming from AQI leader Abu Bakr al-Baghdadi's April announcement of the "Islamic State of Iraq and the Levant" (ISIL), which constituted a de facto public merger of both groups. Al-Nusra Front and AQI have differing agendas in and strategies for Syria, and a public merger between them probably would have undermined al-Nusra Front's autonomy in Syria. In April 2013, al-Nusra Front's leader, Abu Muhammad al-Jawlani, pledged allegiance to al-Qa'ida leader Ayman al-Zawahiri.

Al-Nusra Front's leaders probably have learned lessons from AQI's experiences in Iraq and have sought to win the hearts and minds of the Syrian populace, providing parts of the country with humanitarian assistance and basic civil services. Several Syria-based armed opposition groups cooperate and fight alongside Sunni extremists, including al-Nusra Front, and are dependent upon the groups for expertise, training, and weapons. Al-Nusra Front has managed to seize territory, including military bases and hydroelectric dams in northern Syria.

The group's cadre is predominately composed of Syrian nationals, many of whom are veterans of previous conflicts, including in Iraq. Thousands of fighters from around the world have traveled to Syria since early 2012 to support secular oppositionist groups, although some fighters aspire to connect with al-Nusra Front and other extremist groups. Several Westerners have joined al-Nusra Front, including a few who have died in suicide operations. Western government officials have raised concerns that capable individuals with extremist contacts and battlefield experience could return to their home countries to commit violent acts."

The group's ideology, affiliation to AQI, and the growing presence of Iraqi, Afghan, Libyan and other foreign fighters have all been a source of growing concern in the US that forces such as these might gain an upper hand either in opposition controlled areas or in any post-Assad Syria.⁵⁰¹

It is to be expected that elements in the Syrian opposition may not approve, oppose, or even resent the Nusra Front's designation as a terrorist group. Other hardline insurgent groups, including elements under the umbrella of the FSA, have gone so far as to publically support the Nusra Front in the face of the US terror group designation.⁵⁰²

Efforts to isolate radical elements also coincide with announcements that the US plans to formally recognize the National Coalition of Syrian Revolutionary and Opposition Forces, a recently formed Syrian opposition umbrella organization.⁵⁰³ These steps by the US illustrate the overlapping challenges and complexities that Washington is facing in crafting policy towards Syria. The designation in particular is a clear signal to other elements of the opposition – as well as to potential financial and military backers in the region – that the US cannot and will not idly ignore a far deeper radicalization of an already uncertain future in Syria.

While the designation of the Nusra Front is intended to bolster the perception that the West wants to isolate radical forces and bolster moderates, none of this does anything to address key challenges. These include the fact that Nusra is already very active in northern Syria, and that putting pressure on it does little address the reality that many of the so-called mainstream elements within the FSA franchise that the West, Turkey, and Arab Gulf states hope to support also subscribe – sometimes in form but also in real substance – to similar Islamist and hardline ideologies.

All of these issues illustrate how Syria's internal battle for power sits ever more squarely on a regional Sunni-Shi'a fault lines that neither the Sunni Gulf states, Iran, nor the US can easily ignore. The longer Syria lingers in civil war and political uncertainty, the more likely it seems that the country will emerge as a continuing arena for proxy competition. The US

would then face increasing difficulty in both staying out of and competing with Iran in Syria.

The Shadow of the Islamic State of Iraq & al-Sham

While the Nusra Front was the dominant Salafi-Jihadi group to emerge in Syria in 2012-2013, the emergence of the group known as the Islamic State of Iraq and al-Sham (ISIS) – also referred to as the Islamic State of Iraq and the Levant (ISIL) – has arguably been more critical to the trajectory of the Syria conflict and the stability of the broader Levant and beyond.

ISIS is a Sunni transnational Salafi-Jihadi organization and terrorist group that has operated across much of northeastern Syrian since 2013. ISIS' ideological and institutional origins can be traced back to forces built up and organized by the late Abu Musab al-Zarqawi in Iraq between 2002 and 2006. Originally known as *Tawhid wal'Jihad* (Monotheism and Jihad), the organization was also known as Al-Qa'eda in the Land of the Two Rivers – more commonly known simply as Al-Qa'eda in Iraq or AQI. The US National Counterterrorism Center describes ISIS as follows:⁵⁰⁴

“Al-Qa'ida in Iraq (AQI), also known as the Islamic State of Iraq (ISI) and more recently the Islamic State of Iraq and the Levant (ISIL), was established in April 2004 by long-time Sunni extremist Abu Mus'ab al-Zarqawi, who the same year pledged his group's allegiance to Usama Bin Ladin. AQI targeted Coalition forces and civilians using tactics such as vehicle-borne improvised explosive devices (VBIEDs), suicide bombers, and executions of hostages by beheading and other means, attempting to pressure countries and foreign companies to leave Iraq, push Iraqis to stop supporting the United States and the Iraqi Government, and attract additional cadre to its ranks.

Al-Zarqawi was killed in a US airstrike on 7 June 2006. The new leader of AQI, Abu Ayyub al-Masri, announced in October 2006 the formation of the Islamic State of Iraq, led by Iraqi national Abu Umar al-Baghdadi, in an attempt to politicize AQI's terrorist activities and place an “Iraqi face” on their efforts.

In 2007 AQI's continued targeting and repression of Sunni civilians caused a widespread backlash—known as the Sunni Awakening—against the group. The development of the Awakening Councils—composed primarily of Sunni tribal and local community leaders—coincided with a surge in Coalition forces and Iraqi Government operations that denied AQI its safehavens, restricting the organization's freedom of movement and resulting in a decreased attack tempo beginning in mid-2007.

High-profile attacks in 2009 and 2010 demonstrated not just the group's relevance in the wake of the Coalition withdrawal from Iraqi cities in 2009, but also its efforts to posture itself to take advantage of the changing security environment. Abu Ayyub al-Masri and Abu Umar al-Baghdadi were killed in April 2010, marking a significant loss for the organization.

Abu Bakr al-Baghdadi became AQI's next leader, and the group has continued conducting high-profile attacks in Iraq and has made efforts to expand within the region. Suicide bombers and car bombs during the first half of 2013 caused about 1,000 Iraqi deaths, the highest monthly violent death tolls since 2008. Abu Bakr al-Baghdadi in April 2013 declared the group was operating in Syria and changed its public name to the Islamic State of Iraq and the Levant. When al-Baghdadi announced the creation of the ISIL, he claimed AQI had founded the al-Nusra Front in Syria and that the groups were merging. Al-Nusra Front, however, denied the merger and publicly pledged allegiance to al-Qa'ida leader Ayman al-Zawahiri.

AQI expanded its targeting outside of Iraq in August 2005 by attempting a rocket attack on a US Navy ship in the Port of Aqaba, Jordan, and in November 2005 with the bombing of three hotels in Amman that left 67 dead and more than 150 injured. The group's official spokesperson and its leader in 2012 made vague threats against Americans everywhere. The arrests in May 2011 of two AQI-

affiliated Iraqi refugees in Kentucky highlight the potential threat inside the United States from people associated with AQI.”

Following Zarqawi’s killing in 2006 by US forces, AQI leaders regrouped and reorganized the movement as the so-called Islamic State of Iraq (ISI). ISI was confronted by the so-called “al-Anbar Awakening” of 2006 which pitted tribal groups in Iraq’s Anbar province – backed politically and militarily by the US – against the Jihadi group.⁵⁰⁵ By the time US forces withdrew from Iraq in December 2011, ISI was a severely weakened shadow of its former self. Meanwhile, in the wake of Zarqawi’s demise, a close colleague and fellow militant Jihadi fighter in Afghanistan known as Abu Bakr al-Baghdadi took over leadership of ISI.

Under new leadership, ISI began to rebuild its capabilities and by early 2013, the group had resumed conducting dozens of attacks per month inside Iraq. At the same time, questions began to emerge surrounding the rigidity command and control tying Al-Qa’eda leadership in South Asia to its so-called affiliate in Iraq. Abu Musab al-Zarqawi was notorious for not sharing many of the priorities of Al-Qa’eda’s leadership, especially with regard to the treatment of non-Sunni Muslims – critically the Shi’a. ISI – and later ISIS – under Baghdadi was no different, and flaunted Al-Qa’eda orders to limit the targeting of Shi’a, or attempts to limit the use of excessive and extreme violence.⁵⁰⁶ In February of 2014, Al-Qa’eda went even so far as to completely disavow the group, severing official ties with Baghdadi’s organization.⁵⁰⁷

In April 2013, Baghdadi announced his group’s – by now rebranded as ISIS – intention to merge its forces in Syria and Iraq with those of the Nusra Front – Al-Qa’eda’s official operational offshoot in Syria. The Nusra Front and its international Al-Qa’eda leadership refused to have their forces be absorbed by ISIS under Baghdadi’s leadership. The move underscores a larger challenge across the armed opposition fighting Assad, including Islamist factions: in addition to fighting the regime, by 2013 many fighting groups and factions found themselves increasingly caught within a Darwinian civil war within a civil war.

In July 2013, ISIS attacked Abu Ghraib and Taji prisons in Iraq, freeing hundreds of detained ISI/ISIS members. ISIS continued to focus its military efforts across northern, western and central Iraq, all while consolidating the group’s control over the city and province of Raqqa in Syria. ISIS alienated many of the Syrian factions that had initially welcomed the group’s entry into the Syria conflict, hoping ISIS may tip the balance against Assad. The group’s brutality and methods were such that by early 2014, many of ISIS’ rebel counterparts banded together in an anti-ISIS military campaign – an effort that drew away precious and limited resources away from the war effort against Assad.

While ISIS was expelled from some areas in Syria it had initially controlled, the group nonetheless managed to maintain its hold on Raqqa, Deir el-Zor, and Hasakah provinces. The group also showed little to no sign that its operational capabilities and manpower had been undermined or downgraded as a result of fighting with other militant groups inside Syria. Quite the contrary: in June 2014, ISIS launched a lightning offensive deep into Iraq’s Al-Anbar province – underscoring the militant group’s deadly force, its ability to conduct complex combat operations, and its adeptness at managing and exploiting partnerships with local tribes spread across massive geographic space straddling Syria and Iraq.

Figure 41 shows an estimate of areas where ISIS is operational as well as areas under the direct or indirect control of ISIS as of September 2014. **Figure 41** does not illustrate ISIS's presence in north-east Lebanon where the jihadi group has aligned itself with Jabhat al-Nusra in growing clashes with the Lebanese Armed Forces starting in early August 2014.

At the time of its expanded operations in Iraq in late June 2014, ISIS was estimated to have some 10,000 fighters – including 3,000 to 5,000 foreign fighters.⁵⁰⁸ A more recent September 12, 2014 CIA assessment, meanwhile put the number of ISIS or ISIS-affiliated fighters far higher at between 20,000 and 31,500 fighters across Iraq and Syria – more than three times higher than previous US government estimates. The new CIA estimate also includes more than 15,000 foreign (non-Iraqi and non-Syrian) fighters, including some 2,000 fighters from Western countries.⁵⁰⁹

Beyond fighting strength, ISIS's careful and deliberate operations were a boon to the group when it came to acquiring weapons and securing rents. ISIS seized banks in Mosul, allowing the group to mass liquid currency in the millions of dollars. ISIS was also active in illicit revenue-generating activities, including kidnapping, extortion and income from the sale of oil from the fields it controls in Syria to none other than the Assad regime.⁵¹⁰

ISIS poses a significant challenge to the US and its allies in the region. More than two years after the withdrawal of US military forces in December 2011, the Iraqi military all but lost Anbar Province and post-US Iraq is all but on the verge of being dissected into three separate territories: one predominantly Sunni and controlled by ISIS and its local Iraqi allies, a second under the purview of the Kurdistan Regional Government to the north-east, and a third to the east made up mainly of Shi'a and under the control of a government in Baghdad led by Prime Minister Haider al-Abadi that may or may not survive past 2014. The Obama Administration has struggled for years to come up with a coherent policy on Syria, and while ISIS adds to the sense of urgency, it does little to clarify the path ahead.

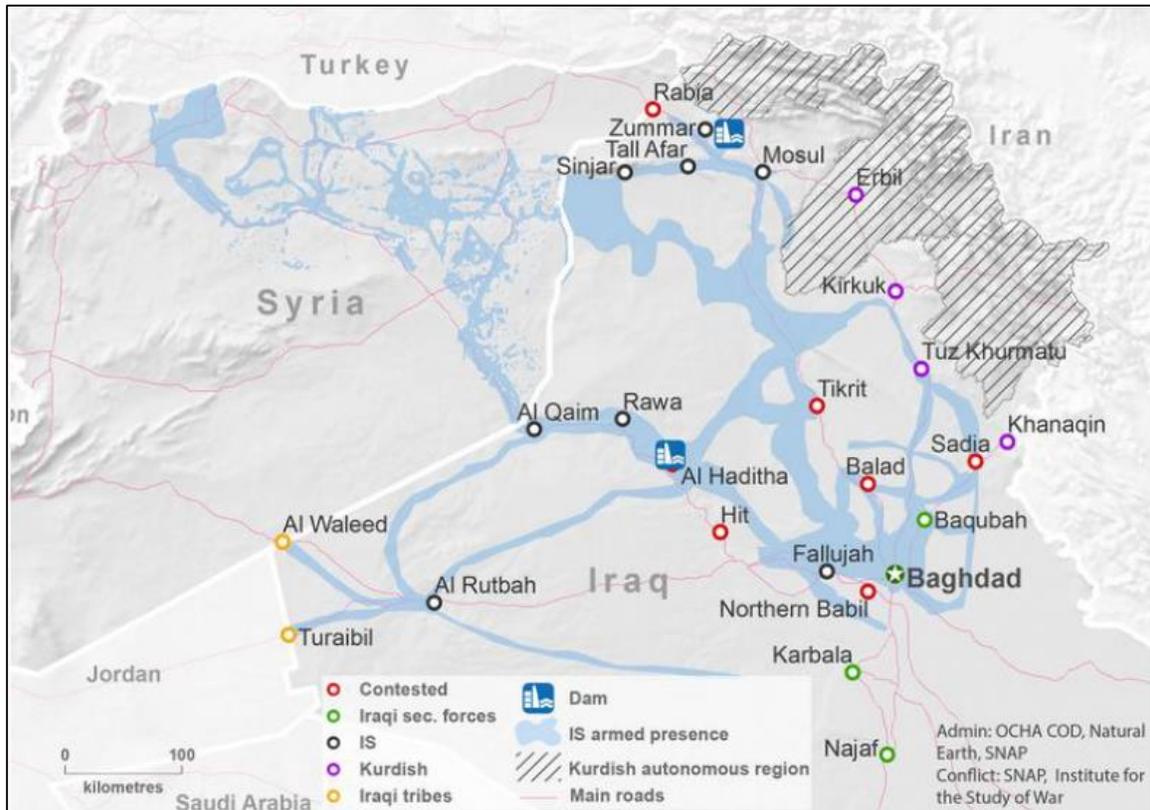
ISIS does at least as much to complicate the fortunes of Iran as it does to complicate the US position in the Levant. ISIS shows more clearly than any other event or pattern in the last decade just how theoretical the notion of a "Shi'a Crescent" or any ethno-religious structure really is. The vast territory that stretches from Iran's western border to Lebanon and the eastern Mediterranean that Iran has relied upon to support and resupply its allies in Syria, Lebanon and the Palestinian territories is now an increasingly ungoverned mess and a potential source of future threats against the Iranian homeland itself.

It is also dangerous to assume that the evolution of ISIS and the threat it poses to Iran's regional allies is a geopolitical godsend. As previous chapters of this report have shown, the scale of Saudi-Iranian geopolitical competition is at least – if not at times more – important than US-Iran competition when it comes to key battlegrounds in the Levant like Syria and Iraq beyond it. However, competing in this way and at this level exposes other key countries to risk as well. ISIS – an organization that threatens the stability and existence of every major state bordering Iraq and Syria – is now on the doorstep not only of the government in Baghdad, but also Jordan and Saudi Arabia.

Jordan is the definition of a buffer state, separating on the one hand Iraq and Saudi Arabia, and on the other Israel from the broader Arab world. Jordan is also a critical US ally and a core component of what the US sees as a favorable Levant security architecture. Saudi

Arabia, meanwhile, is one of Washington’s most important regional partners and a source of favorable stability in global energy markets.

Figure 41: ISIS Areas of Operation and Control, September 2014



Source: “Regional Analysis for Syria (RAS) Report – Brief,” ACAPS, September, 2014, p.4.

The Challenges of Military Intervention in Syria

Another critical wildcard affecting US-Iranian competition is outside intervention in Syria's evolving civil war. This led a number of countries – including US NATO allies such as France and Turkey – to consider options like creating a “humanitarian corridor” in Syria, potentially along the border with Turkey, to provide relief to both the Syrian population and dissident groups opposed to the Assad regime. Outside calls for such options were echoed by multiple and successive groupings of Syrian opposition forces both in and outside Syria, including the so-called Free Syrian Army (FSA) and the Istanbul and Cairo based National Coalition for Syrian Revolutionary and Opposition Forces (NCSROF).

These calls did not address the real world challenges of creating such a “humanitarian corridor”: joint and combined military operations to suppress Syria's air defense network, the need to neutralize the country's air force, and eliminating Syria's asymmetric deterrence by containing unconventional threats from long range missiles (potentially armed with chemical or biological agents) and instability along the Golan Heights. They also did not address the risk of eventually having to engage loyal Syrian ground forces (including large concentrations of Alawites) that see few prospects in a post-Assad Syria.

As has been discussed earlier, any Western or regional military intervention in Syria must deal with Syria's air defenses, tackle the country's air force and contain risks from unconventional and asymmetric threats. The US was indispensable to any NATO or UN-led military effort in Libya and the same applies to Syria. Only the US has the mix of capabilities and capacity to support and sustain such a military effort should it every come to pass.

Syria is not Libya

However, Syria is not Libya. Libya is geographically far larger and mostly empty with a smaller population and very limited military capacity overall. In contrast, Syria's population is more than three times larger than Libya's, has almost 30 times the latter's population density and a much larger and far more capable military overall. Libya has persistent tribal and ethnic divisions. However, Syria's sectarian and ethnic divisions run far deeper and resonate far more with regional tension along Sunni and Shi'a lines.

Unlike in Libya, Syrian opposition forces have yet to consolidate their control over strategic territory and they do not currently have sufficient military resources at their disposal to mount a decisive death blow against the regime's military and security apparatus. The Assad regime enjoys a far greater degree of control over the country than did the Gadhafi regime, although that control has been significantly eroded, especially in the northern provinces of Aleppo and Idlib. While Syria's state structure is not robust by any measure and has shown signs of deep stagnation and decay for decades, 40 years under Gadhafi utterly decimated Libya's state structure and any semblance of state-society relations.

Meanwhile, the Assad regime has shown it can rely far more on praetorian military units and a significant cross-segment of the Syrian population, including most minority groups (either out of fear or by choice) to either defend its interests or not to undermine the regime further. Critical segments of the security forces remain largely loyal in no small part thanks

to decades of over-recruiting from the mainly rural Alawite community, which has resulted in a strong corporatist military culture.

While Libya's armed opposition forces were divided, Syria's are far more so, with little unity or agreement on ideology, the growing role of Islamist and Jihadi forces, and discord about the potential role of foreign intervention. Unlike Libya, Syria complicates the calculus of external actors by virtue of its sectarian and ethnic divisions. By some estimates, Syria's population includes 74 percent Sunni Muslims, 10 percent various Christian groups, and the Alawite community and the Druze account for the remaining 16 percent. Meanwhile, Arabs account for some 90.3 percent of the population while Kurds, Armenians and other minorities account for the remaining 9.7 percent.⁵¹¹

The Risk of Becoming Part of Syria's Destabilizing Civil War

External military intervention, especially options involving ground forces, could complicate what has already become an escalating civil war in Syria. The hardening of sectarian rhetoric and the increase in tit-for-tat sectarian violence across the country also mean that any large-scale internal conflict is likely to be sectarian.

There is little doubt that the regime did its utmost to ensure the re-emergence of sectarian fault lines, chiefly between the country's Sunnis on the one hand and the ruling Alawite minority and other Christians and the Druze on the other. By waving the prospect of destabilization and sectarian strife in Syria, the Assad regime hoped it could get its local, regional and international opponents to back down.

Ultimately, the law of unintended consequences is such that the Assad regime may have gotten far more than it bargained for. There is little to no certainty that sectarian tensions that have been under the surface for years can be reversed or undone even under the best of circumstances. In an effort to secure its own future, the Assad regime is risking a far broader sectarian civil war in Syria.

Assumptions that any civil war in Syria will be short-lived ignore the reality that wars are rarely expected to last longer or cost more than a fraction of what they actually do. They also ignore local and regional factors, including the disposition of the population, the scale of armed opposition, the corporatist nature of loyal military units, and the scale of external support on either side of any conflict.

If international or regional forces were to commit troops or other forms of military power to Syria, there would have to be extreme care to avoid mission creep. The lessons are not only from US and coalition forces in Afghanistan and Iraq, but also the missteps of US intervention and a failed multilateral peacekeeping force to a divided Lebanon in the early 1980s.

Given the many factors listed above, including internal communal divisions, the praetorian nature of elite units, and the risk of internal displacement, direct military intervention is far more likely to complicate the struggle for Syria than lead to ways to solving it. Almost two years into the Syria the crisis, the US and its allies still face a critical question: what are their vital interests in Syria, and do those interests lead to intervention? So far, the answer seems to be no.

Iran

With the exception of Syria's fighting political forces, Iran has the most to lose should its key regional ally suffer further destabilization. Military intervention even on the most limited scale would be particularly troubling to Iran and it might react accordingly. Whenever Damascus has faced wholesale international pressure in the past, Iran has traditionally responded with high-stakes foreign policy choices that often complicated matters further rather than help secure and stabilize Syria's regional position.⁵¹²

Iran has already signaled its Palestinian allies, including Hamas and Palestinian Islamic Jihad, to escalate instability in Israel, while Hezbollah remains largely held in reserve and focused on supporting the Assad regime (though the group is also constrained by growing Sunni-Shi'a tension in Lebanon). Iran also appears to have provided support to the Assad regime as it confronts both peaceful protesters and armed insurgents.

In the event of more direct international intervention, there is no reason to assume that Iran will not seek to support the Assad regime by deepening its own role in the country. This could include mobilizing elements of the Iranian Revolutionary Guard Corp (IRGC)'s Quds Force to play a more heavy-handed role, turning to Shi'a allies in Iraq, and bolstering clandestine operations and asymmetric competition with the US, the EU, and their key (mainly Sunni) regional allies including Saudi Arabia and Turkey.

Not unlike its ally Hezbollah, keeping Assad in power appears to be only the first option for Iran. Tehran's secondary strategy centers on regime failure and a recalibration of Iranian strategy in Syria geared towards preventing the emergence of a stable Sunni-dominated government in Damascus.⁵¹³ Should the Assad regime truly destabilize, Syria will likely supplement if not outright replace Iraq as a key arena for regional competition between Iran on the one hand and the US and its allies on the other.

Hezbollah

Syria has been a key lifeline of support of Hezbollah from its patron Iran, and its loss could prove critical to the group's long term local and regional posture. For a time, Hezbollah avoided taking a strong public stand in favor of Assad, partly because of the growing anti-Shi'a sentiment across the region.

Since late 2012, however, Hezbollah played a more direct role in trying to shape the conflict by conducting "train and equip" missions with Assad conventional and irregular forces, supporting if not leading military operations in Qusayr in 2013 and the Qalamoun mountain range in 2013, and by supporting efforts to eliminate opponents of the Assad regime operating in North-east Lebanon in 2014.

Aside from its evolving role in Syria, Hezbollah managed to minimize its broader regional footprint, especially with regard to the UN Blue Line and potential escalation with Israel. This could be put to a serious test, however, should Iran and Syria require Hezbollah to escalate along the UN Blue Line or the Golan Heights as a response to intervention in Syria. This could also raise questions about proliferation risks should Damascus decide to transfer additional sensitive military hardware, such as advanced SSMs, major SAMs or ASCMs to the Shi'a group.

The Southern Gulf States

As has been pointed out time and again throughout this study, the Southern Gulf states, led by Saudi Arabia and more recently Qatar and the UAE became a steadily more important factor affecting US and Iranian responses to instability in Syria.

In the first half of 2011, most states in the Arab League feared spillover effects from instability and protests in Tunisia, Egypt, and Bahrain. The richer and more stable oil monarchies of the Gulf Cooperation Council (GCC) moved quickly to insulate themselves from the effects of regional unrest. This has included greater investment in job creation, more subsidization, and more energy focused on addressing some of their lingering socioeconomic grievances. In the latter half of 2011, the GCC states – led from the front by Qatar and, more critically, from the rear by Saudi Arabia – have grown increasingly critical of Syria as the cycle of violence went on unabated.

At the rhetorical level, the Gulf states (with a majority Sunni population) grew increasingly critical of Assad's crackdown on his mainly Sunni political opponents. This came at a time of growing negative public opinion toward Shi'a Iran, and Shi'a Arab forces across the wider Middle East.

At the geopolitical level, Iran underestimated just how concerned the Gulf states were about the implications of unchecked Iranian hegemonic aspirations in the wake of the US withdrawal from Iraq in 2011. Growing pressure on Syria from the Arab League, led by the GCC, was meant in part to influence the regional balance against Iran and to shape inter-Arab politics by seizing a rare opportunity to shape the internal balance of power in Syria.

Spillover Effects

In the event of Syria's further deterioration or some form of outside military intervention takes place, it is highly unlikely that the regional spillover effects could be contained. Lebanon's Sunni-Shi'a tensions could escalate leading to miscalculation and potentially deeper communal violence. Israel, which has struggled to insulate itself from Syria, could face a broadening of instability in the Levant. Jordan, though largely stable in 2014, also could have difficulty insulating itself and faces pressure from its own internal Islamist political forces.

While Lebanon saw escalation in Sunni-Alawite tension in northern Lebanon, Sunni-Shi'a tension in Beirut and the northern Bekaa and fighting between Lebanese security forces and Jihadi militants from Syria over the 2012 to 2014 period, Iraq's Sunnis and Shi'ites were also divided in their response to Syria in ways that facilitated an ISIS resurgence in western Iraq. Furthermore, while Iraqi and Lebanese Sunnis showed a willingness to aid Syria's mainly Sunni opposition forces, Shi'a factions in both countries sought tighter controls of both the Syria-Lebanon and the Syria-Iraq border and avoided real condemnation of the Assad regime.⁵¹⁴

All four countries could also face difficulties in managing their large Palestinian and Syrian refugee populations should Syria deteriorate further. Turkey's core focus remained the Kurdish question, which was likely to escalate both in Turkey and along the frontier with Syria both in the wake of the rise of ISIS as of June 2014 and should either Baghdad or Damascus destabilize further. While sensitive to US and Saudi foreign policy concerns,

and despite the seemingly sweeping gains of ISIS in its bid to create its “caliphate,” Iraq remained a mainly Shi’a country on the border of a mainly Sunni Syria. Growing Sunni-Shi’a regional acrimony could inform how Iraq reacts to further instability in Syria, although that could imply moves to appease local and regional Sunni forces at least as much as it could serve to confront them.

Socio-Economic & Demographic Implications of Syria’s “Lost Decade”

As chapter six showed, socioeconomic and demographic forces are some of the most important drivers of social unrest and loss of real world opportunity in almost every country affected by instability in the MENA region. Chapter six and this section also showed just how badly Syria’s economic and social structures were neglected to favor a narrow lucky few.

A September 2012 World Bank overview of the Syrian economy presented an even starker picture, reflecting the impact of close to two years of unrest, Syria’s internal repression, and the effects of international isolation and sanctions:⁵¹⁵

“Since March 2011, Syria has witnessed an unprecedented period of crisis and escalating violence. The regime’s forceful crack-down on a popular protest in Dera’a in March 2011 sparked a self-perpetuating cycle of protests met by increasingly violent government repression. The unrest quickly spread throughout Syria, and the demands of the demonstrators escalated from a call for meaningful political reforms to an end to the Ba’ath party regime headed by President Bashar al-Assad. The bloody 17-month-old uprising de facto evolved into a civil war with fierce fighting spreading to Aleppo and Damascus.

According to UN figures, tens of thousands of Syrians have been killed since the start of the crisis and the number is rising by the hundreds daily. Many more were injured or held in custody. Moreover, 234,368 Syrian refugees have been registered in neighboring countries, 100,000 of which left Syria in August 2012 alone according to the United Nations. In addition, more than 1 million people are estimated to be displaced within Syria. The economic impact of the crisis is significant, with tourism, financial and trade sectors hit the hardest. Foreign direct investment has dried up and reserves are rapidly declining despite authorities’ efforts to defend the stability of the Syrian Pound and to prevent capital flight (for example by limiting the financing of imports through state banks to preserve scarce foreign currency).

Declining oil revenue following the imposition of sanctions on Syrian oil imports by the EU as well as a significant economic contraction is also putting government finances under pressure. Oil export receipts amounted to 26 percent of total budget revenues in 2010. In spite of declining revenues, the authorities introduced additional budgetary measures raising public sector employees’ allowances (especially fuel) and cash transfers for poor households in 2011 which further exacerbated the already precarious fiscal situation. Subsidies are estimated to account for at least 30 percent of public expenditures in the 2012 budget. Authorities have started to curb recurrent expenditures or to turn to the Central Bank to monetize the fiscal deficit contributing to acceleration in inflation. In fact, the government announced in May 2012 that it was raising the price of gasoil and electricity for most industrial and commercial consumers in order to ease the pressure on the budget. As a consequence, inflation had reached 32 percent in May 2012. High inflation is affecting the purchasing power of households, particularly poor and vulnerable households, whose expenditure is mainly devoted to basic food and beverages.

Prior to the crisis, Syria’s economic reform efforts had helped to strengthen its growth performance, although external and domestic shocks, particularly the impact of the global financial crisis and prolonged droughts, had adversely affected Syria’s macroeconomic performance. However, despite accelerating over the last decade, economic growth had not been inclusive; it did not lead to significant job creation or poverty reduction. Rural society became increasingly marginalized and

suffered from severe shocks related to both economic transition and droughts. Impacts have been particularly severe in the eastern areas, spurring internal migration to larger regional cities and the Damascus suburbs fueling social and political discontent. In addition, Syria's GDP had remained dependent on the oil and agriculture sectors, which are subject to fluctuating oil prices and rainfall. The oil sector provided approximately 20% of the government's revenues and around 35% of its export receipts in 2010. The agriculture sector contributed to 20% of the GDP but less than 20% to employment. Oil exports, exports of services and foreign transfers of income and remittances were the main sources of foreign earnings -- sources which are now being seriously curtailed by the crisis.

Over the short and medium term, Syria's recovery will ultimately depend on the end-game of the ongoing popular uprising and the scope of political and economic reforms that follow. Once the political situation stabilizes, Syria will grapple with immediate economic challenges including: output and employment collapse in the tradable sector; accelerated exchange rate depreciation in the parallel market; hoarding of hard foreign currency; likely foreign exchange reserve losses; rising inflation; and legal and financial issues associated with frozen assets. In the medium to long term, Syria would still need to advance its unfinished structural reform agenda, with the twin goals of: (1) creating the conditions for strong economic growth, by developing non-oil sectors to cope with the decline in oil production and the need for job creation; and (2) maintaining fiscal sustainability while providing social protection to a growing number of young unemployed, and to regions affected by climate change. In order to achieve these goals, Syria will need to further diversify its economy and improve private sector development and exports. Syria will also need to increase its productivity by raising the skills of its labor force and improving its technological base.

Other challenges include the quality of the education system, which is currently unable to provide the young labor force with economically relevant skills. Syrian workers appear uncompetitive by regional standards. Major upgrading of the quality of the human resource base is required to take up the challenge of opening up the economy. This includes upgrading the quality of education in schools, professors at universities and vocational training systems, and matching them with capable civil servants to manage the transition process.

Lastly, in line with many Middle Eastern and North African countries, Syria also faces major environmental and natural resources challenges. Most water basins are under stress and water deficits are expected to worsen, due to large and unsustainable water usage in agriculture and increases in urban water demand. Climate change has also affected agriculture production, adversely affecting the government's food security target.⁷

Continued political upheaval and civil war mean that Syria's economic outlook will only continue to decline. It is difficult to measure the impact of lost tourism revenue and the potentially long-term disruption of trade between Syria and its leading economic partners, to say nothing of a civil war and a war economy that could last for years.

The joint US and EU boycott of Syrian oil has hit the economy particularly hard. Up until 2011, the EU purchased 95% of Syrian oil exports.⁵¹⁶ Although reliable data are scarce, current estimates project that Syria's real GDP contracted by 3.4% in 2011, and may shrink by as much as 5.9% in 2012.⁵¹⁷ Subsidies on energy and other products helped reign in consumer prices in 2011, but there are doubts that the government can sustain them for an extended period of time. In addition, the value of the Syrian pound continues to fall and inflation is projected to average 12.4% in 2012-13.⁵¹⁸

These pressures exacerbate underlying socio-economic pressures that initially contributed to popular unrest, placing even heavier burdens on the Syrian population. In March 2012 the UN's Food and Agriculture Organization issued a special alert on food security in Syria, citing a poor cereals harvest in 2011 as a particular source of concern.⁵¹⁹ Low wheat production, compounded with the effects of political unrest, is expected to make it difficult for many Syrians to secure adequate food supplies in 2012.⁵²⁰

Given these growing internal and regional pressures, it is also likely that the influence of countries that can continue to interact with Syria – such as Iran and perhaps Russia and China – are liable to increase in the short term as Damascus works desperately to counter-balance growing international pressure.

Economic uncertainty will create greater dependence on Tehran as foreign currency reserves dwindle and as sanctions from Turkey and the EU take their toll. In March 2012 a free-trade agreement between Syria and Iran came into effect as Damascus struggled to offset trade losses elsewhere. The reality of Syrian-Iranian bilateral trade, however, is that any free trade structure is far more likely to benefit Iran than Syria.⁵²¹

Damascus may also try to pursue other avenues for trade. The government has announced its intention to negotiate additional bilateral agreements with Ukraine and Kazakhstan,⁵²² although it is unclear how realistic these goals are in the current environment of heavy international censure. Increasing economic and political isolation are translating into a poor outlook for Syrian trade prospects overall, at least while civil conflict continues at current levels.

While Tehran has worked hard to help the Assad regime remain afloat, there is little that Iran can do over the longer term to significantly dampen the economic impact of Syria's civil war beyond infusing the economy with foreign currency in exchange for oil sales. This is in part due to the continued fall in energy prices and the general decrease of foreign currency reserves in support of Iranian regional initiatives. Meanwhile, while the US could potentially play a stabilizing role in the Syrian economy, it is difficult to extrapolate a clear and present scenario that allows Washington to take decisive action before the Syrian economy is further undermined.

There is no way to know how the country's merchant and business community in Aleppo and Damascus will react to the increasing isolation of Syria from the broader global economy. Even in a scenario where the merchant class put their full weight against the Assad regime, there was still no clear sense of an end state in December 2012 either on where Syria was going, or which players could and would be at the helm. Meanwhile, the shift from mass protests to militarization, armed conflict, and the realities of a protracted power struggle have prompted the US and other states worry less about the country's business elite and more about if, when and how the conflict can be scaled down to even begin contemplating post-conflict aid in reconstruction.

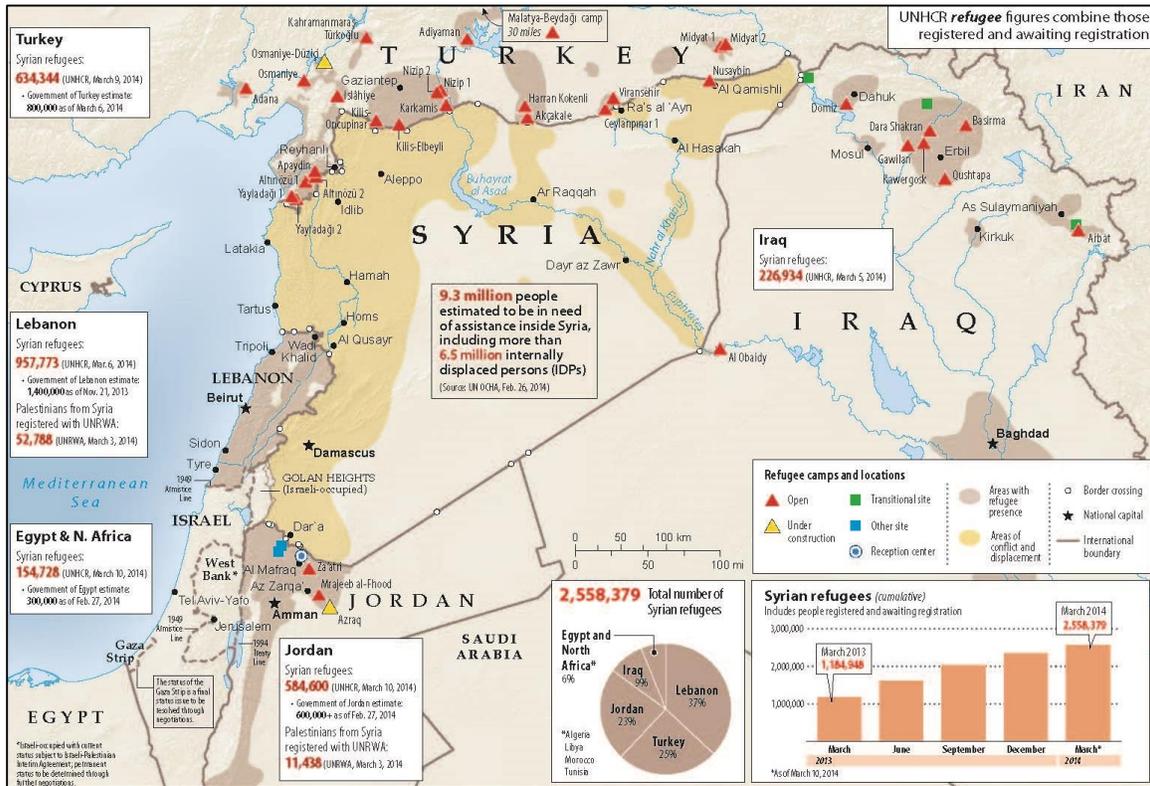
Figure 42 shows the number and locations of displaced Syrian and refugees across the Levant in March 2014. **Figure 42** shows in dramatic scale how much of a regional challenge Syria has become. In the four months since its release, the Syrian refugee crisis has only worsened further. As of July 17, 2014, there more than 2.9 million persons of concern displaced outside Syria in addition to some 6.5 million internally displaced Syrians as of January, 2014.⁵²³

Meanwhile, **Figure 43** presents useful IIF estimates in terms of Syrian economic indicators and market exchange rates. As the first chart of **Figure 43** shows, as of 2013, Syria's civil war had resulted in the third consecutive year of economic contraction, bringing the overall fall of economic output to some 38% over the 2011 to 2013 period. Beyond infrastructure damage and the desperate loss of life, every day the conflict drags on only serves to further degrade declining productive national assets like land, factory capacity and other capital

goods. Meanwhile, fiscal and external deficits are only expected to deepen further with official reserves possibly reaching critical levels.

The second chart of **Figure 43** – which focuses on official and black market exchange rates – shows how the fall in economic output as a result of the civil war ties into currency depreciation with the decline of the Syrian pound leading to a halving of the total economic in dollar terms. The official exchange rate depreciated from 48 Syrian pounds to the dollar at the end of 2010 to about 130 Syrian pounds to the dollar in September 2013. Meanwhile, black market rates hovered closer to 170 Syrian pounds to the dollar about the same time. Business and capital flight was unavoidable with the conflict depleting much of Syria's strong pre-war enterprise base.

Figure 42: Syria: Numbers and Locations of Refugees and IDPs
(As of March 12, 2014)



Adapted by Aram Nerguizian from “Syria: Numbers and Locations of Refugees and IDPs,” U.S. Department of State Humanitarian Information Unit, March 12, 2014.

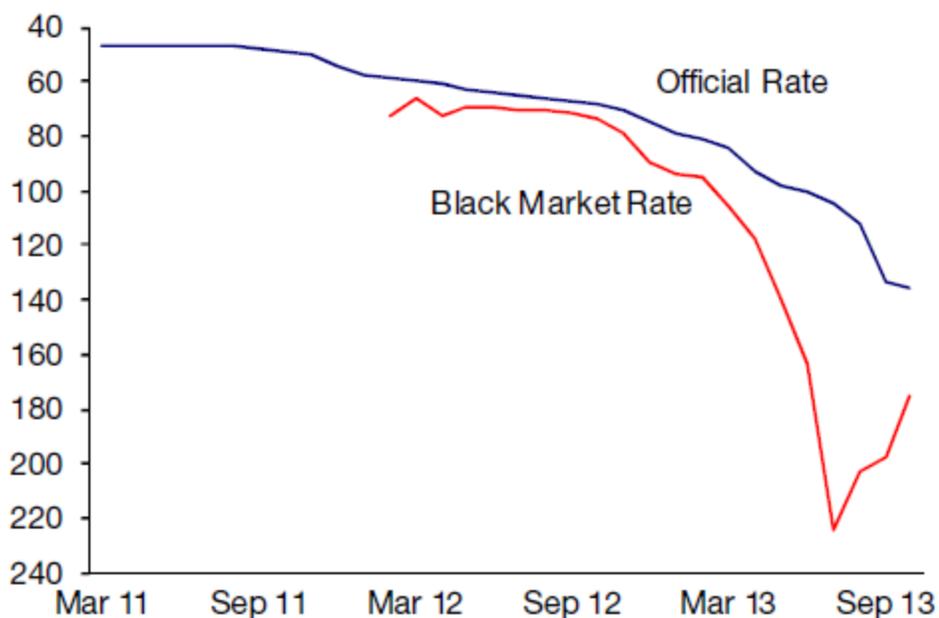
**Figure 43: The Growing Socio-Economic Costs of Syria's Civil War:
Assessing Key Indicators**

Key Macroeconomic Indicators:

	2010	2011e	2012e	2013f	2014f
Nominal GDP, \$ bn	58	47	33	29	27
Real GDP Growth, % change	3.4	-6.0	-20.0	-12.0	-8.0
Oil Production, thousand b/d	375	340	180	100	70
Official Exch. Rate, av., S£/\$	46.9	48.2	64.7	108.8	140.0
CPI Inflation, %	4.4	5.3	35.6	80.5	70.0
Current Account Bal., % GDP	-0.9	-14.1	-13.3	-12.0	-11.0
Fiscal Balance, % GDP	-4.8	-10.6	-16.3	-13.0	-12.0
Government Debt, % GDP	28.4	33.2	48.5	56.7	65.0
Official Reserves, \$ bn	19.5	10.8	5.6	2.1	1.3

Official and Black Market Exchange Rates:

(Syrian pound per dollar monthly average)



Note: 2012 economic figures are IIF estimates. 2013 and 2014 economic figures are IIF forecasts.

Source: Adapted from "IIF Regional Overview on Middle East and North Africa: "Arab Spring" Countries Struggle, GCC Prospect Favorable," the International Institute of Finance p. 19.

The Long-Term Implications of Syrian Instability for the US & Iran

The political upheavals and insurgency in Syria were having a critical impact on US and Iranian competition in the Levant. Syria did not experience organized mass unrest – let alone a full-fledged civil war – on a national scale since Hafez al-Assad crushed protests in the early 1980s, which were driven by a coalition principally backed by the banned Muslim Brotherhood and elements of the old merchant elite. The government of Bashar al-Assad, having lost much international support and legitimacy, was likely to be buffeted by international and internal pressures with no clear indicators as to how long or how deep instability will go, let alone what a post-Assad structure could look like.

For the US, the latest round of violence in Syria over the 2011 to 2014 period, and the potential for an end to Ba'ath rule, may have held the promise of achieving the core foreign policy outcomes that all of the competing schools of US policy towards Syria aspired to achieve: breaking the three decade-old Iranian-Syrian axis and denying Tehran the means to project power and influence in the Levant. However, protests and instability with no clear end-state in Syria did little to satisfy US efforts to safeguard Israel's security and regional stability.

Given the increasingly sectarian nature of the confrontation between the regime, supported by the country's ruling Alawite community and other minority groups, and the mainly Sunni protesters and political organizations, it was critical that the spillover effects of Syrian instability be contained. So far, it remains unclear as to whether the Obama Administration had a policy that could support the protests, identify future centers of power (new or otherwise), weaken or marginalize militant and radical forces, and chart a course that did not further undermine an already shaky regional order.

For Iran, the risks of Syrian instability included at least a partial loss of its ability to influence the Arab-Israeli conflict, militant Palestinians, and its Shi'a allies in Lebanon and Iraq, chief among them Hezbollah. As with the Muslim Brotherhood-led uprising of the early 1980s, Iran was providing assistance to the regime of Bashar al-Assad as it tried to suppress the latest rounds of pro-democracy protests. As analysis in chapter two showed, this was reported to include providing crowd suppression equipment, monitoring and blocking protestors' use of the internet, and surveillance of cellphones and text messages.⁵²⁴

There was only so much Iran could do to influence the course of events in Syria. Through 2014, it has provided political support, military advisors, and evidently arms and some funds. However, as the risk of losing its geopolitical bridge to the Levant increases, Iran may seek to foment instability in the Arabian Peninsula in countries with important Shi'a populations, including Bahrain, Yemen, and Saudi Arabia. It was unclear how successful such a strategy would be. Saudi Arabia's recent intervention in Bahrain signaled that instability in the Arabian Peninsula was a regional red line for Riyadh. The GCC's recent moves to induct Jordan and Morocco only serve to further entrench the Council's unofficial status as a Sunni monarchies' club.

In short, both the US and Iran faced an uncertain future in dealing with instability in Syria. The US position that al-Assad must step down, while significant, did not change the implications of the struggle for power in Syria and the broader regional balance. Although the lack of US direct levers of influence in Syria was one factor, others include divisions at the regional and international levels above an appropriate response a fractured UN Security Council, fragmented Syrian opposition forces and the risks of growing radicalization and instability in the internal and regional battles for Syria.

The West, led in part by the US, was supportive of further international sanctions against the al-Assad regime. However, the so-called “BRICS”⁵²⁵ countries, led by Russia and China, have been critical of what they perceive to be the possibility of yet another Libya-style international intervention in the Arab world.⁵²⁶

As far back as 2012, the US had stated on background that it was planning for possible humanitarian military intervention. At the time, US experts saw only limited signs of serious divisions in the Syrian military and security forces and a growing willingness to escalate by using more artillery and armor to repress an increasingly capable armed opposition with increasing levels of political, financial and military support.

US military planners examined the possibility of using airpower to create secure zones for Syrian civilians and safe transit corridors, but this potentially involves a serious air war and suppression of Syria’s land based air defenses. It required access to land bases, since carrier and cruise missile forces might not be sufficient and Israel could not be used as a base for political reasons. Such a campaign would take weeks and the use of Arab and/or Turkish bases to prepare, and could trigger even more violence from Assad’s forces against Syrian civilians on the ground, as well as even more displacement of Alawites, Sunnis, Christians and Kurds along sectarian and ethnic lines.

This did not mean there was no military option, but no one could safely predict the level of escalation that would result, the political reaction of the Syrian military and Syrian civilians, or the behavior of the opposition to Assad. It was clear, however, that the situation would be different if the Syrian military forces became divided. Defections from Assad’s security forces did take place through to 2013, and eventually there were much clearer lines of division between opposition controlled areas and those still loyal to Assad.

The US could not rule out having to intervene if Syria lapsed into a civil war involving far more massive civilian casualties, and the US was reported to have consulted informally with its Arab allies, Turkey, and Israel on this possibility. It was clear that if the US did have to intervene that it would be better to do so with Arab and Turkish support, and with some group of Arab states taking the political lead.

Meanwhile Iran found itself in a largely Sunni Arab Middle East that had fewer and fewer reasons to emulate the Islamic Republic. This was further compounded by the very real risk that Iran might have to adapt to either a post-Assad Syria, or a Syria that could be principally pre-occupied with consolidating a political, socioeconomic, and security landscape scarred by years – if not decades – of violence and instability.

Even with Arab and Turkish support, any US-led intervention would play out less in terms of humanitarian relief and more in terms of US and Gulf Arab efforts to compete with Iran and Syria to bring stability to a region that is liable to remain unstable for years. Taking

stock of the scale of Sunni-Shi'ite regional polarization and the level of acrimony between the Southern Gulf states and Iran is critical to determining the benefits and potentials costs of deeper US involvement in the Levant.

Factors Shaping Syria's Uncertain Future

As the struggle for Syria evolved further, four key dynamics could become increasingly critical, especially in the increasingly unlikely scenario that the Assad regime may fall.

The first was that -- if the corrosion and decay of Syria's state and national security structures continued to grow -- the militarization of the struggle for Syria would all but ensure that militia economics and warlordism would be a dominant feature in Syria for years to come. There is obviously little love lost between the armed opposition and the Syrian military. The Syrian military already underwent a process whereby it was being stripped down to its most loyal --and predominantly Alawite -- core. If the military could not survive institutionally in the long term, or if it did not regain some semblance of national legitimacy, the prospects for demobilizing Syria's growing archipelago of militias and fighting groups will be extremely slim.

The second was that Syria's insurgent groups -- which were far more likely to have influence in Syria than either external or local political opposition forces -- were poor vehicles to socialize, advance, and consolidate external (principally Western) efforts to secure pluralism and stable politics in Syria. Again, while many insurgent groups count Army defectors, neither they nor the many more civilians-turned-guerilla-fighters were anywhere near ready in 2014 to internalize and implement any form of lasting transition plan in Syria. This in turn could also further complicate a lasting cessation of hostilities, the creation of a credible government in Damascus, or a Syria that could actively protect its minorities

The third factor was the meteoric rise of jihadi and militant Islamist factions and fighting groups in Syria with ties to Al-Qaeda, like JAN and ISIS. While the Syrian armed opposition remained deeply fragmented despite its growing size, Islamist and jihadi units had better access to weapons, were attracting recruits frustrated by the uneven pace of the conflict, and were moving far quicker to consolidate their forces. Nowhere is this more the case than with the ISIS. Estimated to count some 20,000 to 31,500 fighters -- including ever-growing numbers of foreign recruits from the North America, Europe, Middle East, Africa and Asia -- ISIS controlled almost the entirety of eastern Syria and western Iraq.

The same was broadly true of Jabhat al-Nusra, Al-Qa'eda's Syria affiliate. Once derided as a regime false-flag operation, there is little doubt now that the Nusra Front is little more than an offshoot of Al-Qaeda in Iraq and is responsible for multiple car and suicide bomb attacks in the Syrian capital and other urban centers. The presence of ideological and radical forces in Syria's civil war was always going to be a challenge so long as more moderate factions were unable to overcome their internal divisions and gain access to more military resources

Lastly, the already important role of external actors may grow more critical as Syria's civil war continued to evolve. Countries like Saudi Arabia, Qatar, and Turkey were active supporters of the armed insurgency against Assad while the US and European states have been important sources of external pressure and coalition-building against the regime in

Damascus. Meanwhile, Russia, Iran and China continued to wield influence with Assad. There is significant daylight between the competing nations supporting either side of Syria's civil war. However, as with other similar conflicts – such as Lebanon's 15-year civil war – external support by competing external actors will be critical to any effort to legitimize a new political order in Syria.

None of the dynamics in Syria are simple, definitive, or predictable. The armed Syrian opposition, the regime and its supporters, and radical groups like JAN and ISIS, were all undergoing a rapid process of political Darwinism and it was not possible to clearly determine who the key players in Syria would be in 2014, let alone in 2015 and beyond. What was certain, however, is that regardless of if or when Assad falls or is replaced, Syria will struggle with the militarization of society and the expansion of Islamist and radical forces for years to come.

Scenarios for a Volatile Future

Even if some combination of US, Turkish and European military intervention does take place in Syria, it seems likely that Syria will experience deep instability for years to come, regardless of whether or not Assad stays in power and irrespective of any potential external intervention. Several scenarios illustrate the potential trajectories the Syria crisis may take, trajectories that can impact or be impacted by the strategies of competing local actors and their regional and international allies.

- The first scenario would be the institutionalization of sectarian politics in Syria through administrative decentralization or a loose confederal power-sharing arrangement. Prior to instability in 2011 and 2012, Syrians prided themselves on being above the communal politics of their similarly diverse post-Ottoman neighbors, Lebanon and Iraq. However, more than a year of bloody unrest coupled with deepening sectarian dividing lines make it highly unlikely that Syria's Sunni majority will accept going back to a power structure that institutionalizes de facto Alawite control. By the same token, Syria's Alawites and other minority groups will refuse to give up power in ways that would relegate them once more to the bottom of the political food chain in Syria. Furthermore, the continued erosion of the Syrian state in areas where opposition forces now have de facto control may challenge future central government authority.

Agreeing on a communal power-sharing model may be one answer to stave off long-term communal conflict, but history and similar experiences in Lebanon and Iraq point to the complexities and inherent instability of institutionalizing sectarianism. Another option is to consider administrative decentralization and strengthening local government structures. Morocco continues to experiment with a controlled process of decentralization, albeit not without reservations about rapidly weakening monarchical rule and empowering sub-national groups.⁵²⁷ What is certain is that either outcome has a low probability of success in the absence of strong internal, regional, and international support.

- A second scenario that Syria might face is protracted civil war. Not unlike the decade-long conflict in Algeria, the Assad regime may find the means to sustain military superiority over the insurgency in key centers of regime power and autonomy. But that will do little to either address underlying popular grievances or prevent the opposition from metastasizing further as the crisis persists.

External actors such as Russia and Iran – but also Saudi Arabia, Qatar, the US, and other nations – are likely to provide more financial and military support to their respective clients in Syria. Meanwhile, Jihadi and Islamist elements within the insurgency against Assad – such as the Nusra Front – could play a growing and increasingly dangerous role in shaping Syria's future. None of these factors are static and there is no clear end state for this model. One side may ultimately win, but a more likely outcome is the further decaying of political and civil life in a country with only

limited experience in terms of post-independence politics and institution building, as was the case in Algeria and Lebanon.

- A third scenario for Syria would entail communal separation or outright secession by the ruling Alawite sect. So far, the Syrian opposition has failed to present a true challenge to the Assad regime's ability to maintain relative control over the country. However, should Assad fail to hold onto large swaths of Syrian territory or effective command and control – perhaps as a result of military intervention – his Alawite sect, as well as other smaller communities, may opt to consolidate their position in parts of the country they can hold on to effectively, specifically the Mediterranean coastline and the community's ancestral towns and villages in the Nusayri mountains in the northwest of the country.

Syria's Alawites have experienced autonomy – albeit short-lived – during the 1920s under the French mandate. Another driver toward autonomy may be what happens to minorities when they lose power in the Levant, specifically the recent loss of Sunni control in Iraq and the downgrading of the Christian Maronite community in postwar Lebanon. Unlike in those countries, Syria's military remains largely Alawite dominated and could serve as a bulwark to defend discrete communal interests. This model also presents significant challenges, not the least of which would be the prospects of ethnic cleansing in Syria and the potential creation of a landlocked and resource-poor rump state with a large Sunni population.

None of these scenarios offers an optimal or stable future. However, these are the three most realistic outcomes as a testament to the scale of the tragedy of Syria. The crisis has gone well beyond simple notions of good and evil tied to Assad's brutal rule. The postcolonial Syrian national experiment is coming apart, and there is very little anyone can do to reverse the process. Short of letting events play out through a cycle of violence or intervening without a solution to stabilize the future, external forces may have little choice but to pursue strategies that address Syria's increasingly communal politics. The alternatives could be civil conflict and cantonization.

No Good Options for Syria's "Arab Decade"

No amount of repression will reverse the fractures in Syrian society. Moreover, migrations, lasting memories of violence, national economic decline, and isolation will all challenge any regime in Damascus for years to come, as will the hostility of neighboring Sunni Arab states – a problem that Syria's increasingly sectarian crisis is scarcely going to ease.

Instability in Syria is also a problem that will not go away with the departure of Assad and his inner circle or through military intervention. The underlying grievances tied to economic performance, opportunities for socioeconomic advancement, and hopes for better governance are such that any regime in Damascus will have to come to terms with the fact that Syria faces years, if not decades, of instability.

While some of the internal, regional, and international dynamics in Syria can be isolated, the crisis in Syria remains closely linked to Western and Arab Gulf competition with Iran. Beyond the regional balance of power is the reality that a deepening crisis in Syria straddles broader regional Sunni-Shi'a fault lines, as well as the Kurdish issue and the full range of sectarian tensions in Lebanon and Iraq. Syria is central now to all these divisions, which have grown to be nearly intractable and pose real challenges for a Middle East caught in a cycle of spiraling conflict.

As none of the paths to a diplomatic solution in Syria are either easy or optimal to all players at once, a political settlement of the conflict that enjoys the broadest possible level

of internal and external support continues to be the best available option in the face of heightening violence and instability.

VIII. COMPETITION OVER ISRAEL

Israel played a critical role in US-Iranian competition in the Levant and throughout the world because of the firm US commitment to Israel's security played a key role in shaping every aspect of attitudes regarding the US, and relations with the US in the Arab and Muslim worlds. The changing dynamics of the Arab-Israeli conventional military balance were discussed in chapter three of this study and trends tied to asymmetric forces and Israel were covered in chapter four. However, US ties to Israel have had an important regional political and strategic impact that goes far beyond the military dimensions.

US Policy Towards Israel and Iran's Response

Ever since the Arab-Israeli conflict of 1967, Israel had the firm support of successive US administrations and national public opinion. Relations with the Arab world suffered as a result, but both the US and Israel saw the benefits as outweighing the costs. However, the US also continued to support broader Arab-Israeli peace efforts and the position that Arab states would have more to gain over time from normalization with Israel, a position strengthened by the threat of further Soviet encroachment in the Middle East.⁵²⁸

Israel grew into a key US ally and regional superpower buttressed by the strongest regional economy and national security and military establishment. The US and Israel also shared a number of core foreign policy objectives in the Levant, which included limiting Iranian influence in the Levant through Syria, Lebanese Hezbollah and Palestinian Hamas.

While Israel remained a key strategic partner of the US, and was important to the broader strategic contest with Iran, America's ties to Israel remain grounded on moral and ethical rather than strategic grounds. At the best of times, the Israeli government provided some intelligence, some advances in military technology, and occasionally functioned as a source of regional stability to Jordan and other Arab states. However, Israeli military intervention in Arab and Islamic affairs has proven over time to be as destabilizing as beneficial with the real risk of Israel unnecessarily making itself a US strategic liability when it should remain an asset.⁵²⁹ This was especially true with regards to US efforts in seeking a lasting peace between Israelis and Palestinians.

Figure 44 shows the broad patterns of US military and economic support over the 1980 to 2012 period. While the US no longer provides Israel with economic support funds, this has been largely offset by a net increase in security assistance dollars and the highest levels of US military aid to the broader Levant.

For its part, Iran saw Israel as one of its primary regional hegemonic competitors. It would be difficult for Iran to garner the level of support it appears to enjoy in the Arab world were it not for the growing pessimism that surrounds the Palestinian question. Iran has been successful at turning the lack of momentum on the Palestinian statehood issue to its advantage both regionally and in the context of US-Iranian competition in the Levant.

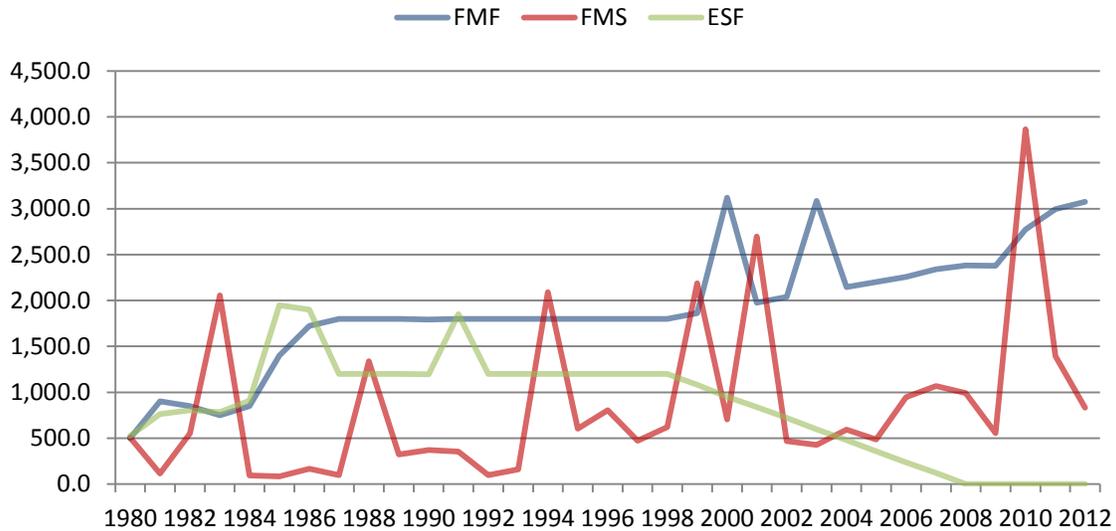
Iran could not begin to compete with the US in Israel. Israel and Iran are the region's main strategic competitors and Iran's core interest is to undermine the hegemonic aspirations of both the US and Israel. To that end, Iran continues to foil efforts to advance Arab-Israeli peace efforts, and it continues to back Palestinian militant groups, such as Hamas and

Palestinian Islamic Jihad, as a means of harassing Israel and undermining US interests in favorable regional stability.

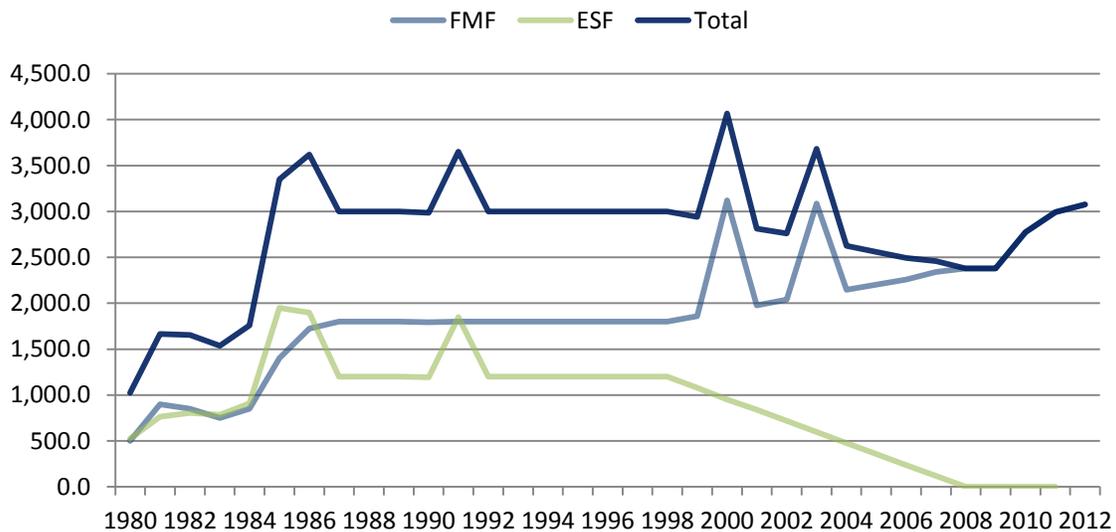
Figure 44: Historical Data on U.S. Military and Economic Aid to Israel

(In millions of current US dollars)

FMF, FMS & ESF, 1980-2012



FMF, ESF & Total, 1980-2012



Note: "FMF" is Foreign Military Financing. "FMS" is Foreign Military Sales agreements. "ESF" is Economic Support Fund. 2011 FMF figures are requested values.

Source: Adapted by Aram Nerguizian from the *Defense Security Cooperation Agency Fiscal Year Series*, updated on September 30, 2009, and *Congressional Budget Justification for Foreign Operations*, various fiscal years.

The US-Israeli Military & Security Partnership

The US has provided Israel with enough military assistance to preserve Israel's military superiority over its neighbors. **Figure 45** offers a snapshot of major US arms deals with Israel over the 2005 to 2014 period, totaling more than \$25 billion.

Israel does, however, face a growing asymmetric threat that is further amplified by the continued risk of conflict if not war between Israel and the Lebanese Shi'a movement Hezbollah. Backed by Iran and Syria, the group fought Israel on numerous occasions since its founding in the 1980s.

The most recent round in the ongoing Israeli-Hezbollah conflict took place in 2006. The 33-day war left Israel with an inconclusive military outcome and Hezbollah's command and control structure largely intact and able to coordinate missile strikes in northern Israel until the end of hostilities. The US granted access to its stockpiles of military equipment in Israel during the 2006 conflict. The stockpiles included missiles, armored vehicles and artillery munitions. Put into practice in the early 1980s as an effort to boost bilateral collaboration, the value of these stockpiles stood at some \$1 billion in 2014.⁵³⁰

As chapter three and four showed, this led to even more of a joint emphasis on boosting Israeli missile defense capabilities as part of the US effort to boost Israel's deterrence capability and in support of US objectives of denying Iran an effective asymmetric strategy. US-Israeli missile defense cooperation includes co-development of a number of systems designed to counter threats from short-range missiles and rockets used by Hamas and Hezbollah as well as solutions for medium to long-range ballistic systems currently in Syrian and Iranian arsenals.⁵³¹ Again, this is discussed in greater depth in chapter four on the asymmetric military balance in the Levant.

US military aid to Israel was a critical lever of influence as American policy evolves to meet the challenges of a region in flux. However, given strong congressional support for arms transfers and aid to Israel, successive administrations faced significant challenges in using the sustainment or the withholding of military aid as an effective means of getting Israeli decision-makers to satisfy regional US policy goals.

There was some risk that US budgetary and fiscal austerity measures could have a negative impact on US foreign assistance programs with possible ramifications for future US aid levels. It is important to bear in mind, however, that US military aid to Israel indirectly supports US defense firms, given that the bulk of FMF funds must be spent in the US. However, increased scrutiny of foreign aid funds is real, and if Washington cannot address economic woes at home, Israel's \$3 billion annual economic and defense aid package may become increasingly difficult to justify – in part given Israel's recently higher levels of economic growth when compared to the US.⁵³²

While Iran was not a direct threat to Israel in the conventional military sense, Iran's attempts to develop increasingly capable ballistic missile systems and its support for both state and non-state actors in the Levant that are opposed to Israel have deepened the perception in Israel that Iran poses a critical asymmetric threat. The official US position in 2011 is to leave all options on the table, while the impetus remains on building an international consensus behind sanctions and diplomatic pressure, followed by internationally-backed military options should diplomacy fail. Israel, on the other hand,

sees Iran as an existential threat. A single nuclear, chemical or biological strike on Tel Aviv and/or Haifa would raise major questions about Israel's future existence.

**Figure 45: Select U.S. FMS Congressional Notifications for Israel
2005-2014**
(In current US dollars)

Date	Weapon System/ Equipment	Cost
April 29, 2005	100 GBU-28 with equipment and services	\$30 million
July 14, 2006	JP-8 aviation fuel	\$210 million
August 3, 2007	JDAM, PAVEWAY II tail kits, MK-83 bombs, MK-84 bombs, GBU-28, BLU-109, components, equipment and services	\$465 million
August 24, 2007	200 AIM-120C-7 AMRAAM air-to-air missiles with equipment and services	\$171 million
August 24, 2007	30 RGM-84 BkII HARPOON SSMs, 500 AIM-9M SIDEWINDER air-to-air missiles with equipment and services	\$163 million
October 29, 2007	TOW-IIA, AGM-114 MSLs, PATRIOT GEM+ , HEDP, HE rounds, various munitions with equipment and services	\$1.329 billion
June 9, 2008	25 T-6A Texan aircraft, equipment and services	\$190 million
July 15, 2008	4 Littoral Combat Ships (LCS-I), weapons, systems equipment and services	\$1.9 billion
July 15, 2008	JP-8 aviation fuel	\$1.3 billion
July 30, 2008	9 C-130J-30, engines, systems, equipment and services	\$1.9 billion
September 9, 2008	1,000 GBU-39, mounting carriages, simulators, trainers, systems, equipment and services	\$77 million
September 9, 2008	28,000 M72A& LAAW, 68,000 training rockets, equipment and services	\$89 million
September 9, 2008	3 PATRIOT System Configuration 3 fire unit upgrades, equipment and services	\$164 million
September 29, 2008	25 F-35 CTOL JSF, 50 F-35 CTOL, engines, C4/CNI, other systems, equipment with services	\$15.2 billion
August 5, 2010	60 million gallons of unleaded gasoline, 284 million gallons of JP-8 aviation jet fuel & 100 million gallons of diesel fuel	\$2 billion
December 20, 2012	6,900 Joint Direct Attack Munitions (JDAM) tail kits, spare parts, equipment with services	\$647 million
April 17, 2013	864 million gallons of JP-8 aviation fuel, diesel fuel and unleaded gasoline	\$2.67 billion
January 14, 2014	Six V-22B Block C, engines, other systems, equipment with services	\$1.13 billion
July, 14, 2014	600 AIM-9X-2 Sidewinder Block II All-Up-Round Missiles, 50 CATM-9X-2 Captive Air Training Missiles, spare parts, equipment with services	\$544 million

Note: “FMS” is Foreign Military Sales. Costs are letter of offer and acceptance (LOA) estimates that are subject to change and re-costing.

Source: Adapted by Anthony H. Cordesman and Aram Nerguizian from DSCA data on 36(b) Congressional arms sales notifications.

Regional Arab Protests & Potential Consequences for Israel

Figure 46 shows the growing pressure along Israel’s north-western frontier with the Syrian Golan Heights in 2014. Beyond immediate threats posed by militant groups operating in and around the Heights, Israel finds itself in the unexpected position of having to deal with non-militant and non-military populations that ultimately present no immediate threat, and are part of a wide refugee and IDP challenge tied to Syria.

It is far too soon to predict the long-term consequences of the current upheavals in the Arab world for any country or faction. What is clear, however, is that any deterioration or instability in countries surrounding Israel could undermine its security— a situation that could benefit Iran and that the Islamic Republic could seek to exploit.

In 2007, the IDF launched its first five year military plan in the wake of the 2006 war with Hezbollah. Known as *Teffen 2012*, the 2008-2012 plan made a number of assumptions concerning the kinds of threats Israel would face. These included the likelihood of continued conflict with the Palestinians, the potential for war with Syria or Hezbollah, and the emergence of a nuclear-capable Iran. *Teffen 2012* also took into account the possibility of “dramatic” change in regimes in countries Israel considered moderate, including Egypt and Jordan. This “ring of fire” scenario was viewed as “worst case” when it emerged in 2007.⁵³³

Some four years later:

- Egypt has seen the ouster of President Mubarak in 2011, the emergence of a Muslim Brotherhood-led government in Cairo and the real risk that bilateral relations with Egypt could deteriorate further. It then experienced further regime change once more in 2013, in addition to mounting instability in the Sinai, continued insecurity along the Egypt-Israel border and the continued threat from militant Sunni and Salafi political forces across the country.
- Jordan has seen unprecedented protests with unheard-of criticism of the monarchy from across the spectrum of the Jordanian political opposition. The Hashemite Kingdom remained deeply dependent on foreign aid to float central government deficit spending, and has yet to find lasting stability after more than three years of civil war and displacement in neighboring Syria, and growing pressure from ISIS and under-governance in Iraq.
- Syria, Israel’s long-time regional opponent, saw instability along its border with the Golan Heights for the first time since the 1973 Arab-Israeli conflict, along with the strongest opposition so far to Bashar Al-Assad’s rule, with thousands dead and no clear end-state in sight for Damascus. Meanwhile the Golan Heights – long one Israel’s quietest boundaries with its Arab neighbors – has also become increasingly unstable. On August 27th, 2014, Syrian militants – including Jabhat al-Nusra, Al-Qa’eda’s Syria affiliate – overran Syrian military positions at the Quneitra border crossing and captured 40 UN Disengagement Observer Force (UNDOF) peacekeepers
- The Palestinians, thanks to Egyptian mediation in 2011 and 2012, had taken steps towards Fatah-Hamas reconciliation. However, internal Palestinian divisions and frustration with a beleaguered peace process led to a Palestinian bid for UN recognition in late September 2011, the collapse of

multiple attempts of Palestinian unity in government, and Israeli-Palestinian military escalation and counter-escalation in 2012 and 2014.

- Turkey, a long time non-Arab ally, is now estranged from Israel, in part as a means of bolstering its own credibility in a changing Sunni Arab world. Israel also increasingly sees Turkey as a source of tacit if not explicit support for regional Sunni political and militant forces – some of which are increasingly difficult to describe as the textbook definition of “moderates.”
- Lebanon remained tenuously stable despite the change in government in early 2011, but tensions have mounted thanks to the hot-button issue of potential Israeli-Lebanese energy reserves in the Mediterranean, growing Sunni-Shi’a tension tied to both Hezbollah’s political preeminence and the group’s military role in Syria’s civil war, and the growing confrontation between the Lebanese Armed Forces on the one hand, and ISIS and JAN on the other in north-east Lebanon.

It was difficult for Israel to see these developments and not feel growing uncertainty and risk. From one perspective, developments in the region benefit Iran at Israel’s and the US’s expense. Long-time regional allies are gone and long-nurtured strategic partnerships are now in a state of flux. Iran could add to this tenuous scenario by fomenting instability – something it already seems to be doing through fringe Palestinian militant groups in Gaza.

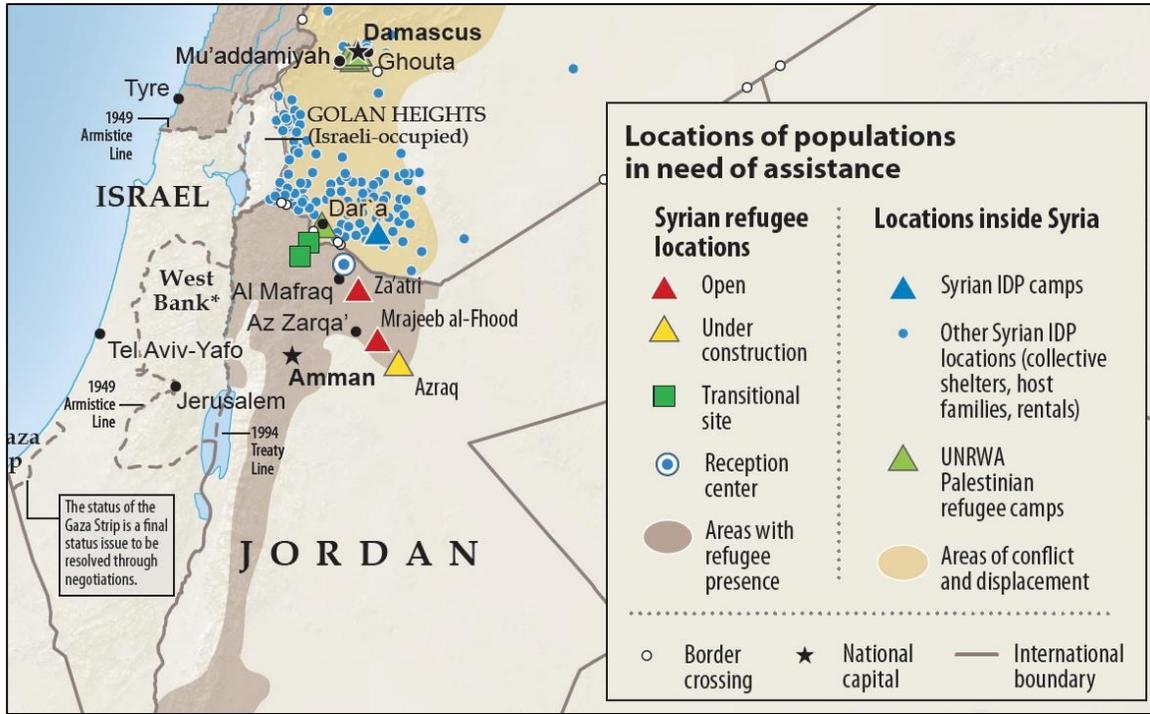
From another point of view, recent events may not be benefiting Israel and the US in the short-term; however, Iran could be a significant loser regardless. The potential loss of Syria could severely undercut Iran’s ability to project its foreign policy clout to the Levant in support of its regional allies. Another challenge could be the emergence of a far more authentic Egypt in tune with many of the regional aspirations of the Arab people. As the most populous Sunni Arab state, Egypt could severely undermine Shi’a Iran’s role in inter-Arab affairs. However, whether this can and will happen is uncertain, as is whether it can be done without sacrificing peace with Israel on the altar of Arab public opinion.

Ironically, these developments give both Israel and the Palestinians even stronger incentives to reach a comprehensive peace deal. A final Israeli-Palestinian peace deal could serve to defuse much of the regional discontent with Israel while also eliminating Iran’s bully pulpit as a regional confrontation state. By the same token, there is no worse time for peace between Israel and the Palestinians. Both Palestinian and Israeli political dynamics are shifting increasingly to the right with decreasing room to maneuver. Israelis also fear suing for peace at a time when doing might be perceived as a sign of fear and insecurity.

While some Israeli leaders have tried to show some optimism amid regional change – Israeli Defense Minister Ehud Barak called the potential departure of Syria’s Assad a “blessing” for the region and a “blow to the Iran-Hezbollah axis”⁵³⁴ – there are far more that remain uncertain and wary of what change will entail; some have gone so far as to call recent events an “Arab nightmare” rather than an “Arab Spring.”

The US will continue to support Israel during this period of regional change and will remain a key guarantor of Israeli security. The US also has an interest to promote its own positive role as regional states struggle with their transitions. Failing to do so could only harm the US to the benefit of its regional opponents, including Iran. The Palestinians’ bid at the UN in late September may not show it, and Israelis may doubt it, but the US has never needed a diplomatic success on the Palestinian-Israeli track as badly as it does today.

Figure 46: Israel, the Golan Heights and the Impact of the Syria Crisis
 (As of January 2014)



Source: Adapted by Aram Nerguizian from “2013 Syrian Regional Humanitarian Crisis in Review,” U.S. Department of State Humanitarian Information Unit, January 14, 2014.

IX. COMPETITION OVER THE WEST BANK & GAZA STRIP

The US and Iran continued to compete for influence over the Palestinians in both the West Bank and Gaza, along with Israel, outside Arab states, and a wide range of non-state actors. US policy towards the West Bank and the Gaza Strip focused on the largely geographic factional split between the Fatah-led Palestinian Authority (PA) in the West Bank and Hamas in Gaza.

In the wake of the 2007 Hamas takeover of the Gaza Strip, the US continued to support President Mahmoud Abbas and his “caretaker” government in Ramallah. Days after Abbas tasked Salam Fayyad, an independent technocrat, with organizing the interim government as Prime Minister, the US lifted economic and political embargos on the PA. The Bush Administration and the US Congress were hopeful that boosting aid levels would foster economic and security gains that would then in turn be conducive to peaceful coexistence between a future Palestinian state and Israel.⁵³⁵

However, in parallel to trends in how the US sought to engage Palestinian groups it deemed acceptable, Iran did the same in its ties to Hamas and Palestinian Islamic Jihad. As the analysis in chapter four on “Operation Pillar of Defense” in 2012 and “Operation Protective Edge” in 2014 showed, Iran continued to back factions that has a major impact on a changing regional balance in terms of rockets and missiles, could innovate to circumvent Israeli efforts to expand and preserve its technical edge, and that – along with Hezbollah in Lebanon – provided Iran with at least some ability to confront Israel with a two front threat from non-state actors.

US Security Assistance to the Palestinians

US security assistance is a key tool in moving towards an Arab-Israel peace and countering Iran, but one that has had only mixed success. US aid to the Palestinian Authority is meant to train and equip PA civil security forces in the West Bank loyal to President Abbas so that they could counter Hamas, Palestinian Islamic Jihad and other militant groups in order to promote the rule of law in anticipation of a future Palestinian state. As was previously mentioned, significant assistance has come through the International Narcotics Control and Law Enforcement (INCLE) account, through which some \$545.4 million was appropriated since 2007 for programs in the West Bank.⁵³⁶

- **Figure 47** shows overall US bilateral assistance to the Palestinian Authority over the FY2005 to FY2012 period, including INCLE funding. **Figure 47** also shows a breakdown of planned spending for FY2012. Both tables show that while security funding has increased considerably since 2007, Economic Support Funds (ESF) continue to constitute the bulk of direct US assistance to the PA.
- **Figure 48** and **Figure 49** show the structures of both the Fatah-led PA’s security forces and those of the Hamas-led government in the Gaza Strip. While forces in the West Bank are larger and better funded thanks to US and EU aid funds, Hamas’ security forces were reported to be both more professional and more capable on the ground. Furthermore, this was reported in spite of the absence of any substantial external support to Hamas’ security forces.⁵³⁷

Figure 47: Actual & Proposed U.S. Bilateral Assistance to the Palestinians

(In current US\$ millions)

Levels of Aid, FY2005-2014

Account	FY05	FY06	FY07	FY08	FY09	FY10	FY11	FY12	FY13	FY14*
ESF	224.4	148.5	50.0	389.5	776.0	400.4	397.5	395.7	365.7	370.0
P.L. 480 Title II (Food Aid)	6.0	4.4	19.488	-	20.715	-	-	-	-	-
INCLE	-	-	0	25.0	184.0	100.0	100.0	100.0	70.0	70.0
Total	230.4	153.2	69.5	414.5	980.7	502.9	550.4	513.4	426.7	440.0

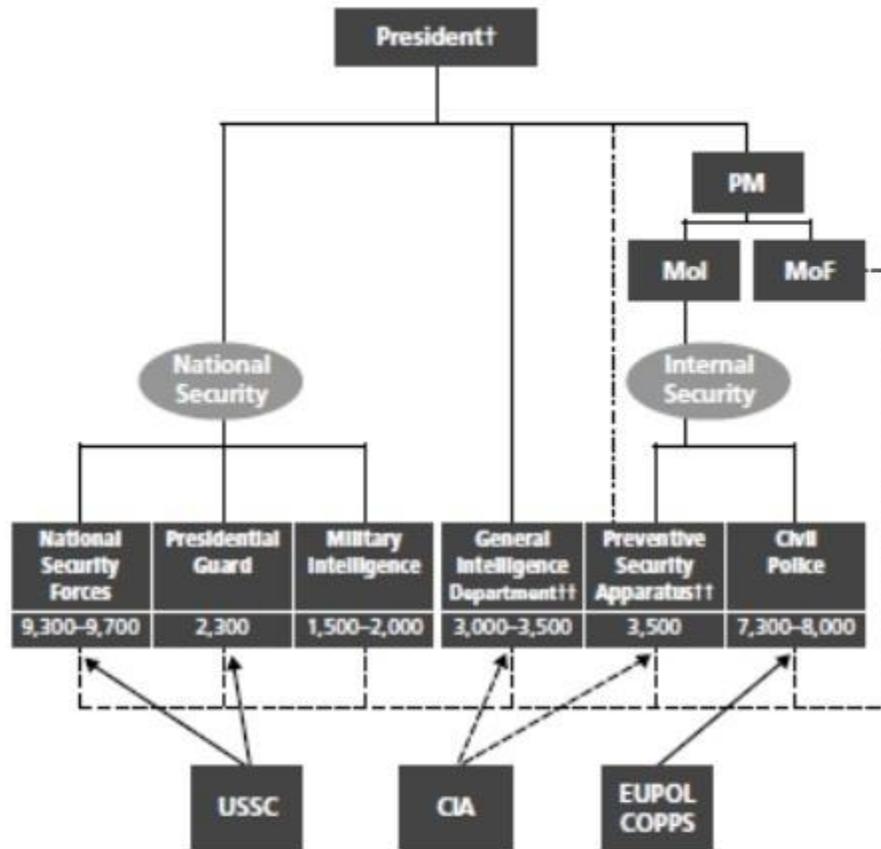
Proposed Spending Plan for FY2013

Amount	Purpose
<p>Economic Support Fund</p> <p>(\$370 million total)</p> <p><i>\$150 million</i></p> <p><i>\$220 million</i></p>	<p>Direct budgetary assistance to the Palestinian Authority in the West Bank</p> <p>Assistance for the West Bank and Gaza through USAID</p> <ul style="list-style-type: none"> ▪ \$22.5 million – governance, rule of law, civil society ▪ \$88.0 million – health, education, social services ▪ \$78.7 million – economic development ▪ \$37.8 million – humanitarian assistance
<p><u>International Narcotics Control and Law Enforcement (INCLE)</u></p> <p>(\$70 million total)</p> <p><i>\$40.8 million</i></p> <p><i>\$29.2 million</i></p>	<p>Training, non-lethal equipment, and garrisoning assistance to PA security forces in the West Bank, supporting efforts by the US Security Coordinator</p> <p>Assistance for PA Ministry of Interior and for the justice sector (prosecutors and criminal investigators) to improve performance, efficiency, and inter-institutional cooperation, rule-of-law infrastructure, including courthouses, police stations and prisons</p>

Note: All amounts are approximate; “bilateral assistance” does not include U.S. contributions to UNRWA or other international organizations from the Migration and Refugee Assistance (MRA or Emergency Refugee and Migration Assistance (ERMA) accounts. Amounts for FY2014 have been requested but not yet appropriated.

Source: Adapted by Aram Nerguizian from U.S. State Department and USAID data, *Congressional Budget Justification for Foreign Operations*, various fiscal years, Jim Zanotti, “U.S. Foreign Aid to the Palestinians,” *CRS Report for Congress*, RS22967, January 18, 2013.

Figure 48: West Bank Palestinian Security Forces Organizational Chart in 2011



Key

—————	Formal authority
-----	De facto control
-----	Fiscal authority, de facto control
—————>	Official donor assistance
----->	Covert donor assistance

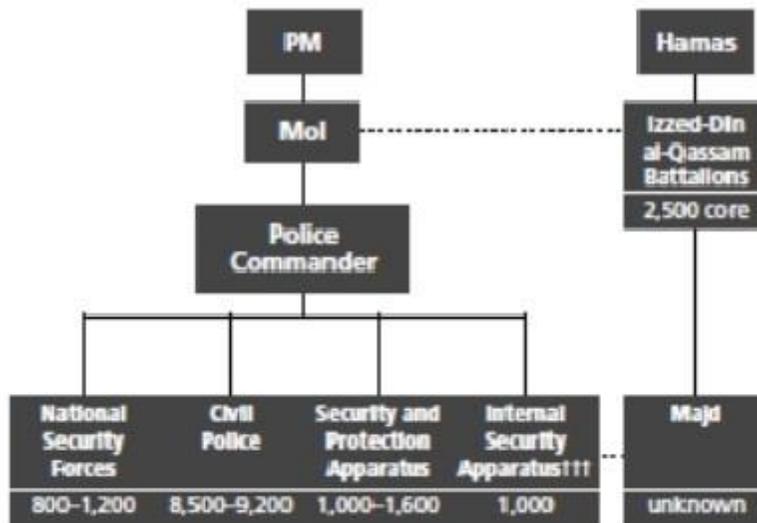
Total PASF: 27,000–29,000 (including 1,000+ in auxiliary services)

* The PA President is designated Commander-in-Chief under the revised Basic Law of 2003 with authority over all PASF branches. Under the Law for the Palestinian Security Services of 2005 he delegates responsibility for internal security to the Council of Ministers

**The two agencies may have additional informers.

Source: Yezid Sayigh, “Policing the People, Building the State: Authoritarian Transformation in the West Bank and Gaza,” *The Carnegie Papers*, February 2011, p. 6.

Figure 49: Gaza Palestinian Security Forces Organizational Chart in 2011



Key

—————	Formal authority & actual control
-----	Covert coordination

Total PASF strength: 12,520–15,420 (including 1,220+ in auxiliary services)

***The agency may have additional informers.

Source: Yezid Sayigh, “Policing the People, Building the State: Authoritarian Transformation in the West Bank and Gaza,” *The Carnegie Papers*, February 2011, p. 6.

Implications of Potential Fatah-Hamas Reconciliation

Iran has problems of its own in dealing with the Palestinians, although not necessarily in ways that will benefit the US. On April 27, 2011, Fatah and Hamas announced a surprise unification deal. Built upon secret talks mediated by Egypt's new interim government, representatives from both sides were optimistic that this latest round of negotiations would succeed where others failed. The sudden move came on the heels of changes in the regional balance of power and changes to Palestinian strategies meant to secure statehood.

Popular uprisings in Egypt and Syria have meant that the two Palestinian groups needed to cooperate in order to compensate the weakening of both players' relative bargaining power.

Egypt, which was newly reconciled with its own Islamists, was in a far better position to bring Hamas back to talks with Fatah. Meanwhile, Syria continued to face the real risk that Bashar al-Assad's regime could collapse, thus threatening to downgrade much needed support for Hamas. By moving quickly on the path to reconciliation and not waiting for events to unfold in Syria, Hamas appeared to have secured its place at the negotiating table with Fatah as an equal. Meanwhile, Fatah, reeling from failed peace talks between the Fatah-led PA and Israel, sought to secure recognition of Palestinian statehood at the UN General Assembly in September of 2011.⁵³⁸

Washington had hoped that it could broker a deal between the Fatah-Led PA and Israel, and was arguably disappointed at the collapse of talks. There is also a great deal of apprehension at the prospect of "losing" Fatah to a unity government with Hamas. The latter is considered a terrorist organization by the US and other Western states, and a real risk exists that a Palestinian unity government that included Hamas risked losing considerable foreign assistance from the West.⁵³⁹

A great deal of uncertainty remained. Fatah and Hamas leaders President Mahmoud Abbas and Khaled Meshal signed a reconciliation deal in Cairo on May 4, 2011.⁵⁴⁰ By July there were already signs that the Hamas-Fatah deal was coming apart at the seams in no small part thanks to Fatah and Hamas intelligence and security cadres opposed to the move and lack of unity over who should hold the post of interim prime minister. To add to an already difficult Palestinian political environment, Israel seized Palestinian tax revenues while the US threatened to end financial support for the PA.⁵⁴¹

Hamas and Fatah both sought to take credit for maintaining some modicum of Palestinian unity through a February 2012 agreement in Doha, Qatar, and a May 2012 accord in Cairo, Egypt to form a unity government and to move forward with Palestinian elections.⁵⁴² However, the ouster of the Muslim Brotherhood-led government of President Mohamed Morsi on June 30, 2012, served to alter what had become a close relationship between Hamas and Cairo. Egypt under de facto military leadership in 2013 and led by President Abdel Fatah al-Sisi in 2014 proved to be anything but hospitable to the Palestinian militant group.⁵⁴³

While the US has reason to be concerned about any Fatah-Hamas reconciliation effort, it is important to bear in mind the changes taking place in Iran's position in inter-Palestinian dynamics. While initially supportive of the Hamas-Fatah deal, Iran has grown disenchanted with the agreement as it failed to produce much sought-after Iranian rapprochement with Egypt.⁵⁴⁴ Continued instability in Syria may have also contributed to increased

apprehension on the part of Tehran in a bid to restore the core pieces of its “resistance axis.” However, the loss of Egypt, recurring cycles of Israeli-Palestinian violence in 2012 and 2014 and the growing isolation of Hamas in the Arab world have also proven to be useful opportunities for Iran to strengthen its ties to Palestinian militants in Gaza and potentially in the West Bank.

Iran & the Palestinian Islamist Wildcard

Iran has continued to try and bolster its position and that of Syria. One tool Iran has had at its disposal was the mobilization of Palestinian Islamist groups in support of Syria. However, Hamas has so far refused to provide its backing behind the regime.

While Hezbollah has backed the Assad regime, Hamas has not. One possible explanation for this divergence is Sunni Hamas’s desire not to alienate the mainly Sunni Syrian opposition, given the militant group’s own view that the Assad regime is not likely to survive the latest round of instability. A strong pro-Assad position would likely weaken Hamas’s position in the mainly Sunni Arab Middle East. As such the group may not be able to afford overtly backing Syria’s crackdown. Shi’a Hezbollah, on the other hand has other calculations to take into account, including its own tenuous position in Lebanon’s deeply divided sectarian landscape, and its need to balance against domestic pressures by consolidating its relationship with Tehran.

Iran has reacted by turning to other Palestinian factions. Iran has been frustrated by Hamas’ overtures to Fatah and weary of its refusal to pledge its support for Syrian president Bashar al-Assad. *Jane’s* reported that in early August 2011, Iran directed pro-Iranian Palestinian Islamic Jihad (PIJ) to launch rocket attacks on Israel as part of a broader pressure tactic against Hamas. *Jane’s* added that Iran would not direct PIJ to halt firing missiles until Hamas declares its support for Assad, potentially provoking a strong Israeli military response against the Gaza Strip in the meantime.⁵⁴⁵

On August 9, 2011, *Jane’s* reported that the IDF had authorized the deployment of an *Iron Dome* anti-rocket battery in response to PIJ rocket fire from the Gaza Strip.⁵⁴⁶ Later on August 18, 2011, Palestinian militants fired two Grad rockets at Ashqelon in Israel’s Southern district. The attack resulted in no casualties with one of the rockets landing in an open area while the second was intercepted by the Iron Dome system.⁵⁴⁷ The Popular Resistance Committee (PRC) took credit, as well as acknowledging a separate roadside bombing and shootout the same day near the Jordanian border. The Israeli military retaliated with airstrikes against both PRC and Hamas offices in the strip. Hamas vehemently denied any involvement in the attacks.⁵⁴⁸

There is some circumstantial evidence that indicated the latest round of Palestinian violence was encouraged by Iranian efforts to balance external threats against its core regional ally Syria. It may also represent an Iranian effort to coax Hamas into a pro-Assad position – a move the group is loath to pursue. Pressured to action by Iran and increasingly unsettled in Syria, Hamas was reported to be looking to move its external political bureau from Damascus to another regional capital. However, the initial response to Hamas was lukewarm at best with no major countries offering to host the group.⁵⁴⁹

In January 2012, Khaled Meshal and other top Hamas officials decided to leave their headquarters in Damascus.⁵⁵⁰ While the report cited security concerns in the wake of

Syria's protracted cycle of popular unrest, it is more likely that this reflects a strategic shift on the part of the Islamist group. This could be driven by the reality that Syria's crisis is likely to be protracted and Hamas's desire to recalibrate its position to allow it to continue to garner the support of the region's Sunni Arab majority.

While it is still uncertain where Hamas will relocate its leadership, it was clear that the group had chosen to espouse the region's popular protests, if only for a time and at the rhetorical level. In a break with years of ties with the Assad regime, Hamas's Prime Minister in Gaza, Ismail Haniya, declared the group's support for protesters aspirations for political change in Syria in late February 2012.⁵⁵¹ That the statement was issued from the Al Azhar mosque in Cairo was at least equally symbolic; Egypt under President Hosni Mubarak was hostile to Hamas, an offshoot of the then-banned Muslim Brotherhood.

The Palestinian Islamist wildcard proved crucial to projecting Iranian influence in the Levant as a means of impacting the Arab-Israeli conflict. Relying on groups like Hamas was also an important means of shoring up much needed Sunni support for Iran in the region. A very public break between Syria and Hamas is a setback for Iran, but the Islamic Republic continues to cultivate ties with Palestinian Islamist groups. So far, Tehran has also rejected a deeper isolation of Hamas for siding against the Assad regime, going so far as to invite Prime Minister Haniya to Tehran in early February 2012 for consultations.⁵⁵²

There is little the US can do to capitalize on rifts between Syria and Hamas. US engagement with the Egyptian Muslim Brotherhood was relatively robust. In contrast, it will prove far more difficult for the US to build bridges with an Islamist group the US government considers to be a terrorist organization. Meanwhile, given Iran's unwavering support for the minority-led Assad regime in Syria, it is unclear how well and for how long Iran can sustain its policy of supporting such groups.

As was discussed earlier, fighting between Israel and Hamas in July and August 2014 may have provided Iran and Hamas with just such an opportunity. During "Operation Protective Edge" not only did Hamas engage the IDF often on its own asymmetric terms, it did so in close coordination with one of Iran's closest allies in the Gaza in 2014: Palestinian Islamic Jihad. Furthermore, at a time when Hamas found itself completely isolated in Arab state system, it may need Iran more than ever if it is ever to replenish its severely diminished holdings of rockets and missiles with which to target – if not deter – Israel.⁵⁵³

Iran was unwilling to sacrifice talks with the P5+1 in 2013 on account of Hamas. However, at a time when Iran had lost almost all of its Sunni Arab allies and clients, rekindling ties to Hamas – a group buoyed by its perceived success against IDF in 2014 – may be one way for the Islamic Republic to break aspects of its own regional isolation. What is certain, however, is that unlike the US, the Islamic Republic has shown it is flexible enough to at least try and recalibrate to shifts on the Palestinian political scene.

The US, Iran & the Palestinian bid for Statehood

On September 23, 2011, Palestinian President Mahmoud Abbas formally asked the United Nations to recognize a Palestinian State.⁵⁵⁴ While the move defied US pressure to abandon the effort in favor of resuming negotiations, the request and a UN vote endorsing it in late November 2012 did much to re-energize Mahmoud Abbas's waning presidency, bolstering his popularity and undermining the perception that the Palestinian leader was weak.⁵⁵⁵

The Palestinian move did present a challenge to US policy at a time of increasing popular upheaval across the Arab world. While the Obama Administration supported the establishment of a Palestinian state based on the 1967 lines with mutually agreed land swaps,⁵⁵⁶ the US nevertheless declared its opposition to Palestinian efforts to secure statehood through the UN Security Council.⁵⁵⁷ While the position is part and parcel of the US's strong bilateral ties to Israel, it does go against the tone of regional democratic aspirations and US efforts to play a leading role in support of positive transformation across the Middle East.

While the nuances of US policy both inform and limit Washington's approach on the Palestinian push for statehood, Iran's position on the bid is no less challenging. On October 1, 2011, Iran's supreme leader, Ayatollah Ali Khamenei, rejected the Palestinians' bid for statehood at the UN, commenting that a deal that accepted Israel would threaten the security of the Middle East and leave a "cancerous tumor" unchecked in the region.⁵⁵⁸ Similar to the US position, the Iranian stance on the Palestinians' UN bid is also fraught with danger. Through its bid to support Palestinian factions opposed to normalization, as well as its efforts to support regional allies Syria and Hezbollah, Iran risks further degrading its shrinking popularity in a mainly Sunni Arab Middle East.

The Palestinian UN bid is important to US-Iranian competition in part given that it remains unclear what the future holds and which player will seize the initiative first. The formal recognition on November 29, 2012 by the UN of Palestine as non-member observer state could provide the ailing and increasingly marginalized government of Mahmoud Abbas a boost in the wake of a week of fighting between Hamas and Israel.⁵⁵⁹ This could be especially important in the wake of a conflict where Hamas was seen as able to score important political points locally and regionally.

That the US was again in the minority of countries opposing Palestinian statehood is a testament to the complexities tied to competing US policy priorities and objectives. Nonetheless, the US may still try to capitalize on the UN vote and Israel's perceived military success in November 2012 against Palestinian militants in Gaza to think about ways to restart talks between Israelis and Palestinians.

In late July 2013, US Secretary of State resumed efforts to bring Israeli and PLO negotiators to Washington DC to discuss a framework for final-status negotiations in what were the first Israel-PLO negotiations since 2010. While this latest round negotiations did present some opportunities for the US to move forward in what was slowly becoming an intractable war of positions. However, key divisions tied to the recognition of Israel as a homeland for the Jews (and the potential impact that may or may not have on aspects of the Palestinian right of return), and settlement activity by Israel remained. After a number of false starts, the US special Mideast envoy for the Arab-Israeli conflict resigned on June 27, 2014.⁵⁶⁰

In short it is as unclear as ever that either Israel or the Palestinians really see the other as a viable peace partner or that the US can maneuver Israel and the Palestinians to a political position that can allow the US to decisively endorse a move to Palestinian statehood. It also remains to be seen how effectively Iran can move to foil US and other states' peace efforts at a time when Iran faces a more cohesive Gulf Arab position and continued instability in Syria.

X. COMPETITION OVER EGYPT

Egypt is the Arab world's most populous nation and one of the Middle East's most important regional actors. While the days of Egypt as the epicenter of Pan-Arabism have long since passed, the country continues to envision itself as the champion of Arab nationalism.⁵⁶¹ Egypt and Iran have also been rivals throughout much of the 20th century. Over the last 30 years, the Egyptian-Iranian regional rivalry persisted and increased markedly in the wake of the US invasion of Iraq and the expansion of Iranian and Shi'a influence in the Middle East. Today, Iran continues to be viewed largely as a Persian Shi'a regional foil.⁵⁶²

The 1979 Islamic Revolution in Iran cost the US one of its core regional allies but it was also in 1979 that Egypt and Israel signed a US-brokered peace deal ending years of conflict. In the three decades since then, Egypt has grown into one of America's core regional allies along with Israel, Jordan, Saudi Arabia and Turkey.

Some Egyptians felt that Egypt's foreign policy re-alignment in 1979 came at the expense of the country's leadership in both regional and Arab politics.⁵⁶³ Nevertheless, Egypt under Mubarak remained deeply concerned with Iranian support for Palestinian militant and Islamist groups such as Hamas, clandestine operations in Egypt by Iranian-backed groups such as Hezbollah, Iran's role in Iraq, and the ongoing development of Tehran's nuclear program.

Egypt under Mubarak also seemed to be a source of stability, predictability, and relative moderation as far as US interests were concerned. However, there are now deep questions about what role a post-Mubarak Egypt will play both in the context of US-Iranian strategic competition, and more broadly in the realm of inter-Arab and regional politics.

US Policy Towards Egypt

US policy towards Egypt over the past three decades has been predicated upon its role in maintaining regional stability, promoting strong bilateral relations, deepening military cooperation, and promoting strong bilateral adherence to the 1979 Egyptian-Israeli peace treaty. Egypt is traditionally considered by the US as a moderating influence in the Middle East with regards to Arab-Israeli peace efforts and supporting US efforts against Iranian hegemonic interests.

However, strong support for the Mubarak government was mixed with repeated calls for Egypt to take increasing steps towards reform. US policymakers also found it increasingly difficult to maintain the US-Egyptian strategic partnership while simultaneously promoting human rights and representative government. These tensions were further aggravated by growing calls by Egyptian opposition figures to address issues including state corruption, economic inequality, and the question of leadership succession. The Mubarak government resisted all US calls for reform, dismissing them as American intervention in Egyptian internal affairs.

The US relied heavily on Egypt to mediate between warring Palestinian factions, chiefly Fatah and Hamas. While Egypt repeatedly delivered on cease-fire arrangements, the Mubarak regime's contentious relations with Islamist movements – such as the Egyptian Muslim Brotherhood and Palestinian Hamas – meant that there were inherent limits to how

far Egyptian good offices could go when it came to promoting Palestinian reconciliation and a resumption of Palestinian-Israeli peace talks.

What is not clear is whether the US can achieve the same security relations with a new Egypt. On December 29, 2011, Egyptian police raided the offices of US-based international non-government organizations working on democratic reforms, including the International Republican Institute (IRI) and the National Democratic Institute (NDI), under the auspices of a criminal investigation into foreign funding of NGOs in Egypt.⁵⁶⁴ While Egyptian officials signaled on February 29, 2012 that it would lift a travel ban barring seven Americans affiliated with US democracy groups, the experience served to further sour US-Egyptian relations, raising the prospect that US economic and military aid to Egypt could come under review.⁵⁶⁵

Regardless of what is sure to be years of uncertainty in a difficult transition in Egypt, the US will certainly seek to actively promote and reinforce its past strategic partnership with Cairo, support military aid funding and seek to strengthen Egyptian-Israeli peace. The US must also reconsider civil and economic aid programs that have been diminishing over time, both in quantity and real world on-the-ground impact, as the US faces serious economic problems of its own.

Iran's Response

While the US still counts Egypt as a regional ally in its strategic contest with Iran, the Islamic Republic perceives Egypt as both an obstacle to its regional ambitions and as a possible future opportunity – even if this means an Egypt that distances itself from the US without growing closer to Iran. Iran's approach to relations with Egypt has always been difficult in the wake of the Islamic Revolution and the Camp David Peace Accords. The two countries severed diplomatic relations in 1980 in no small part thanks to Iran's opposition to Egypt's peace with Israel, but also as a result of Cairo's decision to host the deposed Shah and support for Iraq during the Iran-Iraq war from 1980 to 1988. This hostility, though varying in scope and scale, would carry over to the post-Cold War era and the first decade of the twentieth century.

There was a bilateral attempt to thaw stalled Egyptian-Iranian relations between 2007 and 2008, Egypt had hoped such an initiative would elicit attention in Washington and bolster US support for Cairo. Iran in turn hoped that its push to smooth relations would allow it to bolster greater support among Sunni Arab states and downplay fears of Iranian regional ambitions. The effort ultimately failed with neither player willing to take meaningful steps to reconcile their decades-old differences.⁵⁶⁶

Relations between Iran and Egypt deteriorated further in 2009, as Egypt sought to check Iran's increasing role in the region and what Egypt considered Iranian meddling in Arab affairs. In April 2009, Egyptian authorities accused the Lebanese militant group Hezbollah of operating a 49-member military cell in the country. Egyptian officials reported at the time that the cell was monitoring sea traffic at the Suez Canal in addition to planning attacks against Sinai tourist resorts, especially those favored by Israelis. The Mubarak government also accused the militant group of smuggling weapons to Hamas along the Egypt-Gaza border and of proselytizing Shi'a Islam and ideology in the country. The Egyptian police arrested 25 suspects and charged 13 of them with espionage and illegal arms possession.

Hezbollah's Secretary General Hassan Nasrallah later acknowledged that the group had personnel in Egypt, reportedly conducting "reconnaissance" for the group.⁵⁶⁷

It is unclear whether the political upheavals in Egypt will now change this situation in substance or on a lasting basis, although they may change it in tone. There have always been limits to how much influence Iran could garner in Egypt. Beyond geographic distance, Egypt is ultimately a Sunni power in the Middle East and Shi'a Iran's political-religious ideology has limited clout or credibility.

Furthermore, Iran has little to offer Egypt either as a political model or as an example of socio-economic success in the Middle East. Even in a post-Mubarak Egypt, it is highly unlikely that Iran can influence the course of Egyptian foreign policy. Most cases where Iranian and Egyptian policies have the potential to converge – for example on supporting or building up ties with Hamas or taking stronger stands in favor of the Palestinians in general – are more a reflection of foreign policy assertiveness in Cairo meant to cater to Egyptian public opinion and less an indicator of Tehran's influence.

Seeking to Preserve the Uncertain US-Egyptian Military & Security Partnership

Egypt and Iran do not have military ties or security cooperation, given the antagonistic dynamic between the two countries. In contrast, military aid is a pillar of US policy towards Egypt and levels of FMF worth some \$1.3 billion a year are essential to ensuring that Egypt remains firmly planted within the US and pro-Western camp in the Middle East. FMF aid to Egypt is generally divided along three lines: acquisition, upgrades to existing systems and follow-on support/maintenance contracts.

In recent years, US military aid was also intended to foster a stronger Egyptian response to Hamas' and other Palestinian militant groups' smuggling efforts in Sinai and along the Egypt-Israel border. In late 2007, the Bush Administration put aside \$23 million of Egypt's FY2009 FMF toward procuring advanced detection equipment including sensors, surveillance gear and the means to identify and process seismic-acoustic data.⁵⁶⁸ The US Congress also provided Egypt with \$50 million in Nonproliferation, Antiterrorism, Demining, and Related Programs (NADR) funds to help better secure the Rafah border crossing.

While some in the US and abroad have questioned the resilience of the US-Egyptian military partnership in a post-Mubarak Egypt (especially in the wake of Egyptian authorities' targeting US democracy-focused NGOs), it is likely that it would have been far more difficult for the US to gain insight into events as they unfolded were it not for the US's ability to reach out to the Egyptian military at multiple levels.

The use of both formal and informal channels of communications proved crucial as the US sought to recalibrate its policy to changing realities on the ground. In a sign that the US-Egyptian military partnership has yet to be affected by the exit of Mubarak, mass protests and US concerns over Islamists in Egyptian politics, the US DSCA notified Congress on July 5, 2011 of a potential sale of military equipment worth \$1.3 billion to Egypt. The sale supported M1A1 Abrams co-production: a pillar of the US-Egyptian military partnership.⁵⁶⁹

Managing the Impact of Instability in Egypt

Popular protests in Egypt starting in late January 2011 caught both the US government and the US policy community by surprise. By February 11, 2011, Egypt's longtime leader, Hosni Mubarak, resigned from his office as President of Egypt. A Supreme Council of the Egyptian Armed Forces (SCAF) – a 20-member council of senior officers – has stepped in to fill the political and leadership vacuum left by Mubarak's exit. The SCAF now rules largely by decree in consultation with Egypt's dominant political forces, but the Council has indicated that it has no intention of retaining power indefinitely and that it will take the steps Egyptians expect to carry out elections.⁵⁷⁰

Parliamentary elections held from November 2011 to January 2012 brought Egypt's Islamists to power, led by the Muslim Brotherhood's Freedom and Justice Party (FJP). Together, the FJP and the Salafist Al-Nour party took nearly three quarters of the seats in Egypt's new legislature. While the outcome of the presidential election scheduled for June 16-17 remains uncertain, the first round of voting proceeded as planned in May.

Regardless of these election results, it is becoming increasingly clear that post-Mubarak Egypt will revolve around two main political forces: the Muslim Brotherhood and the Egyptian military. Despite an initial decline in public approval ratings – from a high of 67% in February 2012 down to 43% in April 2012 – the Muslim Brotherhood continues to command solid support among Egyptians.⁵⁷¹ As one of the oldest and best-organized political parties in Egypt's fledgling second republic, the Muslim Brotherhood promises to retain an influential presence in the country for the foreseeable future.

Similarly the Egyptian military establishment will continue to play a leading role in charting the path forward. Even as the SCAF surrendered political power to Egypt's first Islamist president, Mohamed Morsi, on June 30, 2012,⁵⁷² the roots of the military “deep state” thoroughly envelop Egyptian society and will allow its military rulers to maintain their iron grip on the country's state bureaucracy, security sector, and the economy overall.

Regardless of how power will be shaped in Cairo, what is certain is that Egypt will have to tackle the damaging economic effects of months of political turmoil for years to come. Most urgent is the depletion of foreign currency reserves, which have been reduced by more than half since January 2011.⁵⁷³ Egypt's fiscal deficit grew by 10.0% of GDP from July 2011 to June 2012, well beyond government projections of 7.8%, and future deficit targets may also be missed thanks to a broader economic slowdown, the rise in the cost of government borrowing and growing expenditures. Tourism and manufacturing – some 21% of real GDP – have both begun to improve, but it will take time and political stability to offset the effects of instability in 2011.⁵⁷⁴

Reducing of Egypt's burdensome subsidies, which comprise about 28% of government expenditures in the current budget, will be a long-term challenge.⁵⁷⁵ The IMF has promised a \$4.8 billion credit facility; however, that will require that the government phase out fuel subsidies than many Egyptians continue to rely on.⁵⁷⁶ Although reducing energy subsidies will be a key feature of restructuring the ailing Egyptian economy in the long run, in the short term it is likely to put even greater pressure on millions of Egyptians already struggling with poor job prospects and ballooning consumer prices.

Populist and socio-economic pressures have not disappeared with the ousting of Mubarak, and instability in Egypt – the Arab world’s most populous nation and an integral component of existing Arab-Israeli peace efforts – has already had deeply destabilizing effects across the region. It could also undermine Washington’s regional standing and access in the future, while presenting Iran with further opportunities to consolidate its own interests in the context of US-Iranian strategic competition. For these reasons as well as many others, the focusing of US policy on managing Egypt’s transition is central to the future of US and Iranian competition as well as central to US regional policy.

The US Response

The core of the US effort to try to influence change in Egypt between February and May of 2011 entailed bolstering ties to leading and emerging post-Mubarak political forces in Egypt. This has included working closely with the SCAF to press the US position that the military is the only force with the resources and structure to safeguard a political and security space conducive to emerging political parties. On the other hand, the US is also keen to eventually see the Egyptian military relinquish political power.⁵⁷⁷

The Egyptian military was crucial to eliminating or managing much of the uncertainty of a post-Mubarak Egyptian landscape, and it is likely that currently and future administrations will continue to seek close ties with the military. It is also likely, however, that the US will try to foster greater civilian control over the military, should the opportunity present itself to do so.

There are other security challenges to US and Egyptian interests. Egyptian gas pipelines have been repeatedly attacked since the start of protests, undermining energy exports to Jordan and Israel. Security in the Sinai has eroded considerably since the start of protests, with Sinai Bedouins and Palestinian militants from Gaza emboldened by the Egyptian military’s focus on security elsewhere in the country.

Israeli security forces killed five Egyptian police officers on August 18, 2011, while chasing suspected members of the Palestinian Popular Resistance Committee (PRC) militants into the Sinai.⁵⁷⁸ The incident inflamed Egyptian public opinion, which remains both strongly anti-Israel and hostile to what some saw as a fruitless exercise under Mubarak of over-accommodating Israel at the Palestinians’ expense. On September 9, 2011, thousands of Egyptian protesters besieged the Israeli embassy in Cairo, prompting the airlifting of the Israeli ambassador back to Israel.⁵⁷⁹ The incident was a test of the Egyptian-Israeli peace and presented a challenge to the US policy by association, and presented the real risk that further instability in Egypt-Israel relations could not be ruled out.

The Iranian Response

While the US response to change in Egypt was proactive and marked by a sense of urgency, Iran’s response was both less direct and less tangible. As mass protests in Egypt approached critical mass in early 2011, Iran was presented with the prospect that the regional balance of power could tip in its favor.

The destabilization of Egypt’s position as a pillar of US policy in the Middle East came at a time when Turkish-Israeli relations appeared to reach a new low and the US’s key allies in the Southern Gulf were pre-occupied with protests in Bahrain, the need to ensure stability in Oman, and containing spillover effects of instability from Yemen. Iran worked

hard in the early days of the Egyptian protest to portray the uprising as a repeat of its own 1979 Islamic Revolution,⁵⁸⁰ with official Iranian Foreign Ministry statements citing Egypt as evidence of an “Islamic renaissance” in the Middle East.⁵⁸¹

However, Iranian government support for the Egyptian opposition had its limits and drawbacks. In February 2011, Iran’s State Prosecutor, Gholam Hossein Mohseni Ejeji, warned the Iranian opposition not to stage an independent rally in support of the Egyptian protests against the Mubarak regime. He added that those who wanted to show solidarity for Egyptian uprising should take part in government-led protests instead.⁵⁸² It is very difficult – and potentially reckless from a regime security standpoint – for a country that crushes dissent and political opposition at home and supports a crackdown in Syria to actively promote political change abroad.

Assessing the Impact of Egypt’s Counter-Revolution

In July 2013, the Egyptian military ousted the then Muslim Brotherhood-led government of President Mohamed Morsi. A year later on June 8, 2014, Abdel Fatah al-Sisi – a former Egyptian Army marshal and commander of the Egyptian Armed Forces – took the oath of office after popular elections to become Egypt’s current serving president.⁵⁸³

The removal of Mr. Morsi was followed by a crackdown against popular dissent, organized by the Muslim Brotherhoods and its erstwhile allies in parliament. While there are many reasons why the Morsi government was left so vulnerable, one crucial one was the perception that Egypt’s new government was no better at tailoring its fiscal policies to reality than the Mubarak Administration. That being said, as previous sections showed, dealing with the underlying socioeconomic challenges facing countries like Egypt remains a veritable chicken and egg problem: reforms are needed to alleviate massive fiscal burdens tied to central government spending. However, alleviating those burdens exposes any government to external threats and anger from below.

At the political level, the military’s crackdown and the removal of an elected president strained relations with Obama Administration and brought public concerns about the costs and benefits of maintaining bilateral security arrangements with and grant aid to Egypt back into the proverbial spotlight. Concerns aside, it would be irrational for any US administration to sacrifice bilateral ties with a state that USCENTCOM considers a regional “anchor state”⁵⁸⁴ on the altar of public opinion. With Syria at war with itself, Jordan under pressure, Iraq in tatters and pressures on Israel and Lebanon, not much of the original security architecture prior to the Arab uprisings of 2011 remains intact or at least unaffected. Even with levels of resentment in Cairo or at the popular level, the US needs to show strategic patience and a realist streak in its bilateral engagement with Egypt – if not most states in the Levant.

The US also needs to support Egypt so that Egypt can support US priorities in turn. A shattered Egypt weakens the position of the US and its allies in dealing with the Arab-Israeli conflict, engaging with Palestinian factions like Hamas that the US does not have direct ties with, or in terms of ensuring that as broad a consensus as possible exists on Arab normalization with Israel. The terminal loss of Egypt in any of those arenas only serves to strengthen Iran’s ability to penetrate further an already permeable Levant state system.

Egyptian Instability and Violence in Sinai

One of the Sisi government's most pressing challenges is restoring confidence in the idea of a stable Egypt. Doing so will not be possible so long as Egypt remains interspersed with recurring conflict and unrest. As **Figure 50** shows, Egypt became steadily more violent with growing numbers of attacks on Egyptian security forces. There were also recurring if spread out attacks against Egyptian energy infrastructure tied to the oil and gas sector. The military's suppression of the Muslim Brotherhood has in many ways triggered a low level insurgency in key parts of Egypt led principally by Islamist groups acting directly against the state.

Beyond the broader national security environment, Sinai has also been a persistent and recurrent source of violence and instability. Seizing on instability from 2011 to the present, a mix of indigenous Bedouin tribes, foreign fighters and Palestinian militants from Gaza have formed cells across the Sinai Peninsula that have targeted both Egyptian and Israeli interests. These campaigns only increased with the ouster of the Morsi government and have ballooned into a more aggressive insurgency. As a result large parts of the Peninsula were closed military zones wherein the military and security forces faced recurring attacks. Increases in incidents involving small arms and bomb attacks triggered an expansion of the Army's presence in Sinai. By some estimates, there may be as many as 22,000 Egyptian security personnel operating in Sinai alone.

Egypt's Future Security Role

As was described earlier in chapter four on the regional asymmetric balance, one of the core challenges that Egypt under President Sisi faced was restoring relative stability in the Sinai Peninsula. To that end, Egyptian security forces had few alternatives but to systematically target Ansar Bayt al-Maqdis (ABM), an Al-Qa'eda inspired group that emerged on the Peninsula in the turmoil and lax security measures that defined the period in the wake of Mubarak's ouster in 2011. Designated a Foreign Terrorist Organization (FTO) on April 9, 2014, the US Department of State described the group as follows:⁵⁸⁵

“Created in 2011 following the Egyptian uprisings, Ansar Bayt al-Maqdis (ABM) is responsible for attacks on Israel and security services and tourists in Egypt. ABM – who shares some aspects of AQ ideology, but is not a formal AQ affiliate and generally maintains a local focus – was responsible for a July 2012 attack against a Sinai pipeline exporting gas to Israel. In August 2012, ABM claimed responsibility for a rocket attack on the southern Israeli city of Eilat, and in September 2012, ABM militants attacked an Israeli border patrol, killing one soldier and injuring another.

In October 2013, ABM claimed responsibility for a suicide bombing targeting the South Sinai Security Directorate in el Tor, which killed three people and injured more than 45. In January 2014, ABM successfully downed a military helicopter in a missile attack, killing five soldiers on board, and claimed responsibility for four attacks involving car bombs and hand grenades in Cairo, which left six people dead and over 70 wounded, many of them civilian bystanders.

ABM has also targeted government officials, including the September 2013 attempted assassination of the Egyptian Interior Minister, and the January 2014 assassination of the head of the Interior Minister's technical office. In February 2014, ABM expanded its

targets to include foreign tourists, and claimed responsibility for the bombing of a tour bus in the Sinai Peninsula, killing the Egyptian driver and three South Korean tourists.”

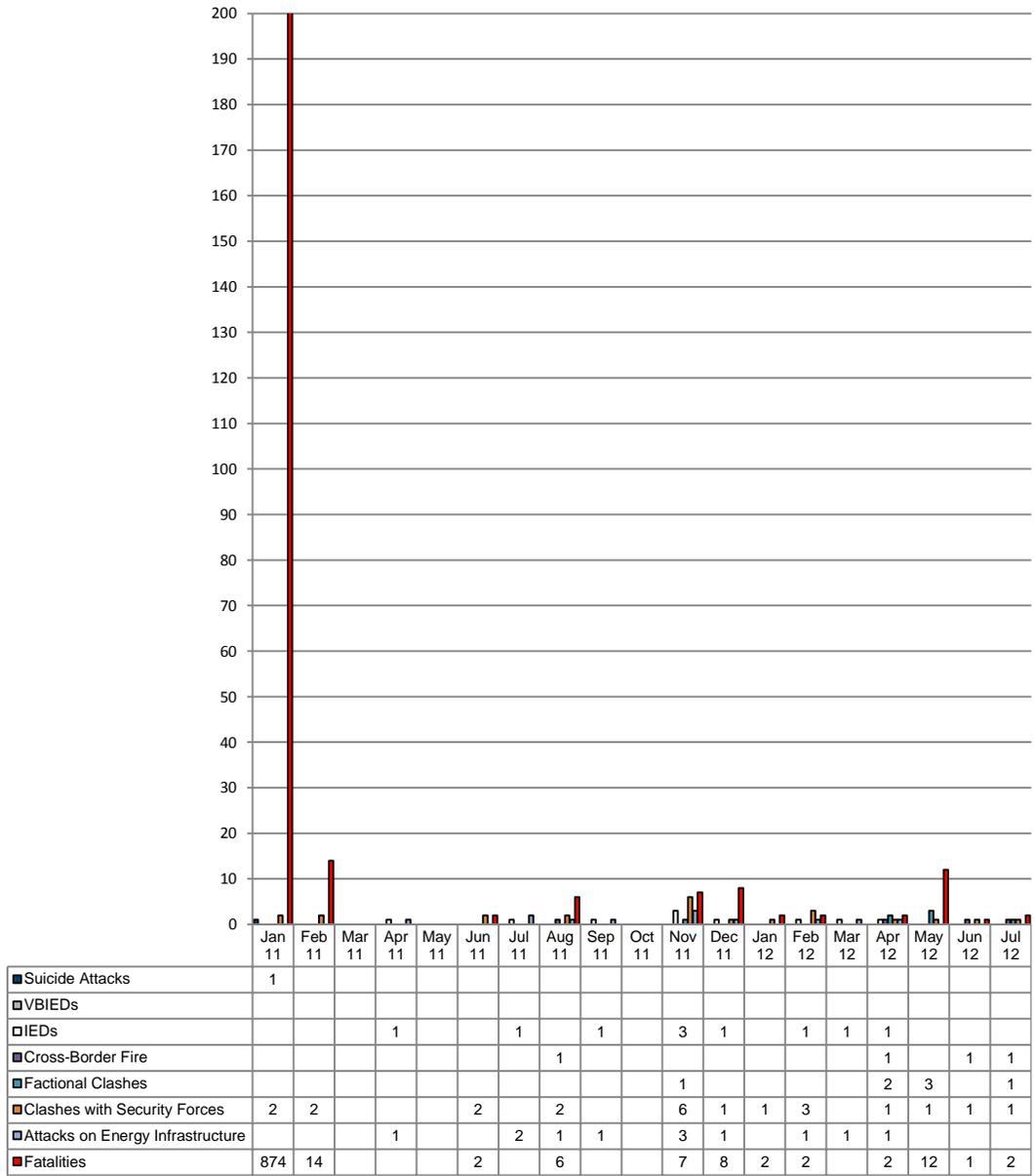
In addition to countering threats from ABM and other groups in Sinai, as chapter three showed, Egypt was prioritizing its ability to secure its borders and police its waterways and offshore in the Mediterranean and Red seas.

Egypt under Sisi was likely to come under growing human rights scrutiny in light of the tough measures the government took in 2013 vis-à-vis opposing political forces – especially the once again-banned Muslim Brotherhood – the press and protester more broadly. However, as the section on economic aid and development in chapter six highlighted, there was only so much that the US could do within reason compel any regional state to change its behavior.

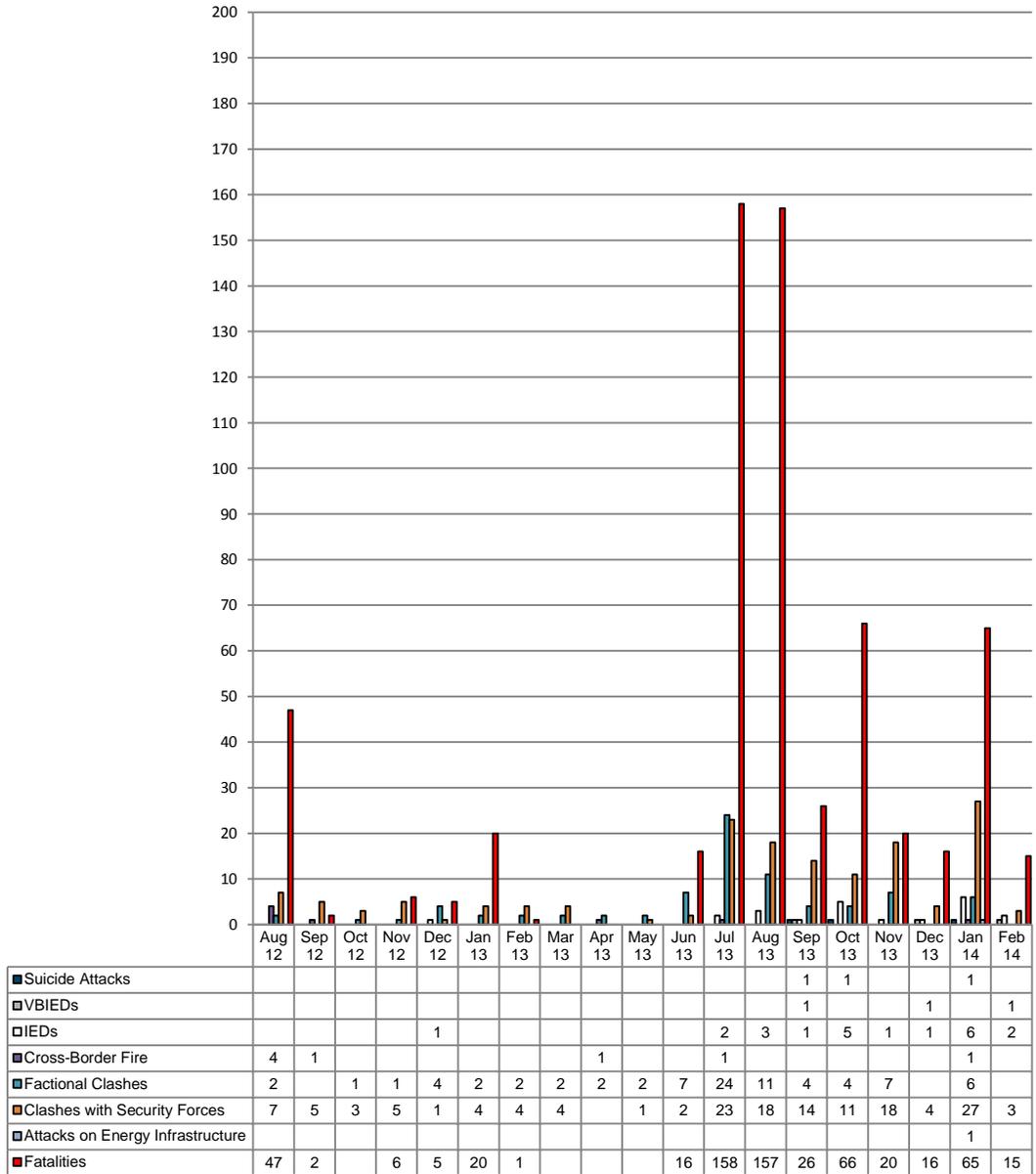
There was little doubt that the US and Saudi Arabia would both need Egypt to play a role in the Palestinian Territories and in terms of Egyptian balancing against Iran. As such, despite all the rhetoric, there was little incentive for the US to significantly curtail or hold back much-needed weapons systems and support for the Egyptian armed forces,

Figure 50: Insecurity in Post-Revolutionary Egypt: Suicide Attacks, VBIEDs, IEDs, Attacks on Security Forces & Infrastructure 2011-2014

January 2011 to July 2012:



August 2012 to February 2014:



Note: Figures not intended to be an accurate or complete account of selected indicators or events.

Source: Adapted by Aram Nerguizian from data collected by *IHS Jane's*, *IHS Country Risk Daily Report*, *IHS Terrorism & Insurgency Monitor* and *IHS Terrorism Watch Report*. Numbers for January 2011 include data from other reports, including "840 killed in Egypt's revolution, health ministry official says," *Al-Masr Al-Youm*, April 4, 2011 and Egyptian Ministry of Health and Population, "Health: Preliminary Report of the number of deaths and injuries in events of 25 Revolution," February 22, 2011, available at: <http://www.mohp.gov.eg/mediacenter/bayena3lamy/Detail.aspx?id=535>.

Moving Towards an Unpredictable Future

Whatever happens in Egypt, it will remain critical to US-Iranian strategic competition. A more politically representative Egypt translates into increased national authenticity at home and greater credibility in inter-Arab politics. The first indicator of this was Egypt's ability to bring Hamas and Fatah together in mid-2011. The move angered some in Washington. However, it remains significant that a more authentic Egyptian role in the region, coupled with continued strong bilateral ties with the US, is to the detriment of Iran. However, an Egypt where radical political forces play a more prominent role – Islamist, Salafist, or otherwise – could be detrimental to players on either side of the US-Iranian contest.

Whether Egypt emerges from its difficult transition period with a viable and legitimate political system, a stable socio-economic landscape, and continued positive relations with the US and Israel remains uncertain. While Iran cannot interfere in Egypt without further galvanizing already growing anti-Iranian Arab sentiment, Egypt ultimately remains the West's to lose – a risk that is compounded by a period of increasing austerity in US public finances with potential ramifications for how the US can support allies such as Egypt.

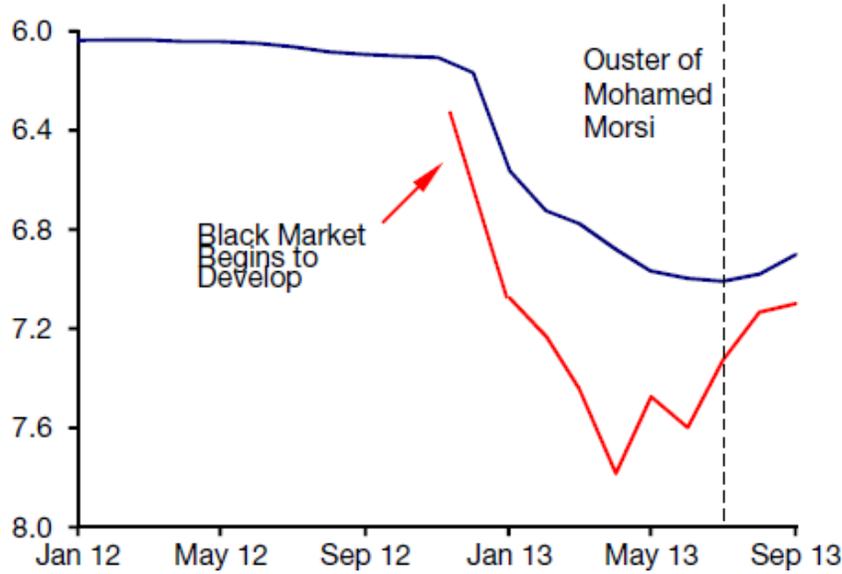
While the US's response to stabilizing Egypt economically has been somewhat limited, US allies in the Southern Gulf as well as key international financial institutions have and are likely to continue playing a crucial role in cushioning the impact of instability in Egypt's transition. In June 2011, the IMF indicated that it would provide Egypt with a \$3 billion 12-month standby arrangement. Meanwhile, the World Bank pledged up to \$1 billion a year in aid in 2012 and 2013 if the government in Cairo can meet key economic reform targets. The Bank was also reported to have provided \$2.5 billion in development loans. Saudi Arabia deposited \$1 billion in the Egyptian Central Bank, going on to pledge a further \$3 billion in future funding. Qatar for its part promised to inject \$5-10 billion into the Egyptian economy. Lastly, the G8 countries assured Egypt that it would be provided with \$5 billion in loans through 2013.⁵⁸⁶

The first part of **Figure 51** shows Egypt's official and black market exchange rates. In the wake of Mohamed Morsi's July 2013 ouster, the spread between the official and black market rates – which had been steadily building since September 2012 – had been all but eliminated. The Egyptian pound also underwent some much-needed appreciation in the latter segment of 2013. One potential contributing factor that coincides with these events would be the influx of funds from Saudi Arabia, the UAE and Kuwait worth some \$12 billion – including loans, grants, liquefied natural gas (LNG) shipments – while another is the perception that the Sisi government – backed by the military – has a firmer grip on state institutions.

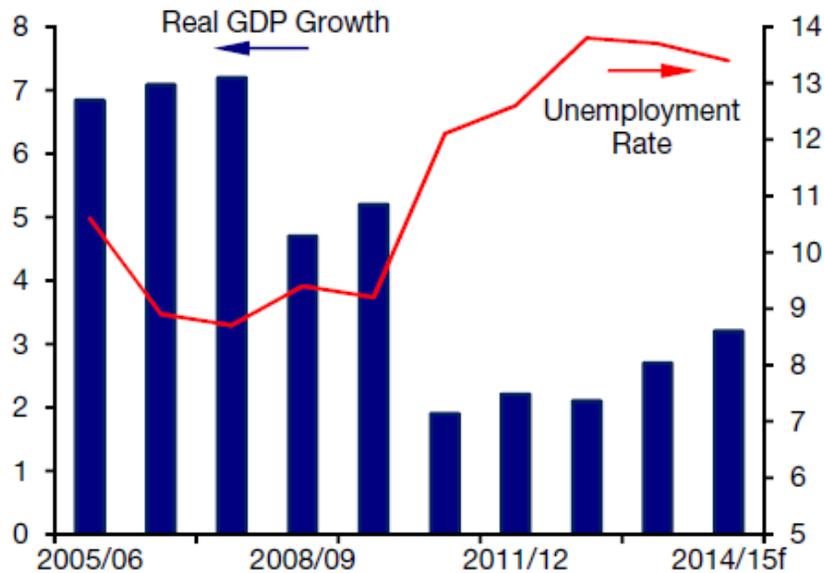
However, the second part of **Figure 51** – which shows real GDP growth and unemployment – highlights the fact that Egypt's economic recovery hinges on political stability and – as mentioned earlier – difficult structural reforms. Unemployment is Egypt's – and the region's most pressing challenge; especially youth unemployment which exceeded 30% in 2013 or more than twice the official average rate. Egypt will need to bring online some 700,000 new jobs annually outside the public sector if it is to avoid further increases in unemployment. But as the chart shows, real questions remain about how to jumpstart GDP growth, given the full scale of challenges not only Egypt but the entire regional are currently facing.

Figure 51: The Long Term Challenge of Economic Stability in Post-Revolution Egypt

Official and Real World Exchange Rates:
(Egyptian pound per dollar monthly average)



Real GDP Growth and Unemployment:
(Percent)



Note: 2014-2015 GDP and unemployment figures are forecasts. Exchange rates metrics are IIF estimates based on Central bank of Egypt data and local newspaper coverage.

Source: Adapted from “IIF Regional Overview on Middle East and North Africa: “Arab Spring” Countries Struggle, GCC Prospect Favorable,” the International Institute of Finance p. 10.

XI. COMPETITION OVER JORDAN

The Hashemite Kingdom of Jordan shares borders with Iraq, Israel, the occupied Palestinian Territories, Saudi Arabia, and Syria. This alone ensures that the country remains critical to regional stability. It also informs, at least in part, where the Kingdom fits in the broader context of US-Iranian strategic competition.

Jordan's choices in engaging the US, Iran and other countries are driven largely by domestic factors and the pressures they pose to national decision-making.⁵⁸⁷ One of the most critical ones is Jordan's plural society and the societal divisions therein. In the wake of the 1948 and 1967 Arab-Israeli wars, the Hashemite Kingdom absorbed hundreds of thousands of Palestinians. What had been a country dominated by East Bank Jordanians⁵⁸⁸ soon saw the emergence of a Palestinian majority.⁵⁸⁹

Economics have been another core determinant of Jordanian behavior: the country's limited natural resources and status as a nearly land-locked state in a troubled region have made the Kingdom's national security dependent upon good ties with neighboring states. This has led to some difficult choices for Jordan over time, including with Egypt under Nasser, Syria during the 1970s, and Saddam Hussein's Iraq during the 1980s and 1990s.⁵⁹⁰

These domestic pressures have remained persistent sources of instability. Countries such as Egypt and Syria have, in the past, sought to exploit these cleavages to shape events in Jordan, and there is no guarantee that these divisions will not be a source of instability in the future.

In response, the Kingdom espoused foreign policy options that did not antagonize Palestinian public opinion. Meanwhile, East Bankers received patronage from the Monarchy in exchange for their loyalty and continue to be over-represented within state and security institutions as a reliable source of stability and a counterweight to potential domestic pressures. International and regional alliances, especially with the US and the Gulf states, serve as a check on regional sources of instability, most recently from continued volatility in Iraq, the impact of Arab protests in the broader region, and the ongoing strategic contest between the US and its allies on the one hand and Iran and its allies on the other.⁵⁹¹

US Policy Towards Jordan

With the exception of the June War in 1967 and the First Gulf war in 1990-1991, Jordan has been a key regional ally of the US for decades, and successive US administrations have had an interest in maintaining Jordan's stability as a means of limiting any negative spillover effects of Iranian influence in Iraq, Lebanon, Syria and the Palestinian Territories. This includes supporting Jordan's economy through trade and economic support, building up the Jordanian military – especially its growing SOF capabilities – and fostering strong ties between the US and the Kingdom on regional counterterrorism efforts. US political, economic, and military support are also linked to Jordan's adherence to peace with Israel despite continued popular resentment of Israel at home.⁵⁹²

The US-Jordanian partnership was further strengthened after the terror attacks of September 11, 2001. The Kingdom backed Coalition efforts in Afghanistan, providing troops to participate in peacekeeping operations. Jordan also played a key role in helping

the US foil Al-Qa'ida and affiliated groups' efforts to destabilize the region, with reports that Jordanian intelligence even uncovered plots to assassinate members of the Jordanian royal family.⁵⁹³ In response to Jordan's continued support, the US Congress doubled military and economic assistance levels to the Kingdom and approved the creation of the US-Jordanian Free Trade Agreement – the first of its kind between the US and an Arab state.⁵⁹⁴

Jordan's strong support of the US has not left it immune to continued pressure from the aftermath of the Iraq invasion and the Arab-Israeli conflict. High numbers of Iraqi refugees in Jordan are a byproduct of instability in Iraq, and fears of a unilateral Israeli mass expulsion of Palestinians from the West Bank across the Jordan River continue to be a source of great concern for Jordanian officials.

Iran's Response

Jordan and Iran under the rule of the Shah maintained friendly relations. However, with the advent of the Islamic Revolution in Iran, bilateral ties quickly deteriorated, with an official severing of ties between the two countries in 1981. With a predominantly Sunni population, Jordan has been hostile to the spread of Iranian revolutionary politics and Shi'a influence in the Middle East. King Hussein supported Saddam Hussein during the 1980-1989 Iran-Iraq War, providing economic and military support in addition to granting Baghdad access to the strategic Red Sea port of Aqaba.⁵⁹⁵

After the war, the two countries resumed diplomatic ties in 1991, but there has been only limited improvement in bilateral ties. Iran's influence was on the ascent in the wake of the 2003 invasion of Iraq, and Jordan became a key Sunni ally of US efforts to confront or contain Iranian hegemonic interests. It was Jordan's King Abdullah II that warned against dangers of a "Shi'a Crescent" in 2004, further staining bilateral relations. In 2006, Jordan's speaker of parliament, Abdel Hadi Majali, accused Iran of undermining Jordanian security and seeking to destabilize the Kingdom, in part through smuggling and stockpiling of weapons by the Palestinian militant group Hamas. Reports went on to add that some 20 Hamas members were rounded up amid concerns the group was planning to target Jordanian officials and key installations.⁵⁹⁶

The US-Jordanian Military & Security Partnership

The US has been providing military aid to Jordan since 1957. Supporting the Jordanian military – the main bulwark of support for the monarchy – enables the US to enhance the Kingdom's stability. While reducing instability and gaining influence with the regime have traditionally informed US policy towards Jordan, military aid has taken on increased urgency, given Jordan's increased counter-terrorism partnership with the US, its role as a key ally in limiting and countering the spread of Iranian influence in the Levant, and, more recently, the need to minimize the impact of recent popular unrest.

US assistance to Jordan has been largely stable since the country signed a peace deal with Israel in 1994, and has increased in the wake of continued US-Jordanian counter-terrorism cooperation. In September 2008, the US and Jordan agreed on a memorandum of understanding that would see the Kingdom receive annual aid worth \$660 million over the FY2010-FY2014 period. Of this annual amount, approximately \$300 million is allocated to FMF and security assistance.⁵⁹⁷

This boost in the US “peace dividend” will be essential to Jordan’s national recapitalization efforts, with FMF worth \$385 million for FY2009 and \$350 million for FY2010 representing the spending equivalent of 16.5% and 13.8% respectively of the Jordanian defense budget. US FMF is expected to remain focused on upgrading Jordan’s air force, supporting purchases and upgrades to US-made F-16 fighter aircraft, and to allow Jordan to acquire Blackhawk helicopters in support of border management and counter-terrorism operations.⁵⁹⁸

Beyond conventional security assistance, Jordan has been instrumental to US efforts to train Palestinian security forces loyal to Fatah. The initiative is driven largely by the hope that more capable official Palestinian security institution could be a bulwark against Palestinian militants allied to Syria and Iran.

Since 2007, 1,000 Presidential Guards and 3,700 National Security Forces (NSF) troops loyal to the Fatah-led Palestinian Authority have been trained at the International Policy Training Center near Amman, Jordan. The US Security Coordinator (USSC) for Israel and the Palestinian Authority planned to organize and train some 6,000 troops, including 10 500-man NSF battalions, and this effort would be far more difficult were it not for Jordan’s continued support and cooperation.⁵⁹⁹

As the Syria conflict dragged on and in the face of growing threats from cross-border military activity, the United States expanded its military cooperation with Jordan starting in late 2012. That year, the US Department of Defense sent a task force of planning staff to the Hashemite Kingdom and in April 2013, the US military deployed an Army headquarters element manned by some 200 personnel to help Jordanian forces defend their border Syria. Unique to Jordan, US military forces are tasked with assisting Jordanian border authorities with coordinating assistance to Syrian refugees.

Meanwhile at the hard power level, the Obama Administration pushed for the deployment of Patriot missile defense batteries in Jordan, along with the eventual delivery of F-16 fighter aircraft to bolster Jordan’s defenses. There are also recurring reports that Jordan is currently the staging ground for covert training operations vetted elements within the Syrian armed opposition.

Managing Regional Instability

Protests across the Arab world are driven by legitimate grievances; however, instability in Jordan, a key US regional ally, could allow Iran to recalibrate and balance against continued instability in its main regional ally Syria.

2011 and 2012 saw unprecedented criticism of King Abdullah II, Queen Rania, and the core pillars of the monarchy. Opposition from youth groups and Islamist movements was not surprising given Jordan’s high level of youth unemployment, high underemployment, the growing perception of institutionalized corruption, and limited avenues for socio-economic advancement. What is significant is that elements within the kingdom’s core of support, including rural East Bank tribesmen and military veterans, have also been critical. This was driven by shrinking government patronage in rural areas and concerns in some quarters that the monarchy – especially the Queen – was advancing the interests of Jordanian Palestinians over East Bankers.⁶⁰⁰

Despite these pressures, King Abdullah II continued to maintain broad control of both security and political life in Jordan in 2012. This is in no small part thanks to the continued support of the country's military and security forces, which remain overwhelmingly dominated by personnel from East Bank tribes loyal to the Hashemite dynasty. The monarchy has taken steps to appease the grievances of its citizens, including the establishment of a Royal Committee on Constitutional Review, which has proposed some 42 constitutional amendments.⁶⁰¹

Parts of the Jordanian opposition have dismissed planned reforms as falling short of popular expectations with few moves to curb the King's power. The political challenge is further hampered by the impact on public financing of appeasing popular unrest. These measures include the granting of 100 Jordanian Dinars⁶⁰² (JD) to all active and former civil and military employees during the Islamic holy month of Ramadan and the allocation of additional funding to the Jordanian public school system. Subsidization continues to pose a lasting challenge, including subsidies on bread worth JD 350 million and JD 700 million in fuel subsidies annually.⁶⁰³

As is the case with Egypt, this presents major challenges to the US. Iran has little influence in the kingdom, but Jordan is too vital to the US and its Gulf allies to allow these socio-economic pressures to trigger critical instability. In May 2011, the GCC announced that Jordan was welcomed to apply for membership to the Council,⁶⁰⁴ while a month later, Saudi Arabia provided Jordan with a cash grant of \$400 million to stabilize public finances. The country's Finance Minister reported in August that grants for the year had reached JD 1 billion.⁶⁰⁵

Economic activity in Jordan improved while remaining unsettled in Jordan in 2013 and 2014. The first chart in **Figure 52** shows IIF data on selected Jordanian macroeconomic Indicators. As the chart shows, Jordan maintained truly massive current account deficits in 2011 and 2012 thanks to regional instability and the effects of the Arab uprisings. Were it not for high levels of loans and grants, Jordan would surely undergo far more serious bouts of political uncertainty.

It is also important to note that the costs associated with accommodating the influx of displaced Syrians have been largely mitigated thanks to international assistance. The second chart of **Figure 52** highlights just how much of Jordan's annual expenditures pattern has historically relied upon external grant aid. As with other non-rentier regional economics, public sector spending – especially on civil service jobs and military salaries – remain by far the largest pressure on public finances.

In its own bid to offset these legacy challenges, the US continued to provide wheat grants to alleviate the impact of local subsidies. Disruptions in energy supplies from Egypt continue to be a cause for concern in Amman; however, Iraq and Jordan signed an agreement in June 2011 for the kingdom to receive 15,000 barrels of oil per day at a discount of \$18 per barrel.⁶⁰⁶

The path to political and economic reform in Jordan remains uncertain and will continue to be complicated by the lingering Arab-Israeli conflict, and may yet develop into a source of instability that Iran could potentially exploit. Israeli-Jordanian relations have come under increasing criticism since 2011, with reports of pressure on Jordanian businesses that

interact with Israel and suggestions that there has been a 25 to 30 percent reduction in agricultural exports to Israel since the beginning of the year.⁶⁰⁷

On September 15, 2011, some 200 protesters demanded the expulsion of Israel's ambassador to Jordan.⁶⁰⁸ In the wake of the storming of the Israeli mission to Cairo, the Israeli government recalled its Ambassador and staff from Amman the previous day as a precautionary measure.⁶⁰⁹ Ultimately, the protests were small in size and countered by robust Jordanian security measures. However, questions remain about how anti-Israel sentiment will be managed in the future. The abrogation of the 1994 Israeli-Jordanian peace treaty is a long-standing demand of Jordan opposition groups. Meanwhile, allegations made by the whistleblower WikiLeaks that US and Israeli officials mulled promoting the status of Palestinians in Jordan may have been a driver for the mid-September protest.⁶¹⁰

Syria's mainly Sunni opposition to the Alawite-dominated regime of President Bashar al-Assad has emerged as the latest platform for Jordanian Islamist opposition forces in their bid to mobilize greater pressure for reform on the Hashemite Monarchy. On February 12, 2012, Jordan's Muslim Brotherhood called for "jihad" against the Assad regime and articulated strong support for the armed insurgency in Syria. The group also called on Jordan to recognize the opposition Syrian National Council as a representative of the Syrian people.⁶¹¹

Meanwhile, in parallel to political dissent tied to Syria, Jordan has slowly become a key regional exporter of militant Jihadi fighters. In early 2014, some estimates placed the number of Jordanian Salafi-Jihadi fighters in Syria at between 700 and 1,200.⁶¹² A more recent June 2014 estimate put the number of Jordanians fighting in Syria at closer to 2,400 – half of whom had joined ISIS.⁶¹³

While calls for greater Jordanian involvement in Syria go against the monarchy's desire to keep Jordan as far as possible from its neighbor's potential spillover effects, Jordan can do little to ignore the growing push from Islamist political forces. Islamist parties and movements have either seized power, done well in elections, or are contesting long-held centers of power across the Middle East and North Africa. In addition to openly discussing options for political reform, the Hashemite Kingdom has also sought to strengthen ties with Palestinian Hamas, an offshoot of the Muslim Brotherhood.⁶¹⁴

However, key shifts in the Levant and the broader Middle East also influence decision-making in Amman. Egypt under Sisi grew increasingly hostile to the Muslim Brotherhood, banning the group outright in August 2014.⁶¹⁵ Cairo's relationship with Hamas has also soured. Meanwhile the southern Gulf states – and Saudi Arabia and the UAE in particular – have grown hostile to any form of political Islam and the threat it could pose to existing regimes in the GCC.⁶¹⁶ The policy shifts over the 2013-2014, coupled with the growing shadow cast by ISIS in Iraq and Syria shape the trajectory of Jordanian policy-making tied to opposition forces, the threat from Iraq, how Jordan manages relations with Israel and deals with the influx of refugees from Syria.

Societal and economic cleavages, corruption, growing opposition from Islamist forces, tensions over the fate of Palestinians in Jordan and the continued insecurity of Jordan's East Banker population mean that the path to political economic reform in Jordan will remain uncertain. Today, Iran has no direct influence in Jordan in the context of strategic

competition with US. However, it is clear that a destabilized Jordan could present Iran and its allies with opportunities to foil the interests of the US and its allies in the region.

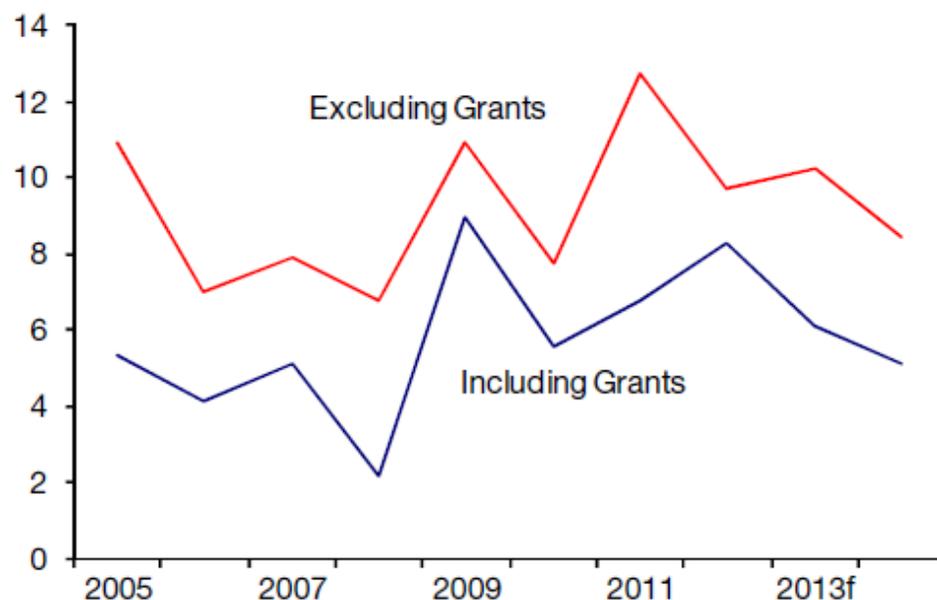
Figure 52: Jordan's Tenuous Economic Stability

Key Macroeconomic Indicators:

	2010	2011	2012e	2013f	2014f
Nominal GDP, \$ billion	26.5	28.9	31.0	33.8	36.9
Real GDP, % change	2.3	2.6	2.7	3.0	3.6
Inflation rate, %, average	5.0	4.4	4.8	5.9	4.8
Current account balance, including grants, % GDP	-7.1	-12.0	-18.4	-10.2	-9.0
Fiscal balance, including grants, % GDP	-5.6	-6.8	-8.2	-6.1	-5.1
Total public debt, % GDP	67.1	70.7	80.2	83.9	84.6
Official Reserves, \$ bn	13.1	11.5	8.1	10.9	12.3
In months of imports	8.1	6.2	4.0	5.6	6.1

External Aid & the Pressures of Deficit Spending:

(Percent of GDP)



Note: 2012 economic figures are IIF estimates. 2013 and 2014 economic figures are IIF forecasts.

Source: Adapted from "IIF Regional Overview on Middle East and North Africa: "Arab Spring" Countries Struggle, GCC Prospect Favorable," the International Institute of Finance p. 19.

XII. COMPETITION OVER LEBANON

Lebanon has been the chronic problem child in US foreign policy in the Levant since the Eisenhower Administration. However, given the country's centrality to regional security politics and Iran's support for the Shi'a militant group Hezbollah, the US cannot avoid looking at Lebanon as yet another arena of competition with Iran in the broader Levant.

There is no single set of Lebanese interests and imperatives in how to approach foreign policy-making, be it on the Syria conflict or any other set of issues. In the wake of the 1975-1990 civil war and the withdrawal of Syrian troops in 2005, official state institutions are not the epicenter of political power. Instead, competing sectarian factions caught in a "zero sum" struggle for power have regained their primacy as the true center of political gravity and decision-making in Lebanon.⁶¹⁷

With none of Lebanon's leading communities or factions able to shape events on their own, partnering with competing external patrons across a range of geopolitical contests is seen as one way to tilt the scales in the quest for power in Beirut.⁶¹⁸ Time and again since independence in 1943, Lebanon's internal divisions and attempts to leverage this "two level game" have drawn countries that include Egypt, France, Iran, Israel, Russia, Saudi Arabia the US and others.⁶¹⁹ In the post-2005 period, Iran and Syria have continued to back key factions, while others sought the support of the US and the Southern Gulf states.

Syria's civil war has complicated this pattern of competition in ways that neither the Lebanese nor their regional and international allies seem to have fully accounted for. In terms of the impact of regional unrest and the Syria conflict on security, inter-factional or inter-communal violence, socio-economic and demographic pressures, few countries in the region face as many challenges at the same time as Lebanon.

Despite all of the risks and uncertainties surrounding Syria, however, Lebanese factions – divided in part along pro and anti-Assad lines – continue to maneuver in a bid to leverage the conflict to reshape the internal balance of power in their own country.

US Policy Towards Lebanon & Iran's Response

While Lebanon's warring factions may think that the US and Iran have their core interests at heart, it is important to remember that US-Iranian strategic competition is not driven by the internal political goals of any faction in regional states. In the post-Iraq invasion period, US policy focused on denying US regional opponents, such as Syria and Iran, the means to undermine US strategic interests in the region. As was mentioned throughout this report, these include preserving a regional order that favored broader US interests in the region and second that safeguarded Israel's national security.

When it sensed an opportunity to reshape the regional balance of power in the Levant in 2003, the US began to call for Syria's exit from Lebanon. In the wake of the popular upheaval of 2005 following the assassination of former Prime Minister Rafik Hariri, Syria withdrew its forces from Lebanon and the balance of power within the country began to tip in favor of the West and the US.

Since 2005, the US has sought to consolidate its gains by trying to ensure that Lebanon following Syria's exit would not become an arena for proxy competition yet again. After Syria left in 2005, Iran began to play a more proactive role in Lebanon. While Iran has always had a vested interest in defending Shi'a interests across the Middle East, there is little indication that Iranian foreign policy-making is that different from the US in terms of a desired end state. Iran's ambitions in Lebanon are simply to secure its regional hegemonic interests and to continue to act on the Arab-Israeli stage as means of shoring up its broader regional position in a mainly Sunni Arab Middle East. Having a role to play in Lebanon also meant that Iran could use the small country as a means of foiling US strategic and political interests in the broader Levant.

This aspect of US-Iranian competition in Lebanon led to the emergence of two cross-confessional political forces: one group aligned with the US and the West and the other aligned with Syria and Iran. The US supported the so-called pro-US and pro-Western "March 14 Alliance," a cross-sectarian grouping of Lebanese political actors that included much of the country's Maronite Christian community, most of the country's Sunni representatives and, at one time, the Druze led by Walid Joumblatt. The Alliance also maintained strong ties to US Gulf ally Saudi Arabia and did not include any truly representative Shi'a political forces.

Iran supported Lebanon's leading Shi'a political-sectarian forces, which were Hezbollah and Nabih Berri's Amal movement. These, along with a large segment of the country's Maronite community led by former Lebanese Armed Forces (LAF) commander General Michel Aoun and other smaller forces, formed the so-called "March 8 Alliance." In contrast to March 14, this grouping enjoyed favorable ties to both Assad's Syria and Iran, and did not include any truly representative Sunni political forces.

While both the US and Iranian-backed groups were cross-confessional – and included members from all of the country's leading communities – neither was viewed as truly representative by the other. This in turn impacted the pace and scale of US-Iranian proxy competition in Lebanon, as neither group commanded an overwhelming majority in power. Who could win in Lebanon would be determined by a two level game that includes a domestic contest for power backed by the support and resources of external actors championing either alliance.

It is unclear who will win this struggle within Lebanon and in terms of US and Iranian influence. Alliances in Lebanon are ever-changing as sub-national sectarian groups jockey for political position. Meanwhile, it is difficult to predict the impact of continued instability in Syria. It is all too easy to assume that a collapse in the Assad regime will lead to a stable pro-Western Lebanon. It could mean the downgrading of Iran's ability to influence both Lebanese and Palestinian elements in its contests with the US.

What is less likely, however, is that it will resolve the problems caused by Lebanon's fundamental Sunni-Shi'a dividing lines. These have been further aggravated by indictments of Hezbollah members by the UN Special Tribunal for Lebanon (STL) in connection to the assassination of former Prime Minister Rafik Hariri. A post-Assad Syria could see Lebanon's Sunni community grow far more assertive if not aggressive in its dealings with the country's leading Shi'a forces. Given the degree of sectarian polarization in Lebanon, this could make the risk of internal conflict that much more significant.

The Hariri Assassination and the Special Tribunal for Lebanon

The Special Tribunal for Lebanon (STL) investigating the assassination of former Prime Minister Rafik Hariri has also become a key arena for US-Iranian competition in Lebanon. The Tribunal was established in 2007 with the expectation that the Assad regime in Damascus – Iran’s sole strategic Arab state ally – would be found culpable in the assassination. The US and France hoped that the Tribunal would undermine Syria’s regional role and strengthen the position of Lebanese allies of the West in Beirut.⁶²⁰

On June 30, 2011, the STL issued indictments against four members of Hezbollah in connection to the assassination.⁶²¹ The prospect that members of Lebanon’s leading Shi’a political force had a potential hand in the killing of Lebanon’s leading Sunni political figure served to further aggravate Sunni-Shi’a tensions that have been growing in intensity since the 2006 Israeli-Hezbollah war.

It is difficult to rely on Lebanese public opinion polling, let alone polling in the broader Levant. Sectarian politics can heavily color results, while ambiguities and obstacles in polling methodology can also serve to complicate an already challenging political landscape. That some 60% of Lebanese were claimed to support the STL in one 2010 poll,⁶²² versus another claiming the exact opposite months later⁶²³ is reason enough to be wary of any polling data on the STL – or anything else in Lebanon.

What is clear is that one prevailing pattern continues to hold: most Sunnis support the STL while most Shi’a and many Christians oppose or distrust it.⁶²⁴ The US has been a strong proponent of the STL, going so far as linking future bilateral ties (at least in part) to whether current and future Lebanese government chose to honor financial commitments to the UN-backed court. By contrast, Iran has publicly criticized the STL as a political tool of the US and its allies in an effort to defend Hezbollah.

It is unclear how far the US can go in using the STL as a means of winning ground in the US-Iranian competition in Lebanon. First, the US has pushed ahead with its support for the Tribunal at a time when it has become increasingly difficult to disentangle discrete Lebanese Shi’a interests in post-war Lebanon from the interests of those supporting Hezbollah in the wake of Syria’s 2005 withdrawal. Consequently, the US position on the Tribunal will continue to make it difficult to “win over” Lebanon’s Shi’a – the country’s best organized and, by some estimates, most numerous community.

Another challenge to the STL’s utility in competing with Iran is the intersection of politics and untested judicial processes. Local and regional opponents of the STL have repeatedly criticized it as politicized in favor the US and its regional allies, a message that has hurt the Tribunal’s credibility at home and abroad.⁶²⁵ Meanwhile, the Tribunal’s unique character – predicated on prosecuting one politically motivated assassination in Lebanon and not others – has been another source of contention by critics and supporters alike.⁶²⁶

A third obstacle is that turmoil in Syria and across the Middle East has taken much of the US policy focus away from the STL. This is not to say that the Tribunal is no longer important to US policy in the long-term, and should the Assad regime destabilize further in a way that does undermine regional stability, the Tribunal’s future role could still be

important. However, the prospects of civil strife in Syria and security spillover effects in Lebanon continue to dominate much of the focus and concern of US policy planners.

Iran's allies and legal counsel have privately welcomed the opportunity to discredit the Tribunal, either in the media or through future court proceedings.⁶²⁷ However, Iran also faces challenges in how it and its ally Hezbollah handle the STL. Mirroring the US's problems, Iran also cannot "win over" a majority of Lebanon's Sunni community. Iran's approach to the STL can be further aggravated by declining perceptions of Iran. Tehran has been losing support in a largely Sunni Arab Middle East during a period of unrest where Iran is increasingly linked to Shi'a unrest in Bahrain and the repression of Sunnis in Syria.

New Patterns in US and Other Military Aid to Lebanon

It is not easy to draw lessons from the achievements and limitations of the US security assistance and cooperation programs in Lebanon, or to tie it to US competition with Iran – and Syria and Hezbollah. What is clear is that from a US perspective, military aid to Lebanon was expected to help reduce the country's footprint in regional instability and its role as a regional confrontation state against Israel. In short, military assistance to Lebanon became the latest addition to US-Iranian proxy warfare in the Levant.

Much of this analysis is based on field research in Lebanon and conversations with US and Lebanese political and military personnel involved in the broader effort to build up the LAF. It is significantly abridged and is not intended to give a more detailed window into the patterns of systems deliveries, qualitative development and other data collected in Lebanon over the past four years. It also does not consider US efforts to build up Lebanese police and internal security units.

As the previous section attempted to articulate, US policy towards Lebanon is a function of far broader US strategic imperatives in the Middle East, including the regional contest with Iran. How the US goes about providing security assistance to its Lebanese allies is also dependent on, and held back by, this overarching top-down approach to security politics in the Levant.

In the wake of Syria's withdrawal from Lebanon in 2005 and spurned on by the Lebanese Armed Forces' (LAF) counter-terrorist efforts against the Al-Qaida inspired Fatah El-Islam terrorist group, the US decided to support its allies in Lebanon, principally the March 14 Alliance, by providing security assistance to build up Lebanon's national military.

At the level of the US government, it was hoped that the LAF, which was popular across the country's sectarian divisions, could gradually take on an increasingly important national security role, largely at the expense of Iran's main non-state regional ally Hezbollah. Many in the US Congress supported US efforts to build up the LAF based on the hope that the military could one day confront Hezbollah and serve as a bulwark against Iranian influence along Israel's northern flank.

In the wake of regional protests starting in 2011 and the outbreak of Syria's civil war, the US-Lebanese bilateral relationship became increasingly defined by both countries' need to cooperate on regional security, intelligence sharing and dealing with emerging and common threats from militant groups inspired by Al-Qa'eda with operational links to Lebanon, Syria and Iraq.

While Lebanon cannot compare with other regional states in the conventional military balance, the country – especially its armed forces – remains important to preserving what remains of a shattered regional security architecture, mitigate the expansion of groups like ISIS and Jabhat al-Nusra, and limiting the role of South Lebanon as a launch pad for missiles and other threats against Israel.

The patterns involved may be summarized as follows:

- There is a general consensus both within the LAF and among US security assistance personnel familiar with Lebanese civil-military dynamics in post-Ta'if Lebanon that US military aid to Lebanon did not realistically translate into military support for the March 14 Alliance. A great deal of the LAF's popularity does not come from its self-styled narrative as a national institution above the sectarianism that defines modern Lebanon.
- The LAF's legitimacy and popularity is principally a byproduct first of the LAF's cross-sectarian character, and second of its aversion to undermining the interests and core prerogatives of the country's leading sectarian groups and communities – especially the Shi'a, the Sunni and the Maronites.
- It is also clear, however, that many in the US security assistance community were very much aware that such a dynamic was at work. The Lebanese often forget that most alliances to control and shape Lebanon are short-lived. Ultimately, US support for Lebanon through the LAF rather than one or another sectarian faction is a more pragmatic approach to projecting US influence. However, how the current US approach can strengthen weak Lebanese state-society and civil-military dynamics in the future is unclear.
- **Figure 53** shows funding levels allocated towards Lebanese military development, in particular over the 2006 to 2014 period. The US has provided Lebanon with more than \$959 million in FMF, IMET and "Section 1206" counter-terrorism funding over the FY2006 to FY-2014 period.
- **Figure 54** shows a breakdown of how US counter-terrorism funding has been allocated to Lebanon. Funding sources such as the Section 1206 grant authority were crucial in building up the LAF's special operations forces (SOF) quickly in the wake of a costly battle with Sunni militants at the Nahr El-Bared refugee camp in 2007. The bulk of US assistance obligated between 2006 and 2010 has focused principally on the most urgent needs of the LAF, which tend to be the basics of mobility, command & control, communication, personnel equipment, light weapons for infantry and other forms of equipment with limited lethality.⁶²⁸ While all of these systems were urgently needed, their impact on positive perceptions of LAF development in Lebanon remained limited. While Section 1206 aid levels for FY2013 and FY2014 may appear more modest, they are more focused on LAF efforts to manage and police the border region with Syria.
- While this aid has been helpful in building up the LAF, seven years of significantly increased military aid to Lebanon have so far had limited impact on the balance of force between the LAF and Hezbollah, the US-Iranian contest in the country, or shaping positive local perceptions of the US effort in Lebanon. It is still too soon to extrapolate a long-term future pattern of US assistance, or assess how future aid efforts may affect future US interests and the contest with Iran.
- Lebanon is too internally divided and too prone to complicating the foreign policy priorities of regional and international powers such as the US. The 2011 collapse of the March 14-led government of Saad Hariri was also a cause for concern, principally due to the fact that from some US congressional standpoints, a government not led by March 14th should not be privy to US military or economic support. The US interagency, however, remained largely confident that the US could support and sustain future levels of assistance, and US confidence continued to grow in Prime Minister Najib Mikati's ability to chart a path for Lebanon that did not lead to a major break with the international community. However, whether aid will remain at current levels is up for debate in no small part thanks to proposed congressional cuts in foreign assistance programs.

- **Figure 55** shows the number of LAF troops trained by the US over the 1998 to 2014 period. Over the length of this period, the US trained more than 12,200 Lebanese security personnel. Of those 12,200, more than 11,000 were trained over the 2005 to 2014 period in the wake of Syria's military withdrawal from Lebanon. Despite challenges in shaping how US aid to the LAF could play a role in the contest with Iran, US aid in the form of training has had a cumulatively positive impact on Lebanese military and security development efforts. US training has helped to shape favorable security dynamics along the UN Blue Line, encouraged the qualitative upgrading of Lebanese military personnel, and could have played a role in shaping the next generation of Lebanese military professionals and leaders.
- **Figure 56** shows the LAF's broader force deployment in early 2014. Prior to US security assistance programs and the expansion of the United Nations Interim Force in Lebanon's (UNIFIL) mandate and force structure, the LAF did not maintain significant forces in South Lebanon or areas controlled by Hezbollah. In 2011 and at least since late 2009, the LAF has deployed some 8 mechanized infantry brigades south of an imaginary "Beirut parallel." This constitutes the bulks of the LAF's conventional heavy units, with a deployment of some 14,000 troops south of the "Beirut Parallel," including 6,000 to 8,000 troops south of the Litani River.
- **Figure 56** also shows the general disposition of LAF forces in UNIFIL's area of responsibility in early 2014. While the LAF's southern deployment is an important milestone in and of itself, US assistance has yet to meaningfully compensate for the fact that LAF units in the south are still little more than an expeditionary force in their own country. The LAF still lacks infrastructure in the south with few barracks, training facilities and well-defended command and control posts.
- The experience of UNIFIL over the past three decades is critical and should inform US thinking about future aid patterns. LAF units and positions, like those of UNIFIL, should gradually become increasingly entrenched in the socio-economic tapestry of South Lebanon. Such an effort is unlikely to be rejected by the region's mainly Shi'a population, who – while supportive of Hezbollah – continue to maintain positive views of the LAF and remain keen to see it play a more muscular national defense role.

Paradoxes of Building Lebanese Military Capabilities

While the US-LAF relationship is generally positive, a number of obstacles remain on both the US and the Lebanese sides of the security assistance equation, and they have severely limited US ability to compete with Iran and Syria in Lebanon, as well as efforts to strengthen Lebanon's moderates and its democracy.

Some of these problems are the result of US policies and expectations. First, the US continues to feel the need to have the LAF present it with a clearly defined national defense strategy which in turn not only identifies the threats the LAF faces, but also characterizes why certain systems and not others are needed to sustain future Lebanese security needs. Given the polarized nature of Lebanese politics and the general absence of post-Ta'if (let alone post-independence) civil-military coordination, it will be difficult for the LAF to produce such a strategy in the short term.

Second, the US continues to struggle with the reality that it cannot significantly modify Lebanese civil-military dynamics, given the primacy of sectarian politics in the wake of Syria's withdrawal in 2005. US difficulty in accepting Lebanese internal dynamics for what they are, and then failing to extract the outcome most favorable to Washington's interests, is not new to how the US deals with Lebanon. There is something to be said about making the same hopeful choices with little to show for it.

Third, the quality of US assistance will continue to be determined by pre-existing core US interests. Chief among them is the US commitment to maintaining Israel's qualitative edge.

What this means in the real-world is that US security assistance professionals understand that the only way they can “stand up” the LAF is by turning it into a force that the Shi’a can respect and that can dissuade Israel from future military confrontations. They also understand, however, that such an effort would create an untenable policy paradox as far as US regional interests are concerned.

Lastly, the US Congress is playing a growing role. Administration arguments in favor of continued support to the LAF are increasingly falling on deaf ears. This reflects a deepening domestic political polarization in the lead-up to the 2012 presidential elections and the frustration of a congressional body with a country that continues to be a source of difficulty for US policy in the Levant. The fact that aid to Lebanon has done little to shift the balance of forces in favor of the US against Iran in the Levant is another core driver. However, how the US can suspend military aid to Lebanon without handing over the country to Syria and Iran remains unclear.

The Lebanese and the LAF also present challenges in maximizing their bilateral military relationship with the US. First, there is often a disconnect in the way the LAF and the US interpret the military’s mission priorities. While the US has often considered demarcating the Lebanese-Syrian border a unilateral Lebanese issue, the LAF has traditionally considered it a Lebanese-Syrian bilateral issue. While keen to be the dominant security actor in Lebanon, the LAF cannot easily meet congressional expectations that it should do more to confront Hezbollah without risking sectarian divisions and all-out civil strife.

Instead, the LAF, which considers Hezbollah a legitimate political-sectarian actor in Lebanese politics, focuses more on dealing a decisive blow to Sunni Lebanese and Palestinian militants – a position that is palatable to the country’s Shi’a community and many Christians – while it tries to build up its capabilities and insulate itself from sectarian politics. As for the matter of the LAF’s national defense role, the US considers only Syria to be a threat to Lebanon. In contrast, the LAF finds that in the absence of meaningful Israeli-Lebanese and Israeli-Syrian peace efforts, the LAF should be ready to address potential security risks from both Israel and Syria.

Second, the LAF deliberately avoids dealing with the key failures in Lebanon’s dysfunctional civil-military effort and chooses to focus more on its own frustration with US demands for a clearly articulated national defense strategy. The LAF expected that US security assistance would be far more accommodating of Lebanon’s civil-military paralysis and lead to far more coordinated military-to-military mentorship.⁶²⁹

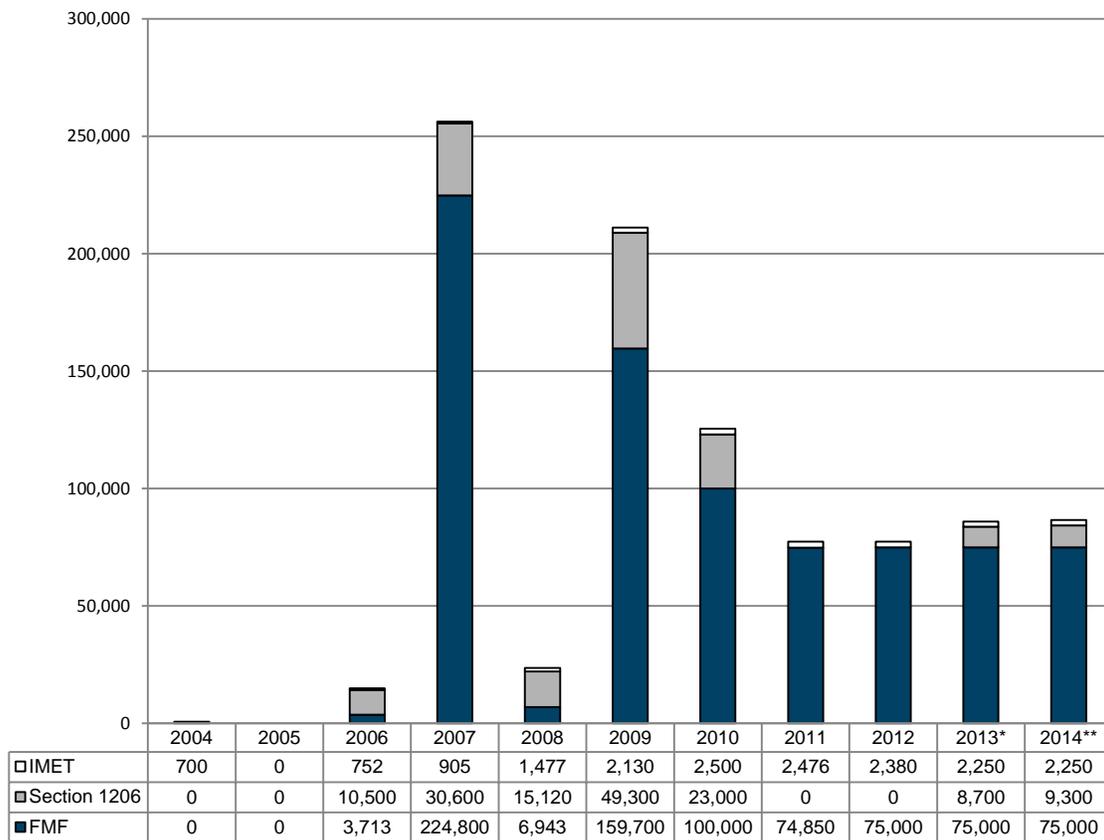
Lastly, the LAF and the Lebanese, while cognizant of the US commitments to Israel’s QME and comfort with friendly ruling alliances like the March 14 Alliance, expect the US effort to benefit the country as a whole. In light of a change in the political balance of power in early 2011, this would include working vigorously with the Lebanese government under Prime Minister Mikati to ensure that Lebanon does not become yet another source of regional instability – potentially to the benefit of Iran and its regional allies.

The risk of escalation along the Blue Line has intensified in the wake of continued instability in Syria. In mid-2011, Hezbollah assured the LAF that it would send minders to prevent Palestinian protests commemorating the *Nakba* (“catastrophe”) and the *Naksa* (“the setback”) from reaching the Blue Line of demarcation between Israel and Lebanon. However, given the absence of Hezbollah minders during the May 2011 *Nakba* protests,

LAF troops in South Lebanon were instrumental in containing Palestinian protestors trying to enter Israel, averting a major cross-border incident. Given that some 11 Palestinians were killed during the May 2011 incident, the LAF, supported by UNIFIL, would go on to declare the area along the Blue Line a closed military zone, preventing any *Naksa* protesters from approaching Israel at all. While some in the LAF reported that the move upset Hezbollah, there was little the group could ultimately do, and the military seemed keen to minimize spillover effects that could impact security politics along the Blue Line.⁶³⁰ With continued tension in Syria and an Iran hard pressed to reshape regional events in its favor, the LAF may still have an important role to play as a regional stabilizer.

Figure 53: The Impact of U.S. Military Assistance to Lebanon 2004 to 2014

(In thousands of current U.S. Dollars)



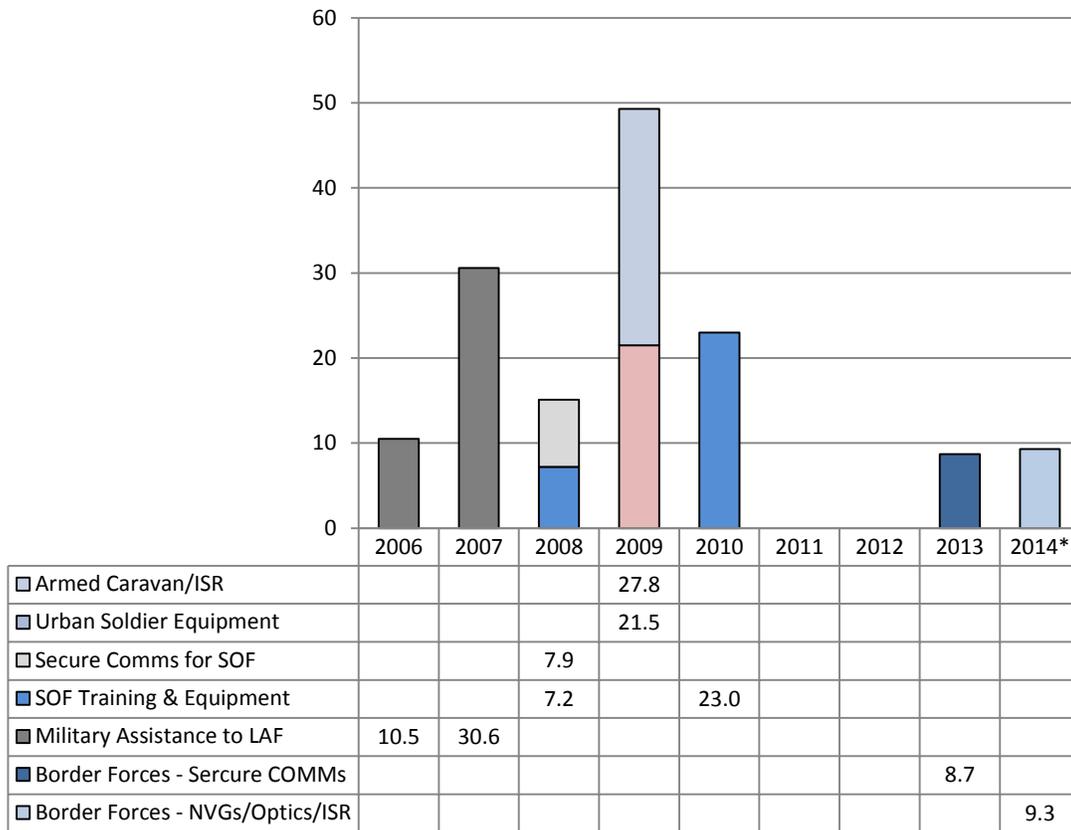
*: Estimates **: Requested

Note: 2013 numbers are U.S. Government programmed estimates and 2014 numbers are projected U.S. Government estimates. 2014 numbers are subject to change.

Source: Adapted by Aram Nerguizian from *Congressional Budget Justification for Foreign Operations*, various fiscal years, the *DSCA Historical Facts Book 2007*, Christopher M. Blanchard, "Lebanon: Background and U.S. Policy," *CRS Report for Congress*, R42816, February 14, 2014, Nina M. Sorafino, "Security Assistance Reform: "Section 1206" Background and Issues for Congress," *CRS Report for Congress*, RS22855, April 19, 2013 and discussions with U.S. government Experts.

**Figure 54: Breaking Down “Section 1206” Assistance to the LAF
2006-2014**

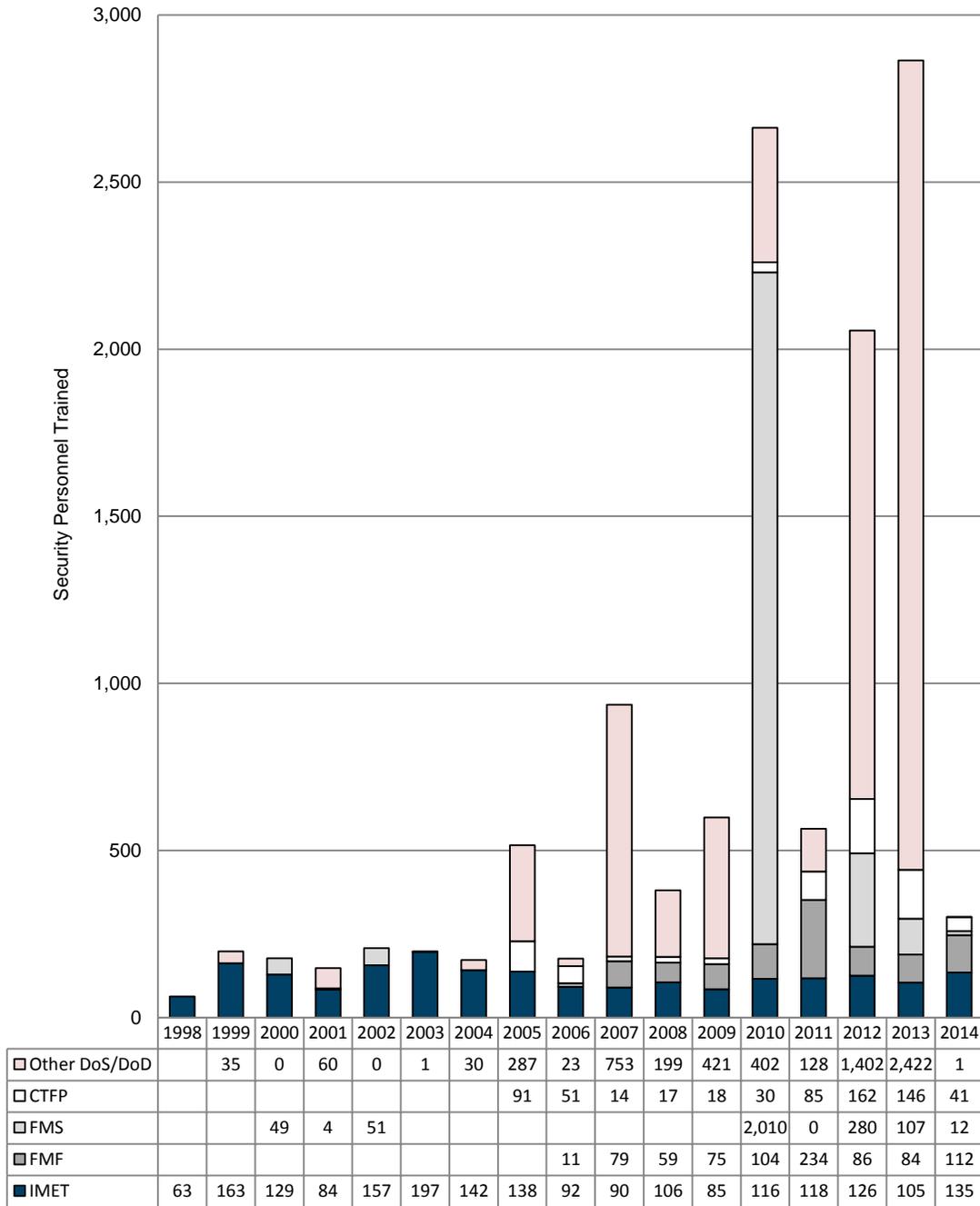
(In millions of current U.S. Dollars)



Note: 2014 numbers are U.S. Government programmed estimates and 2013 numbers are projected U.S. Government estimates. 2014 numbers are subject to change.

Source: Adapted by Aram Nerguizian from *Congressional Budget Justification for Foreign Operations*, various fiscal years, the *DSCA Historical Facts Book 2007*, Nina M. Sorafino, “Security Assistance Reform: “Section 1206” Background and Issues for Congress,” *CRS Report for Congress*, RS22855, April 19, 2013 and discussions with U.S. government Experts.

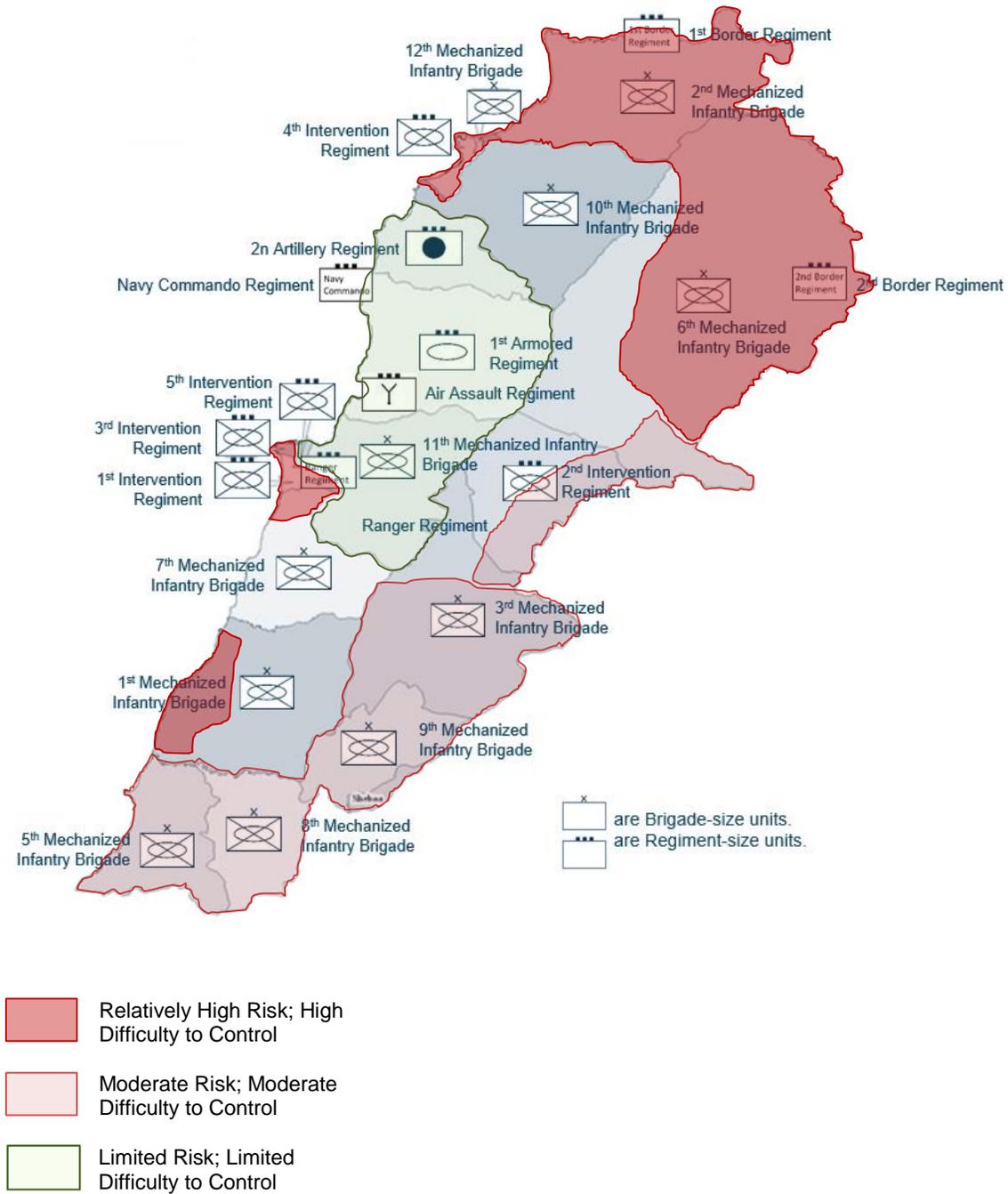
Figure 55: Lebanese Security Personnel Receiving U.S. Training 1998-2014



Note: All activities are listed by the fiscal year (FY) in which the training occurred, not by the FY in which the funding for the training was provided. 2014 figures are FY estimates.

Source: Adapted by Aram Nerguizian from “Foreign Military Training and DOD Engagement Activities of Interest,” various editions, U.S. Department of State, Bureau of Political-Military Affairs and interviews with U.S. Government experts.

Figure 56: Assessing Relative Risk and Insecurity in Lebanon: LAF Ground Force Deployment in February 2014



Note: Deployment does not reflect forward deployed units, including SOF detachments in functional AORs. Areas without a risk rating do not imply an absence of risk.

Source: Adapted by Aram Nerguizian from discussions with Lebanese Armed Forces and U.S. government Experts.

The 2013 Capabilities Development Plan

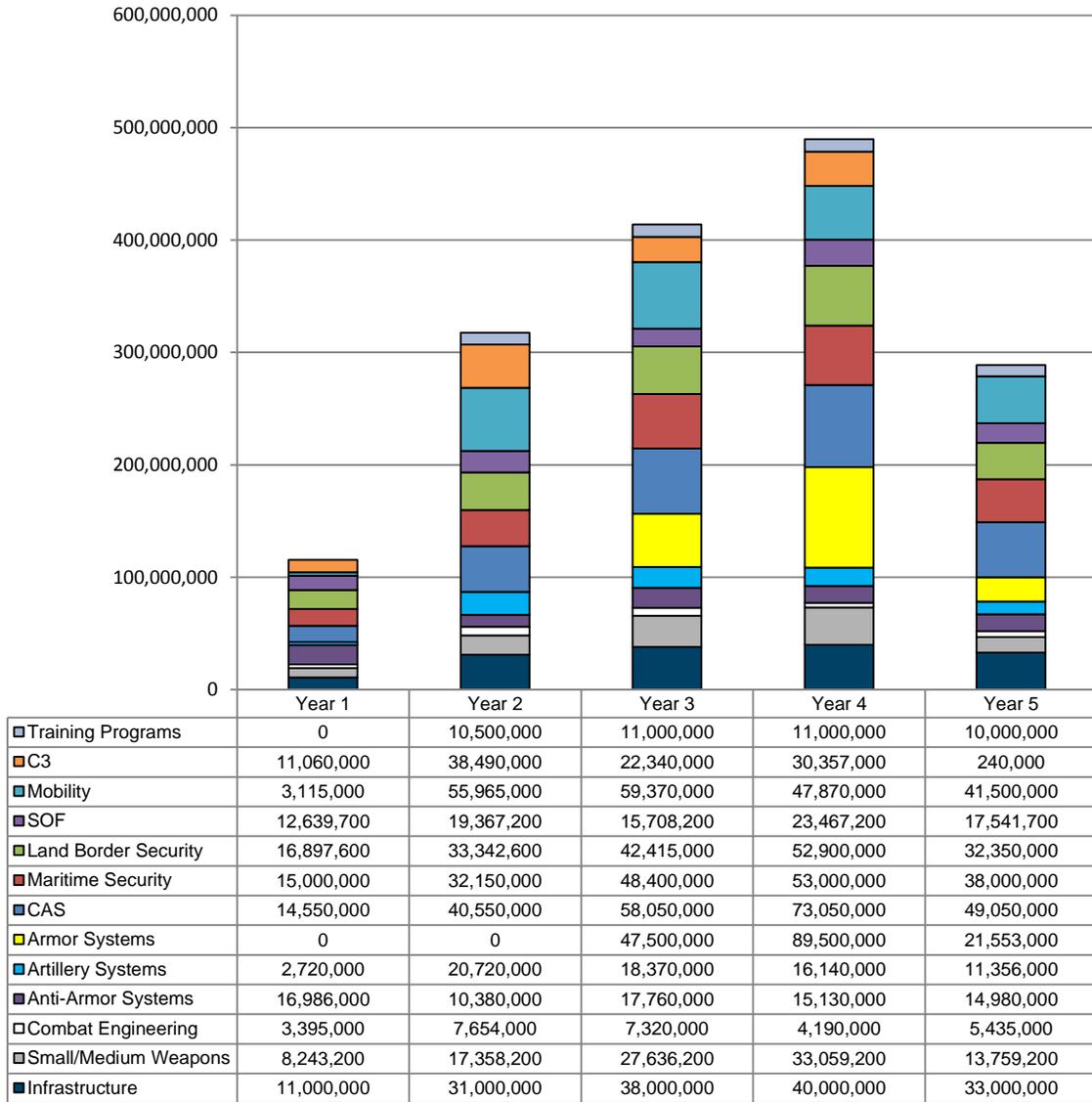
Effective planning and support are critical if the LAF and the government of Lebanon are to make good on the military's core national security priorities in 2014. To that end, in 2013 the LAF formulated a five-year capabilities development plan (CDP).

The CDP was the first major strategic document produced by the LAF to address critical mission areas, minimum force capabilities, targets in terms of professionalizing LAF standard operating procedures, and linking the overall effort to budgeting and future funding in both an inter-agency and a civil-military environment.⁶³¹

The CDP is a first attempt at putting together a Lebanese military "white paper." There is no analogy to the current effort on this scale in post-independence Lebanon. The CDP also reflects the severity and urgency of both internal and regional pressures facing the country. While the fiscal and cost breakdown of the five-year effort remains anecdotal at best, it remains useful in evaluating where the LAF hopes to focus its military development efforts. **Figure 57** shows that building up armor, mobility, close air support (CAS), naval and border forces are key priorities.⁶³²

The CDP is not intended to be a static structure with a finite end-state for the LAF and is currently being updated to reflect evolving Lebanese military priorities in 2014 and 2015. However it is a key stepping stone that could enable the LAF, the government of Lebanon, and the international donor community – including the US – to think far more clearly about what can be achieved, how, and with what resources when it comes to Lebanese military development. Answering these questions has become more critical as Lebanon and the LAF increasingly find themselves in a Levant in search of any semblance of stability or predictability.

Figure 57: Planning for a Precarious Future: The 2013 LAF Capabilities Development Plan



Source: Adapted by Aram Nerguizian from discussions with Lebanese Armed Forces and U.S. government experts

Saudi Arabia, the U.S. & the Politics of Military Aid

At the end of December 2013, Lebanese President Michel Sleiman announced that Saudi Arabia would pledge \$3 billion to enable the LAF to acquire weapons from France.⁶³³ If the Saudi aid materializes, it will be the single largest external contribution in terms of military aid in the history of the LAF. As **Figure 58** shows, Saudi Arabia and France were not leading donors to the LAF over the 2006 to 2013 period. **Figure 58** also shows that the US provided some 72 percent of all aid to the LAF since 2006.

It is unclear if and how the Saudi plan will crystalize in ways that dramatically affect or impact the current capabilities of the LAF. The decision-making behind the plan to provide the LAF with French equipment and training is a trilateral one – between the Lebanese president, the French president and the leadership in Riyadh – but it was driven largely by Franco-Saudi bilateral priorities.⁶³⁴

The reasoning behind the Saudi initiative was not too dissimilar to Saudi aid efforts in Egypt: in the perceived absence of a strong US position or response to events in the Levant – especially in terms of regime change, instability and regional competition with Iran – Saudi Arabia finds itself both reacting to events and taking preemptive action in a bid to reshape events in its favor.⁶³⁵

In Lebanon, that means first and foremost finding new ways to compete with Iran and its local ally Hezbollah, or at least try to impact the internal balance of power. It was also meant to show Saudi disapproval in the face of US effort in Lebanon. The US-Lebanese bilateral relationship had increasingly become defined by a military-to-military relationship that both the US and the LAF viewed as increasingly critical and mutually beneficial on issues tied to common counter-terrorism threats and priorities tied to regional security.

While the LAF was consulted by the Lebanese president on its military development objectives and the CDP, military leadership were not initially aware of any plan by Saudi Arabia to finance the sale of French systems, sustainment and training to Lebanon. No funding will be transferred directly to the government of Lebanon and the mechanisms by which orders, payments and deliveries will play out are likely to be triangular and complicated by domestic constraints and pressures in all three countries concerned.

Meanwhile, key questions remain as to how the grant aid structure will operate: whether or not the Lebanese can drive the requirements, what the timelines may look like in terms of order and deliveries, and how France will deal with Israeli QME concerns under an administration that is at least as sensitive to Israel as every other government that has come before it. In the end, the Lebanese – and the LAF by extension – may be junior partners, unless they are able to steer the effort in ways that line up with the military's long term national defense priorities and the CDP.

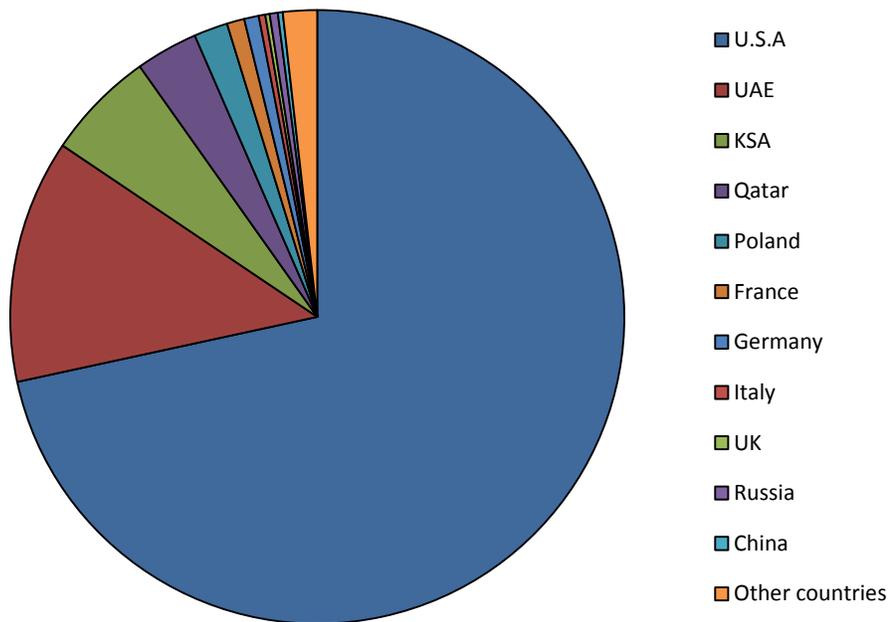
The US and other members of the international donor community view the Franco-Saudi effort as complementary to existing aid structures like US FMF and Section 1206 funds and UK efforts to build up LAF border forces. They also feel that there may be key areas where the French – working closely with the LAF – can have a positive effect on Lebanese military development.

Unlike the US and the UK, the French can focus on Lebanese naval development efforts. This could entail a bottom up effort to reshape an atrophied force of some 2,000 into a coastal naval force able to conduct patrol and interdiction in Lebanese territorial and economic waters. This would include dry docks, floating dry dock, ship-to-shore communications and other systems to supplement the sale of coastal craft able to operate in difficult weather conditions.

Basing and infrastructure are other key areas where France can support the LAF. Working with local and French contractors, France can help the LAF become more than what it is now in places like the South, Akkar and parts of the Bekaa: an expeditionary force in its own country. The US and the UK have also done a great deal to support infrastructure by helping to rehabilitate the Hamat Air Base – arguably one of the most strategic and defensible military positions in Lebanon – and the fortifications/observation posts of the 1st and 2nd Land Border Regiments. In the long term, the LAF needs to build up bases, barracks, gun ranges, training grounds and other infrastructure across the country.

The other key area is airlift and transport. The LAF already operates both attack and transport helicopters of French origin and can easily absorb additional systems such as the Gazelle and the Puma – both of which the LAF already operates. The French can also help the LAF create a capability it currently does not have, which is some basic access to tactical if not strategic fixed wing airlift. Such a system would allow the LAF more autonomy with regards to taking part in regional combat exercises with partner nations like Egypt, Jordan, France or the US.

Figure 58: Total International Aid to the LAF 2006-2013
 (\$1.16 billion through July 2013)



Note: Distribution does not reflect aid levels and transfers after July 2013; Figures do not include aid or grants to the Internal Security Forces (ISF) or other security units.

Source: Adapted by Aram Nerguizian from discussions with Lebanese Armed Forces and U.S. government experts.

Lessons from Iran's Military Support for Hezbollah

The previous sections in this report have summarized depth and breadth of Hezbollah's importance to Iranian geopolitical aspirations in the Levant. However, the Iranian model of "security assistance" also bears important lessons for any future US engagement with Lebanon – particularly in the context of the problems in US efforts to build up the LAF:

- First, the US is invested in Lebanon as part of a broader multifaceted effort to shape stability and outcomes from the Mediterranean to Afghanistan. Meanwhile, Iran looks at Lebanon and Hezbollah as central to its prerogatives, not only in the Levant but also the broader Arab Muslim Middle East. Prior strategic commitments and policy choices make it difficult for the US to bring its tremendous national resources to bear effectively. The US is concerned with maintaining Israel's military edge and ensuring that no regional player poses an imminent threat to its regional ally. Iranian policy towards Lebanon is not burdened by competing geopolitical priorities, which means unlike the US, it can provide its allies with as much assistance as they need.
- Second, despite its revolutionary rhetoric, Iran recognizes that Lebanon's sectarian system is to Hezbollah's advantage, given the group's level of organization, its unique military capabilities, and unrivaled intelligence gathering capabilities. Iran does not need to "capture the state" or build a "state within a state" in Lebanon in order to further its interests. The same goes for Hezbollah as well, which has increasingly accepted the benefits of the autonomy granted by eschewing the fragile and hollow post-war Lebanese state structure.

In contrast, the US continues to focus on trying to rehabilitate Lebanese state institutions that, by virtue of the primacy of sectarian politics in the post-Syria period, are very resistant to change or reform. The US also continues to face difficulties in dealing with sectarian and feudal rather than true reform-minded national leaders. Pursuing US policies predicated on dealing with Lebanon for what it is will allow the US to recalibrate its reform agenda to find more meaningful avenues for future reform.

- Lastly, time is a critical factor in building up truly capable regional allies. Iran has spent the past 25 years building up Hezbollah and it has done so without any qualitative reservations and without the burden of a transparent bureaucratic interagency process. The US has been conducting security assistance to the LAF for seven years under the watchful eye of an often cumbersome and ill-directed interagency effort. The US, as was mentioned above, is largely unable or unwilling to provide the LAF with capabilities and training that could change the balance of force between it and Hezbollah.

Is it unclear how well and how many of these lessons can be integrated in future US efforts in Lebanon or elsewhere to build up and support local allies. What is clear is that the Iranian approach has been successful while the US effort has been defined more by good intentions than measurable geopolitical outcomes.

Addressing Refugee Pressures from the Syria Conflict

As **Figures 63** through **68** show, Lebanon is facing unprecedented levels of pressure from the influx of Syrians refugees. Other regional states like Jordan certainly face major challenges as well, but Lebanon's mix of pre-existing refugee demographics, sectarian infighting, regional penetration and weak state structures make it uniquely vulnerable.

Lebanon – a country of 4.1 million⁶³⁶ – officially hosts 1,126,748 (registered) displaced Syrians as of August 14, 2014.⁶³⁷ However, the Lebanese government estimated in October 2013 that the number of Syrian nationals in Lebanon had already exceeded one million at the time; this estimate includes Syrian guest workers and their families, as well as other Syrians of means not registered with any UN agency.⁶³⁸

While the socio-economic, demographic and other pressures tied to the Syria conflict and the scale of displaced Syrians in Lebanon will be discussed later, it is important to highlight that these patterns have become the most recent addition to US foreign policy priorities both in Lebanon and the broader Levant. In 2012, the US provided some \$18.1 million in supplemental humanitarian assistance to Lebanon, but the sheer scale of Syrian displacement to Lebanon as a result of fighting in Syria has served to dramatically expand aid levels to Lebanon.⁶³⁹ Commitment levels in 2013 to Lebanon included some \$114 million as of August 15, 2013. These represented roughly 25 percent of overall funding and grant aid from all donors,⁶⁴⁰ and the US is likely to continue to focus on aid and other mechanics to alleviate internal pressure in Lebanon as one part of a long term response to regional instability.⁶⁴¹

Iran has also sought to provide aid and support to Syrian and Palestinian refugees in Lebanon, including reported contributions in 2014 of some 150 tons of cargo that included 3,000 tents and 10,000 blankets from the Iranian Red Crescent Society.⁶⁴² However, given Iran's and Hezbollah's active support for the Assad regime, Iranian efforts face real challenges in expanding their aid response in parts of Lebanon that have grown increasingly hostile to Iran, Hezbollah and the Lebanese Shi'a community more broadly. Meanwhile, Iran faces other pressures should it wish to do more, including pressure at home stemming from the need to focus on its own economy and deal with the current broad spectrum of international sanctions.⁶⁴³

The Lebanon-Syria Insecurity Nexus

In the two years prior to the start of protests in the Arab world, Syria and Iran played an increasing role in terms of influence in Lebanon.⁶⁴⁴ This coincided with the failures of US and Saudi allies in Lebanon, Israeli-Syrian secret negotiations brokered by Turkey, and separately US efforts to pursue a policy of outreach toward Damascus.⁶⁴⁵ However, some three years after the start of protests in the south-western Syrian city of Der'a, the conflict in Syria now defines both instability in Lebanon and how the US and Iran deal with their respective sets of interests in the country and the region.

Lebanese Sunni-Shi'ite Competition in Syria

The anti-Assad and pro-Western March 14 forces – a cross-sectarian grouping of Lebanese political actors that includes the bulk of the country's Sunni representatives and part of the country's Christian factions – were pushed to the margins in January 2011 with the collapse of the government of Prime Minister Saad Hariri.⁶⁴⁶ However, the growing cycle of unrest and international isolation of Syria has prompted members of the collation to capitalize on Syrian instability in a bid to reverse their political fortunes.⁶⁴⁷

There have been growing accusations of involvement by Sunni political figures with ties to the March 14 forces in helping to arm and finance Syrian insurgent groups as early as 2011. There have also been increasing reports of Lebanese Sunni militants and Islamist fighters crossing into Syria to join the battle against Assad.⁶⁴⁸ The country has experienced a resurgence of Sunni-Alawite violence in the northern city of Tripoli, mirroring sectarian dividing lines in Syria.⁶⁴⁹ As of January 2014, Lebanon's Sunni community – especially in Akkar and North Bekaa – continues to be a source of political and military support to forces

battling Assad, although there are no reliable estimates on the number of Lebanese Sunni fighters currently active in Syria.⁶⁵⁰

The March 14 forces have since shown an increasing willingness to capitalize on Syrian instability. There were indications in 2011 and 2012 that the predominantly Sunni Future Movement was keen to streamline its foreign policy orientation in line with the broader Sunni Arab regional order centered on Saudi Arabia and Qatar, in the expectation that the Assad regime will eventually fall.⁶⁵¹

By contrast, members of the pro-Syrian March 8 alliance – another cross-sectarian coalition led by the majority of the country's main Shi'ite factions, including Hezbollah, and part of the country's Christians – have largely remained strong supporters of the Assad regime. While there are concerns that Assad might not survive the current cycle of unrest, there are many that continue to believe that the Alawite-led regime – aided by Iran at the regional level and Russia and China at the international level – can weather the storm and rebuff both internal and external challenges to its autonomy and ability to rule Syria.⁶⁵²

While Hezbollah initially counted on a swift Assad victory over the opposition in 2011 and sought to mitigate its footprint in Syria, this changed starting in early 2012. The group initially sent limited military forces to support the following efforts: defend the Sayyidah Zaynab Shrine (one of Shi'a Islam's holiest sites on the outskirts of Damascus), protect Lebanese Shi'a villages east of the Bekaa, offer counter-insurgency training to pro-Assad forces, secure key road networks linking Lebanon to Syria, and combat support operations in Zabadani between Damascus and the Lebanese border. By early 2013, Hezbollah's priorities had significantly shifted to its combat and combat support roles with Assad's forces east of the Bekaa valley.⁶⁵³

There is no way to determine how power and politics will ultimately evolve in Syria, let alone whether or not the Assad regime could find the means to survive. However, this has not prevented either pro- and anti-Assad Lebanese political forces from escalating their roles in the Syria crisis in their respective efforts to reshape the internal balance of power in Lebanon. Beyond their discreet domestic political considerations, local forces – especially Hezbollah – are expected to obey the geopolitical prerogatives of their regional allies, even if that costs them their broader national appeal.⁶⁵⁴

What became clear by early 2013 was that Lebanon would see growing instability along sectarian and regional lines long before a decisive outcome could be reached in the battle for power in Syria. The assumption that Assad's rule may be finite and the role Hezbollah is believed to be playing in support of that rule has led to growing calls for Hezbollah's disarmament, a de facto call for shifting the internal political and security balance of power in Lebanon. By contrast, the Sunni community's emerging role in the Syria conflict has been interpreted by Damascus as a de facto declaration of war on the Assad regime.

Assessing Communal Dividing Lines

The US, its European allies, the Southern Gulf states, Iran and the now-beleaguered Assad Regime are all regional and international partners of Lebanon's competing cross-sectarian alliances. However, dividing lines pitting Lebanon's Sunni and Shi'a communities against each other, their diverging views on Assad and the competition between their chief regional

sponsors – Saudi Arabia and Iran respectively – in Syria and the broader Middle East now define insecurity and escalatory violence in Lebanon.

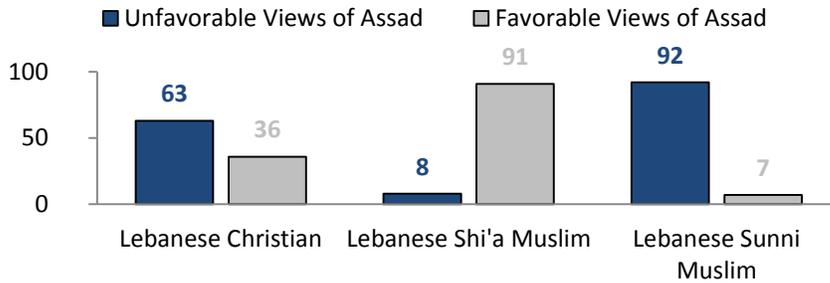
While regional public opinion surveys in the Middle East are always going to be uncertain and anecdotal at best, they can still help to contextualize key regional trends. In 2013, a series of *Pew Research Center* polls found that a majority of regional states had broadly negative views of the Assad Regime and Iran – a finding that both reflected popular sentiment and government policy in Egypt, Israel, Jordan, the Palestinian Territories and Turkey.⁶⁵⁵

Figure 59 which shows data collected on Lebanese public opinion showed that Lebanon breaks sharply with this regional pattern in 2013. More specifically, the Lebanese remained deeply divided along communal lines when it concerned Syria, Iran, and Saudi Arabia.⁶⁵⁶ While 92% of Lebanese Sunnis had an unfavorable view of the Assad regime, 91% of Lebanese Shi'a had favorable views. Views are similarly divided on Iran, where 93% of Lebanese Sunnis had unfavorable views compared to 89% favorable. This trend carries over to Hezbollah as well, where 94% of Sunnis have unfavorable views, unlike 89% of Shi'a who continued to have favorable views of the Shi'a militant group.⁶⁵⁷ Lastly, the pattern broadly reverses when it comes to views of Saudi Arabia: some 93% of Lebanese Shi'a held unfavorable views of the Kingdom; by contrast, 82% of Sunnis remained favorable.⁶⁵⁸

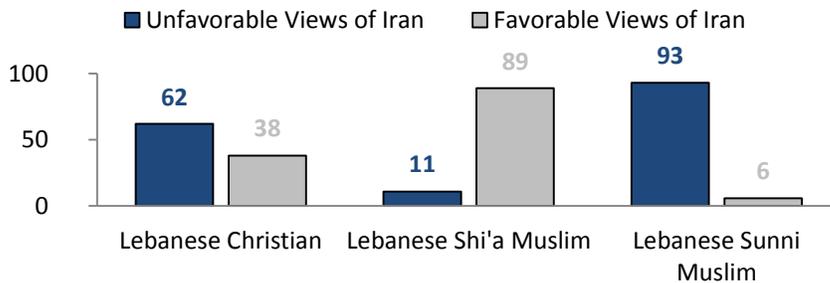
While Lebanon's Sunni and Shi'a communities may have diametrically opposing views of Iran and Saudi Arabia, the two communities share the view that both regional powers have either a great deal or a fair amount of influence in Lebanon. **Figure 60** shows Lebanese communal views on the levels of Saudi and Iranian influence in Lebanon and whether any such influence is broadly positive or negative. 85% of Christians, 85% of Shi'a and 81% of Sunnis feel that Iran has a great deal or a fair amount of influence in Lebanon. Similarly, 86% of Christians, 77% of Shi'a and 83% of Sunnis feel that Saudi Arabia wields either a great deal or a fair amount of influence in their country. Where Sunni and Shi'a do diverge, however, is on whether either country is playing a positive or a negative role in Lebanon. **Figure 60** shows that 87% of Shi'a view Iranian influence as positive, whereas 91% of Sunnis feel that Iran's influence is largely negative. Similarly, while 71% of Sunnis view Saudi influence in Lebanon as positive, 87% of Shi'a feel that the Kingdom's influence is broadly negative.⁶⁵⁹

Figure 59: Lebanon and Regional Public Opinion I
(Percentage)

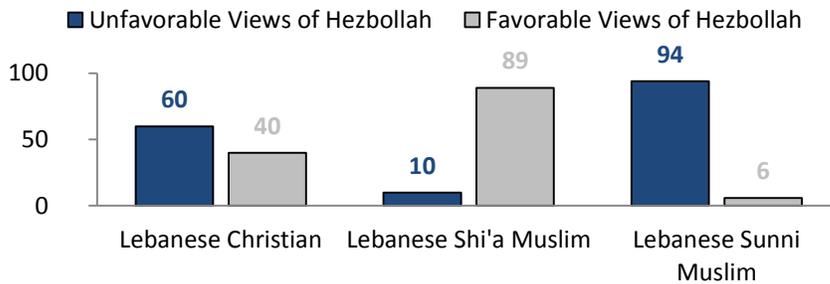
Lebanese Communal Views on Assad:



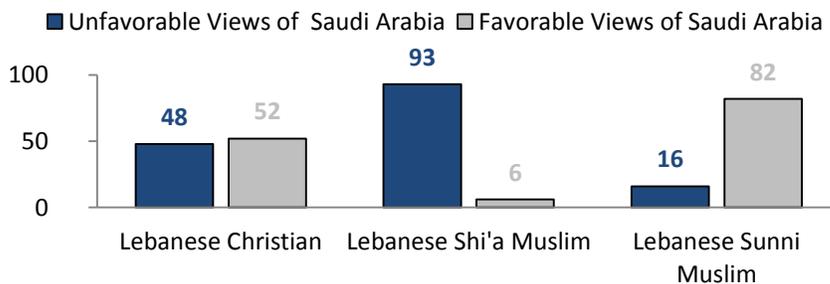
Lebanese Communal Views on Iran:



Lebanese Communal Views on Hezbollah:



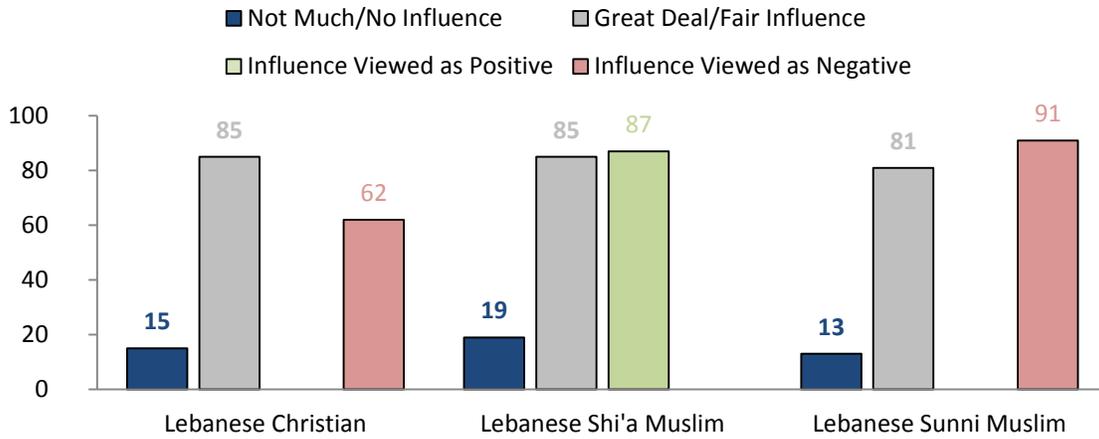
Lebanese Communal Views on Saudi Arabia:



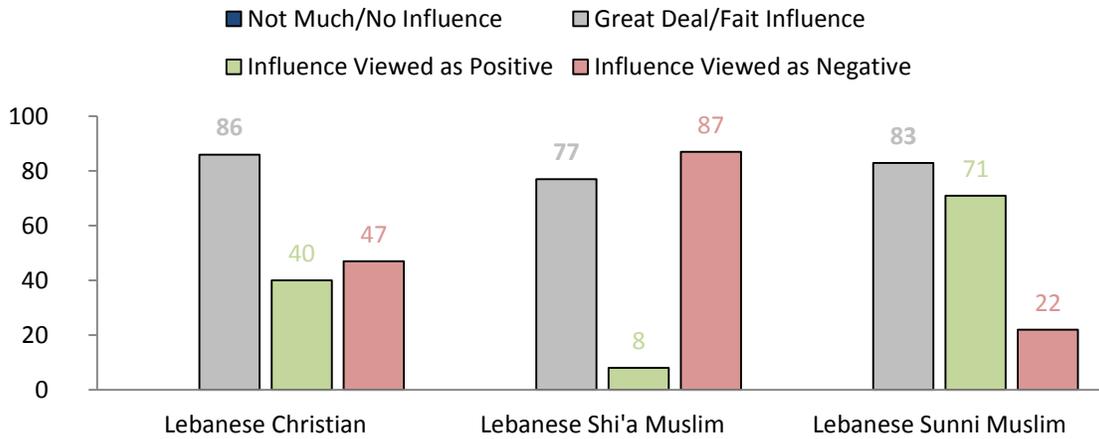
Source: Adapted by Aram Nerguizian from “Global Views of Iran Overwhelmingly Negative,” Pew Research Center, June 11, 2013; “Saudi Arabia’s Image Falters among Middle East Neighbors,” Pew Research Center, October 13, 2013; Bruce Drake, “As It Fights in Syria, Hezbollah Seen Unfavorably in Region,” June 7, 2013; “Widespread Middle East Fears that Syrian Violence Will Spread,” Pew Research Center, May 1, 2013.

Figure 60: Lebanon and Regional Public Opinion II
(Percentage)

Lebanese Communal Views on Iranian Influence:



Lebanese Communal Views on Saudi Influence:



Source: Adapted by Aram Nerguizian from “Global Views of Iran Overwhelmingly Negative,” Pew Research Center, June 11, 2013; “Saudi Arabia’s Image Falts among Middle East Neighbors,” Pew Research Center, October 13, 2013; Bruce Drake, “As It Fights in Syria, Hezbollah Seen Unfavorably in Region,” June 7, 2013; “Widespread Middle East Fears that Syrian Violence Will Spread,” Pew Research Center, May 1, 2013.

Hezbollah's "Necessary War of Choice" in Syria

Previous sections that looked at Hezbollah focused primarily on the Shi'a militant group's efforts to recapitalize its forces and expand its holdings. These can be found in chapter four, which evaluated the regional asymmetric military balance, and Hezbollah's role in it. However, Hezbollah's new role in Syria presented sets of challenges that in some ways could overshadow the group's efforts to maintain its asymmetric military edge.

As previous sections showed, Hezbollah's decision to commit to offensive military operations inside Syria in concert with Assad's forces has heightened precarious Sunni-Shi'a tensions in Lebanon exponentially. The move also undermined the country's efforts to disassociate itself from the Syria conflict under the auspices of the so-called June 2012 "Baabda Declaration," a pledge that includes noninterference in Syria's conflict and was signed by all leading factions in Lebanon, including Hezbollah.⁶⁶⁰ To many Lebanese, such a projection of military force outside of Lebanon by Hezbollah or any other group is without precedent.

Hezbollah's choices reflect its own narrow set of overlapping priorities in Syria: the primacy of preserving the "Resistance Axis with Iran," Hezbollah's sense that it can neither appease increasingly militant Lebanese Sunni political forces nor reverse deepening regional Sunni-Shi'a tension, and that Shi'a communal fears as a regional minority group increasingly inform a need to create strategic depth in Syria. Taken together, these factors have led Hezbollah to a bitter conclusion: it can choose to fight mainly Sunni militant forces in Syria today or fight Sunni militant forces in Lebanon tomorrow, should Assad fall.⁶⁶¹

Hezbollah is now engaged in what it considers to be a preemptive war of choice in Syria, albeit one that many within the group and the broader Shi'a community view as both necessary & inevitable. However, such a war also presents the group with very real long term risks and challenges. It endangers Shi'a communities in the Gulf, further alienates regional Arab public opinion,⁶⁶² and pushed the US and its allies to consider providing anti-Assad rebels with weapons in order to "rebalance" the conventional and asymmetric military balances in Syria.⁶⁶³ It also may be a prelude to a much deeper change for Hezbollah, whereby it becomes less of a "resistance" organization against Israel and more of a sectarian tool in the service of increasingly narrow Lebanese Shi'a interests.⁶⁶⁴

Hezbollah's Shifting Military Posture in Syria

In the spring of 2012, Hezbollah initially sent limited military forces to support the following efforts in Syria: defend the Sayyidah Zaynab Shrine (one of Shi'a Islam's holiest sites on the outskirts of Damascus), protect Lebanese Shi'a villages east of the Bekaa, offer counter-insurgency training to pro-Assad forces, secure key road networks linking Lebanon to Syria, combat support operations in Zabadani between Damascus and the Lebanese border.⁶⁶⁵

By early 2013, however, Hezbollah's priorities had significantly shifted to its combat and combat support roles with Assad's forces east of the Bekaa valley with a focus on strategically significant terrain such as the town of Qusayr and Al-Qalamoun mountain range. Both were critical to supply routes and defending against flanking maneuvers to

whomever could control them.⁶⁶⁶ **Figure 62** is a broad and anecdotal depiction of where Hezbollah was focusing its efforts in Syria in February 2014.

Reports from Lebanon and Europe place the estimated number of Hezbollah fighters within Syria at up to 4,000 in support of Assad's forces. It is worth noting that other estimates on Hezbollah fighters in Syria vary from as little as 2,000 to as much as 10,000. The disparities reflect the challenges of getting an accurate picture of Hezbollah's force commitment level, never mind the current disposition of its overall fighting strength. However, it is important to remember that many of these estimates of Hezbollah's manpower levels in Syria are "guesstimates."⁶⁶⁷

In 2013, Hezbollah's involvement in Syria helped shape regime victories in areas opposite the Lebanese Bekaa Valley, especially in and around the town of Qusayr. Strategically significant as an opposition lifeline for aid, weapons, and fighters from Lebanon, the retaking of Qusayr secured the regime's western flank as it pushed to consolidate its hold on Homs and access to the mainly Alawite coast, cut off rebel supply lines, and signaled to the international community that the Assad regime was far from beaten.⁶⁶⁸

However, Qusayr may have been even more important to Hezbollah. Qusayr sits on a direct road link to the mainly Shi'a Lebanese town of Hermel, a north-eastern stronghold of the Shi'a militant group and a key pipeline for overland weapons transfers from Iran via Syria. Qusayr is also ringed by Shi'a Lebanese villages inside Syria which Hezbollah feels both obligated and under pressure to protect.

From a military standpoint, Hezbollah's engagements east of the Lebanese Bekaa Valley have not been without cost. According to press, diplomatic, Syrian opposition and both pro and anti-Hezbollah Shi'a sources, the number of Hezbollah fighters killed in the first week of the main offensive to retake Qusayr was between 70 and 110.⁶⁶⁹ This may have reflected in part the reality that although well trained, many of Hezbollah's fighters in Qusayr were largely untested in combat. The high initial death toll may have also pointed to the Syrian rebels' use of some of Hezbollah's own sniping and booby-trapping techniques, techniques that the Shi'a group shared in joint training exercises with Hamas and that the Palestinian militant group may have passed on to the rebels in turn.⁶⁷⁰

While these military commitment levels are significant, Hezbollah can continue to absorb more combat deaths, largely thanks to the dramatic expansion of the group's armed wing in the wake of the 2006 Israeli-Hezbollah war. Compared to some 3,000 fighters in 2006, Hezbollah's current fighting strength may be estimated at around 20,000-30,000, of which some 25 percent may be full-time active duty personnel.⁶⁷¹

As **Figure 62** shows, Al-Qalamoun is the current focus of Hezbollah kinetic military operations. While Hezbollah and its Syrian allies were successful in decisively containing, countering or defeating opposition forces in and around al-Zabadani and Qusayr – thus cutting key supply lines in north-eastern Lebanon – securing the strategic Al-Qalamoun mountain range would have a decisive impact on the flow of fighters, money and weapons across the Lebanese-Syrian frontier.⁶⁷²

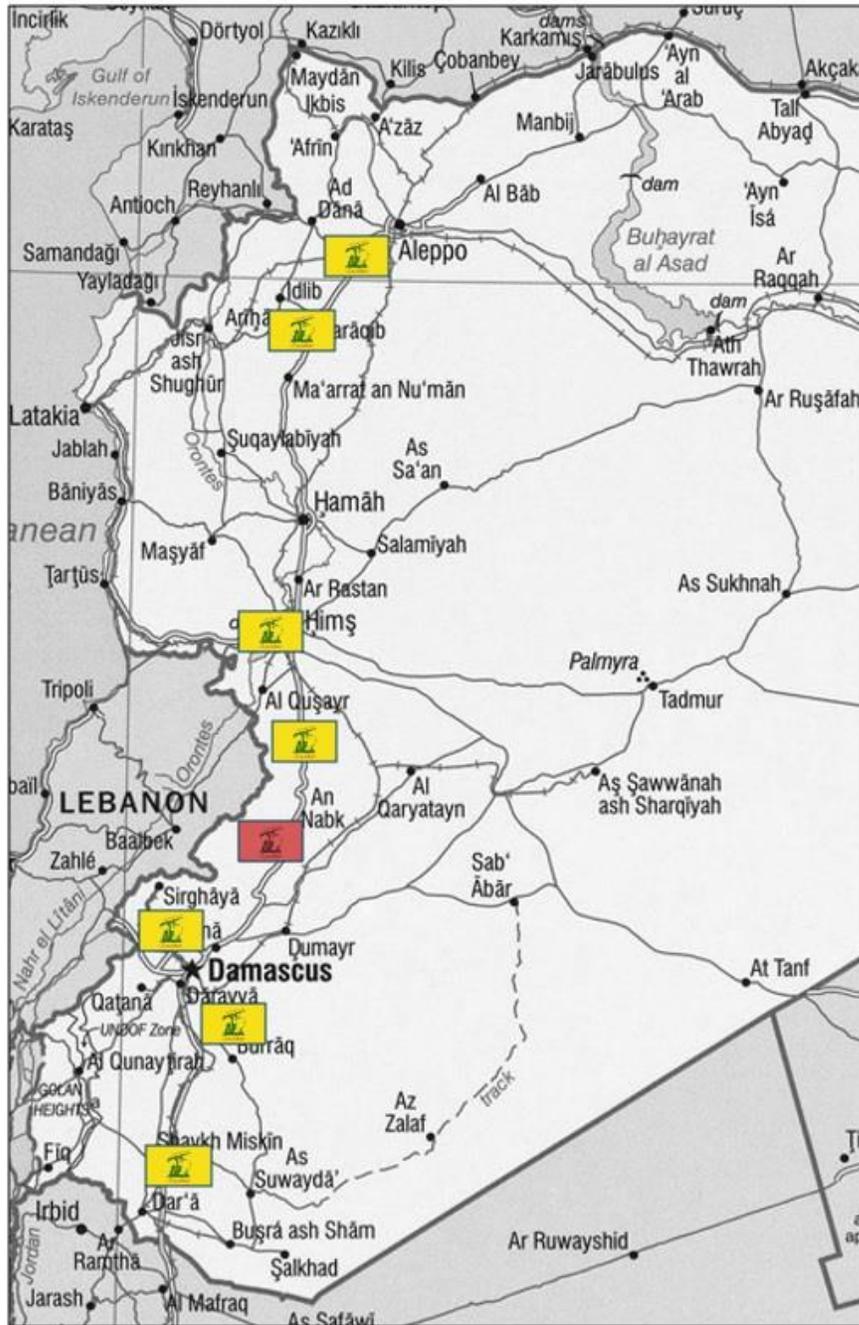
Securing or pacifying Al-Qalamoun may also prove crucial in stemming the flow of improvised explosive devices (IEDs), vehicle borne IEDs (VBIEDs) and suicide VBIEDs (SVBIEDs) that targeted southern suburbs, the north-eastern town of Hermel and other so-

called Shi'a or Hezbollah strongholds in 2013 and 2014. There was growing evidence in early 2014 that the town of Yabroud in the Al-Qalamoun range was a key assembly point for IEDs, VBIEDs and SVBIEDs bound for Lebanon often via the predominantly Sunni town of Aarsal on the Lebanese side of the border with Syria.⁶⁷³

While preliminary reports indicated that Hezbollah's forces in Al-Qalamoun – not unlike in Qusayr – continued to be far more disciplined and employed superior tactics, communications, and were better coordinated than their Syrian rebel opponents, fighting there favors defensive military operations and may be more challenging. 2014 estimates of the number of opposition forces in Al-Qalamoun range from 5,000 to 30,000 fighters – including fighters from leading Islamist and radical jihadist groups that included Jabhat al-Nusra, Harakat Ahrah al-Sham al-Islamiyya, Liwa al-Tawhid and Liwa al-Islam.⁶⁷⁴

Difficult battles like the one in Qusayr and Al-Qalamoun against similarly committed and ideological opposition fighters, in addition to shifts in how Hezbollah conducts both operations and training for urban warfighting, ensure that tomorrow's veterans from the war in Syria will form a combat-tested Hezbollah fighting core that may complicate future engagements against the IDF, to say nothing of Lebanese or Syrian Sunni militants.

Figure 61: Hezbollah’s Uncertain Syria Deployment in 2014



Note: Area marked in red depicts current focus of kinetic operations in the Al-Qalamoun region.

Source: Adapted by Aram Nerguizian from discussions with Lebanese Armed Forces and U.S. government experts and from reporting and analysis by Nicholas Blanford.

The Mainstream Sunni Response to the Syria Conflict

While Hezbollah's role in Syria has important ramifications for Lebanon, Syria and how the US and Iran compete in the Levant, the responses of – and shifts within – Lebanon's Sunni community are at least as important.

Lebanon's Sunni community – including the mainstream Future Movement led by former Prime Minister Saad Hariri – has been largely supportive of the mainly Sunni opposition since the start of popular unrest in Syria in 2011. This led to recurring allegations that Lebanon's Sunni political and communal leadership may have been facilitating the flow of weapons, money and other aid to fledgling rebel groups.⁶⁷⁵

Hezbollah's active military support for the Assad regime has only served to escalate pressure within the Lebanese Sunni community to provide support for the opponents of the Assad regime.⁶⁷⁶ However, there appear to be real limits in terms of what mainstream and mainly urban Sunni groups like the Future Movement are willing or able to do.

First, there is no real-world martial tradition among Lebanon's Sunnis. Time and again the community sought to leverage other internal forces – such as militant Palestinian groups during the 1975-1990 civil war – or external allies – like Saudi Arabia – to shape favorable outcomes.⁶⁷⁷ Lebanese Sunnis have also traditionally eschewed military service – a pattern that only started to shift in the last decade. The limitations of so-called Sunni militias were all too apparent during street clashes with Hezbollah in May 2008. The Future Movement's military advisors expected pro-Future Movement fighters to hold off Hezbollah and their allies for days, if not defeat them. However, the Shi'a militant group routed its Sunni opponents in West Beirut in less than a day.⁶⁷⁸

Beyond the events of May 2008, Lebanon's mainstream and more moderate Sunnis face other obstacles to mounting a military response to Hezbollah in Lebanon or Syria. As previous sections showed, Hezbollah has the benefit of three decades of lead time in terms of totally focused Iranian "security assistance". Lebanon's Sunni community does not have an external patron that is either able or willing to duplicate that level of military support, even if such an effort could disregard the effects of lead time. Lastly, mainstream groups such as the Future Movement remain sensitive to how the US and the West perceive them, and are reluctant adopt more militant tactics and strategies as means of competing with or curtailing Hezbollah.⁶⁷⁹

Northern Poverty & the Sunni Militant Response to Hezbollah

Hezbollah may have accurately calculated that moderate and urban Sunni factions would not or could not escalate in Syria, or with direct attacks against the group or the Shi'a community. However, the rural Sunnis in the north and the Bekaa have always been a separate demographic and Hezbollah actions in Syria may also have dramatically accelerating major shifts currently under way within the Sunni community.

The failure of moderate Sunni leaders to champion their interests in the wake of Syria's withdrawal from Lebanon in 2005 has left Northern and rural Sunnis feeling unrepresented. **Figure 62** effectively describes key socio-economic trends in Northern Lebanon relative to the rest of the country. In 2014, the predominantly Sunni and rural North remains the

poorest governorate in Lebanon with more than twice the national average in terms of both overall and extreme poverty. The North also has the lowest levels of per capita nominal expenditure by governorate.

Poverty in Northern Lebanon exists in parallel to a long tradition of both Salafism and Salafi jihadism.⁶⁸⁰ Salafi groups and anti-Syrian Lebanese Islamists were aggressively suppressed by the Syrian army during the 1980s – a pattern that carried over to Syria's hegemony over Lebanon from 1990 to 2005.⁶⁸¹ While the withdrawal of Syrian forces removed one source of pressure on Lebanon's northern Salafi groups and Islamists, it was the Syrian uprising of 2011 that accelerated their mobilization in general, and those of Salafi jihadi groups in particular.⁶⁸²

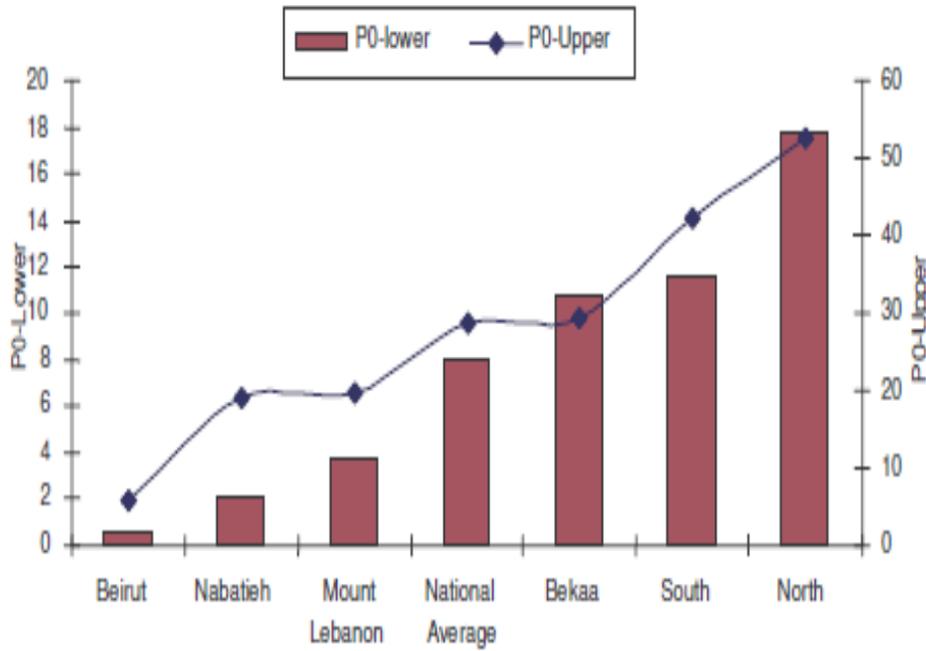
Salafi jihadists actively fought against both forces loyal to the Assad regime and their allies – including Hezbollah – in Syria over the 2011 to 2014 period. Lebanese Salafi groups have also actively supported Syrian opposition groups that have come to rely on Northern Lebanon and the Bekaa as critical supply lines. In addition, given shared ideology and common animosity toward Hezbollah, many Salafi Jihadis have also welcomed the expansion of groups tied to Al-Qaeda in Lebanon, including the Abdullah Azzam Brigades, Jabhat al-Nusra and the Islamic State of Iraq and al-Sham (ISIS).⁶⁸³

Regional Sunni-Shi'a tension, the perceived power of Hezbollah, the emergence of new and more sectarian Sunni political figures, and the emergence of a mainly Sunni opposition in Syria are all serving to mobilize the poorer rural Sunnis. This is not without precedent; similar patterns decades earlier led to the founding of the Shi'a Amal movement in 1974.

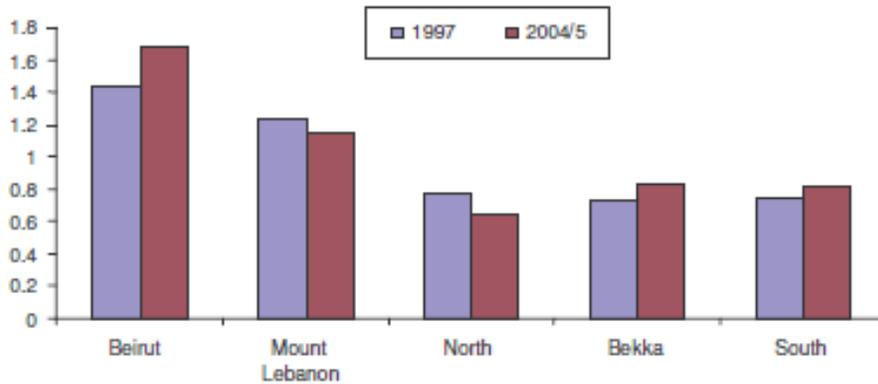
Hezbollah's actions contributed to escalating levels of hostility and a willingness to engage in armed violence that it would not otherwise expect to see from Lebanon's Sunni community. However, socio-economic and demographic changes within Lebanon's Sunni community may be part of a larger shift that goes beyond either Hezbollah or the scope of the Shi'a militant group's role in the Syria conflict.

Figure 62: The Socio-Economics of Northern Lebanon

Extreme Poverty & Overall Poverty by Governorate 2004-05:



Per Capita Nominal Expenditures by Governorate 2004-05:



Source: Adapted by Aram Nerguizian from Heba Laithy, Khalid Abu-Ismaïl & Kamal Hamdan, "Poverty, Growth and Income Distribution in Lebanon," Country Study, No. 13, IPC, 2008, p. 6, 10.

Assessing the Impact of the Syria Conflict on Lebanon

Saudi-Iranian regional competition, Sunni-Shi'a tension and all of the economic, societal, demographic and security pressures have all expanded to the point that no regional country has been so adversely affected by three years of conflict in Syria.

Figure 63 illustrates *International Institute of Finance* data on existing, estimated and forecasted economic metrics in Lebanon over the 2010 to 2014 period. **Figure 63** also shows the impact of regional instability and the Syria conflict on GDP growth in Lebanon. While the Lebanese economy continued to grow over the 2011 to 2013 period, growth was not estimated to exceed 1.8 percent in 2011 – a level far below 2010's 7 percent in GDP growth – and the economy was estimated to have lost a cumulative \$9.7 billion in trend growth. Other indicators have also suffered, including the rate of foreign direct investment as a percentage of GDP, the fiscal deficit and the government debt-to-GDP ratio.

The effects of the Syria crisis on Lebanon and the metrics of **Figure 63** are best reflected in the decline in revenue from tourism. **Figure 64** shows the relative year-on-year change in the levels of tourists and occupancy levels at hotels in Lebanon. Tourism has traditionally been a key source of central government revenue, and the decline in tourism is one of the factors that have negatively impacted the economic indicators in **Figure 63**.

Another source of pressure from the Syria conflict that has impacted both rents from tourism and the broader national economy is the scale of the influx of displaced Syrians to Lebanon. **Figure 65** presents a stark illustration of just how much of an impact more than 1.1 million Syrian refugees have had on Lebanon – a level of displacement that roughly equates the total population of Poland moving to the US in under two years. **Figure 65** also shows that not all host population groups in Lebanon have faced one common set of pressures from the arrival of displaced Syrians; Tripoli, Zahle, Akkar and the Bekaa have all contended with refugee-driven population growth between 30 and 55 percent.

Figure 66 shows just how much worse off Lebanon is relative to other refugee host populations in the Levant. What the figure does not explain, however, is the impact of political and sectarian divisions on crafting an effective policy response to the influx of displaced Syrians. The failure early in the Syria crisis to come up with a strategy – regardless of whether it could or should have been centered on establishing refugee camps – led to the proliferation of more than 1,000 separate Syrian population groups across Lebanon. **Figure 67** shows in turn that many of these refugee population groups have formed in some of Lebanon's poorest districts and governorates, placing additional pressures on education, healthcare, and socio-economic structures.

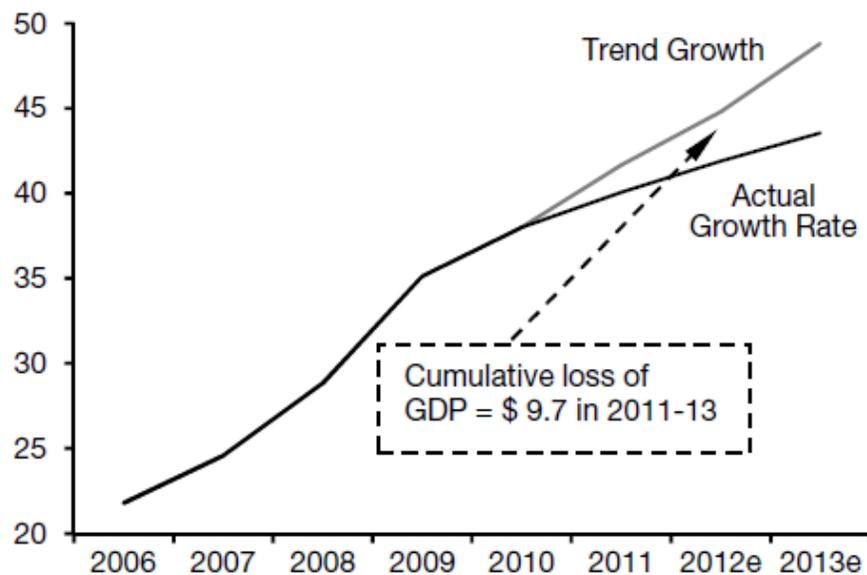
While the pressures described in **Figures 63** through **67** are significant on their own, they are made all the more dire by the impact of regional Saudi-Iranian and Sunni-Shi'a tensions. **Figure 68** shows estimates of Suicide attacks, VBIEDS, IEDS, inter-factional fighting, clashes with security forces and the number of dead over the 2011 to 2014 period based on data derived from *IHS Jane's*, *IHS Country Risk Daily Report*, *IHS Terrorism & Insurgency Monitor* and *IHS Terrorism Watch Report*. The real impact of the Syria conflict on Lebanon is higher than the data shown in **Figure 68**. However, even low-end estimates are tragic in terms of their scale and impact on Lebanese stability.

Figure 63: The Long Term Challenge of Economic Stability in Lebanon

Assessing the Impact of Instability on the Lebanese Economy:
(Percent Change)

	2010	2011e	2012e	2013f	2014f
Nominal GDP, \$ billion	37.1	39.3	41.1	43.6	46.1
Real GDP Growth, %	7.0	1.8	1.1	0.7	2.7
CPI Inflation, average, %	6.1	6.7	4.6	5.3	3.7
Current Account Bal., % GDP	-20.3	-12.4	-4.0	-8.7	-7.6
FDI, % GDP	10.2	7.0	7.6	3.9	5.6
Official Reserves*, \$ billion	31.5	33.7	37.2	37.6	38.1
Fiscal Deficit, % GDP	-5.7	-6.0	-8.9	-11.3	-9.5
Primary Balance, % GDP	5.5	4.2	0.4	-2.2	-0.8
Government Debt, % GDP	142	136	140	143	142

Assessing the Impact of Regional Instability on GDP Growth:
(Percent Change)

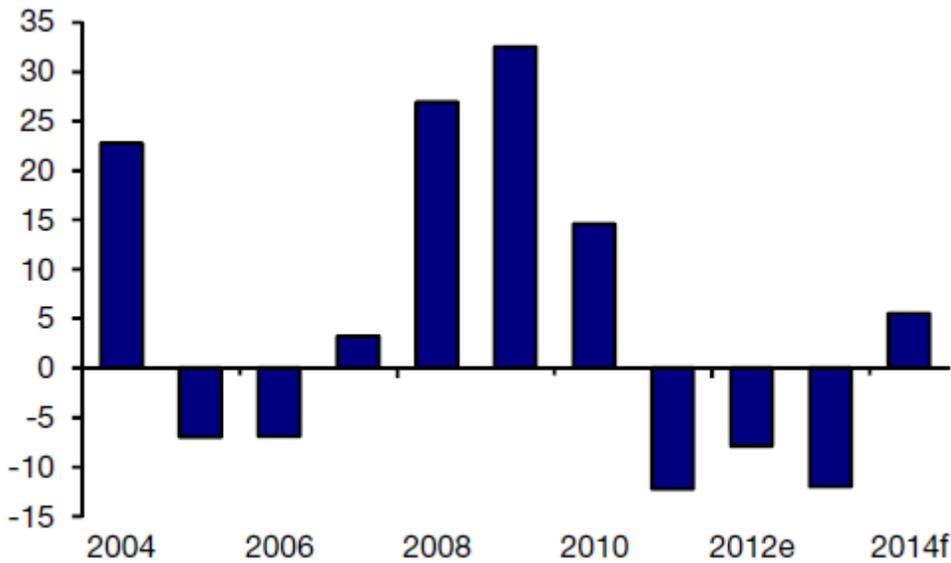


Note: "e" are IIF estimates. "f" are IIF forecasts.

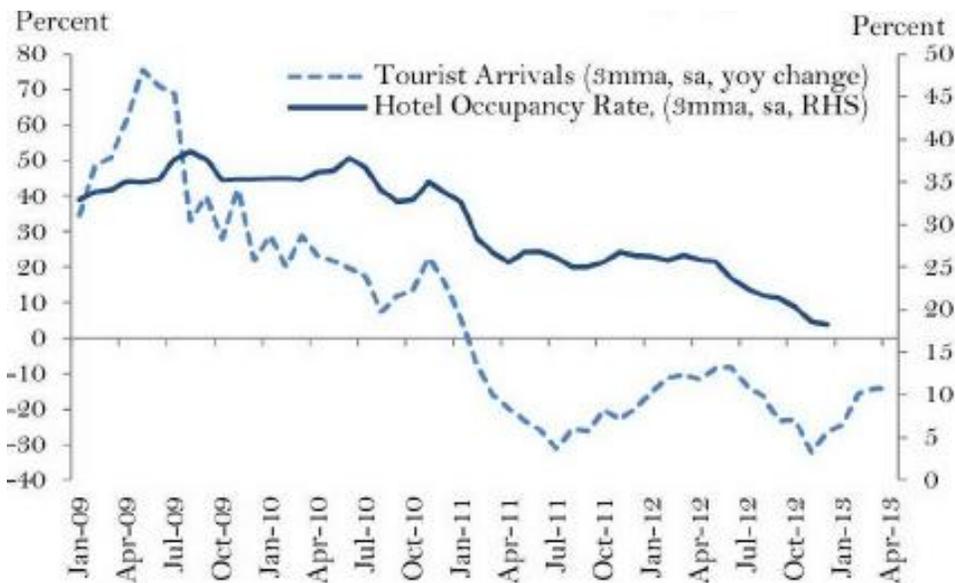
Source: Adapted from "IIF Regional Overview on Middle East and North Africa: "Arab Spring" Countries Struggle, GCC Prospect Favorable," the International Institute of Finance p. 16; "Lebanon: Improved Security Key to Growth Revival," *IIF Research Note*, January 22, 2014, p. 3.

Figure 64: Lebanese Socio-Economic Vulnerability to the Syria Conflict: Syrian Refugees by Country
(As of January 28, 2014)

Assessing the Impact of Instability on Tourism:
(Percent Change)



The Impact of Instability on Tourist Arrivals and Hotel Occupancy:

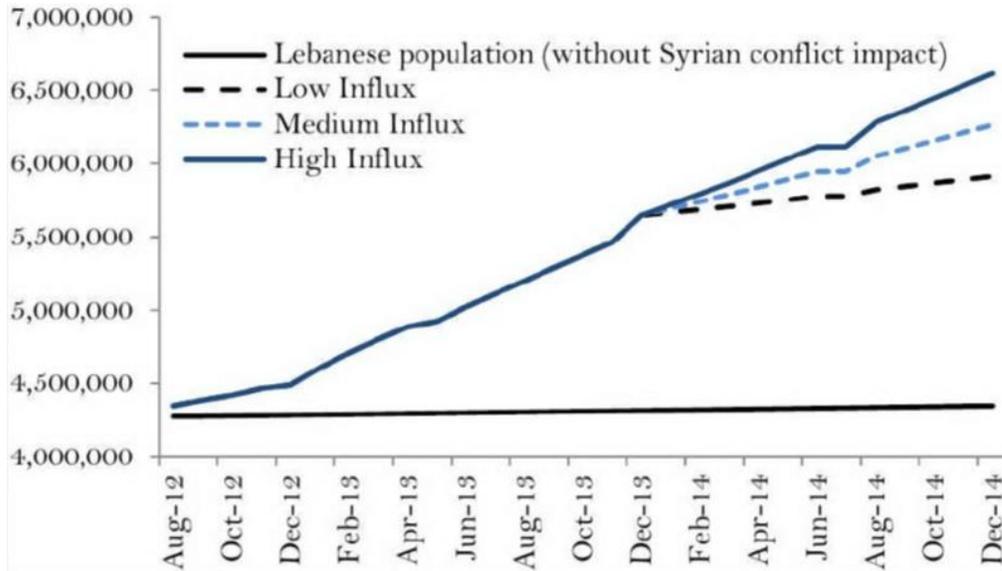


Note: 2011 and 2012 economic figures are IIF estimates. 2013 and 2014 economic figures are IIF forecasts. 2012 tourism figures are estimates and 2014 tourism figures are forecasts.

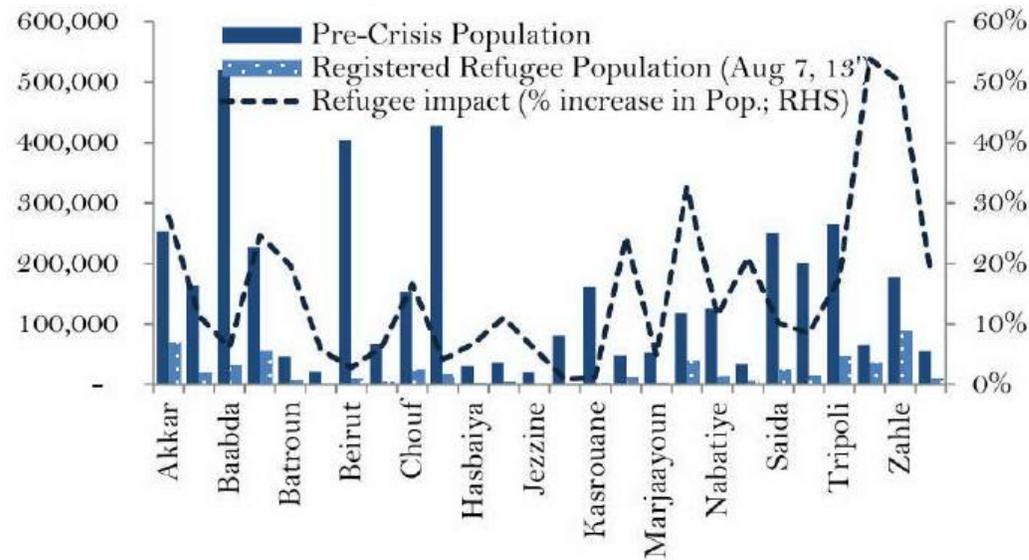
Source: Adapted from “IIF Regional Overview on Middle East and North Africa: “Arab Spring” Countries Struggle, GCC Prospect Favorable,” the International Institute of Finance p. 16; “Lebanon: Economic and Social Impact Assessment of the Syrian Conflict,” The World Bank, Report No. 81098-LB, September 20, 2013 p. 4

Figure 65: Lebanese Socio-Economic Vulnerability to the Syria Conflict: Assessing the Impact on Demographics

The Impact of Syrian Refugees on Population Growth:



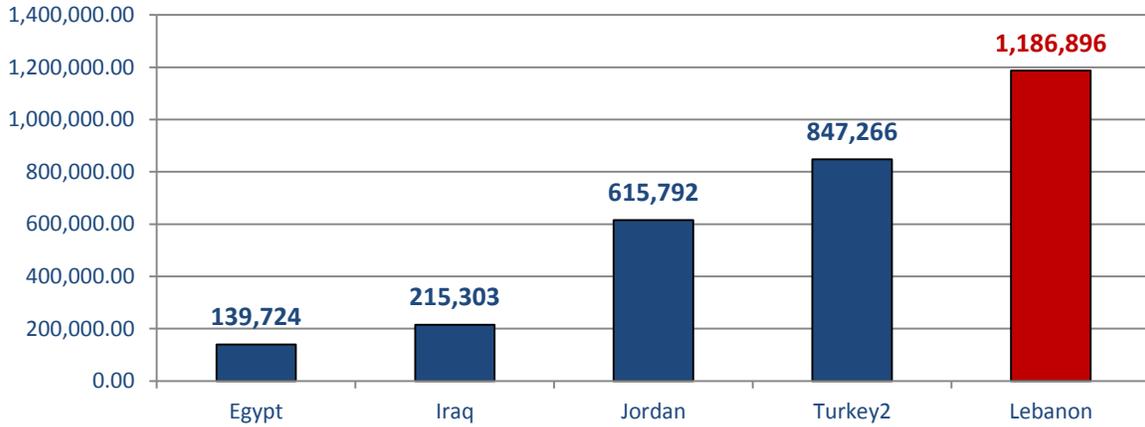
District Level Impact of Syrian Refugees on Host Populations:



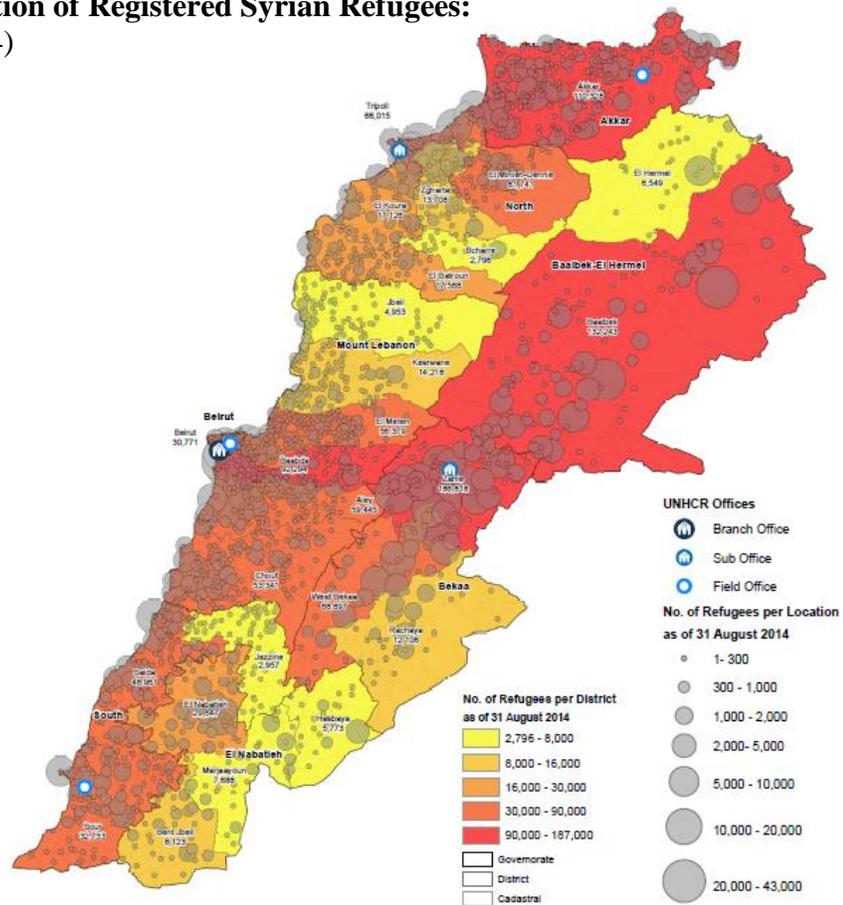
Source: "Lebanon: Economic and Social Impact Assessment of the Syrian Conflict," Poverty Reduction and Economic Management Department, Middle East and North Africa Region, the World Bank, September 20, 2013, Report No. 81098-LB, p. 27; UNICEF, UNHCR, CDR and World bank Staff.

Figure 66: Lebanese Socio-Economic Vulnerability to the Syria Conflict: The Scale of the Refugee Crisis

Syrian Refugees by Country:
(As of September 17, 2014)



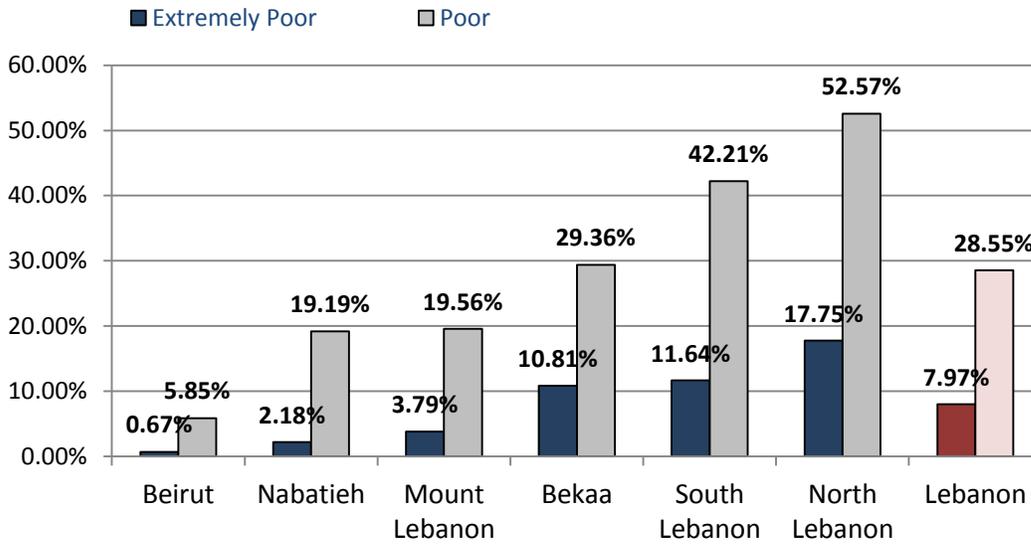
Geographic Distribution of Registered Syrian Refugees:
(As of August 13, 2014)



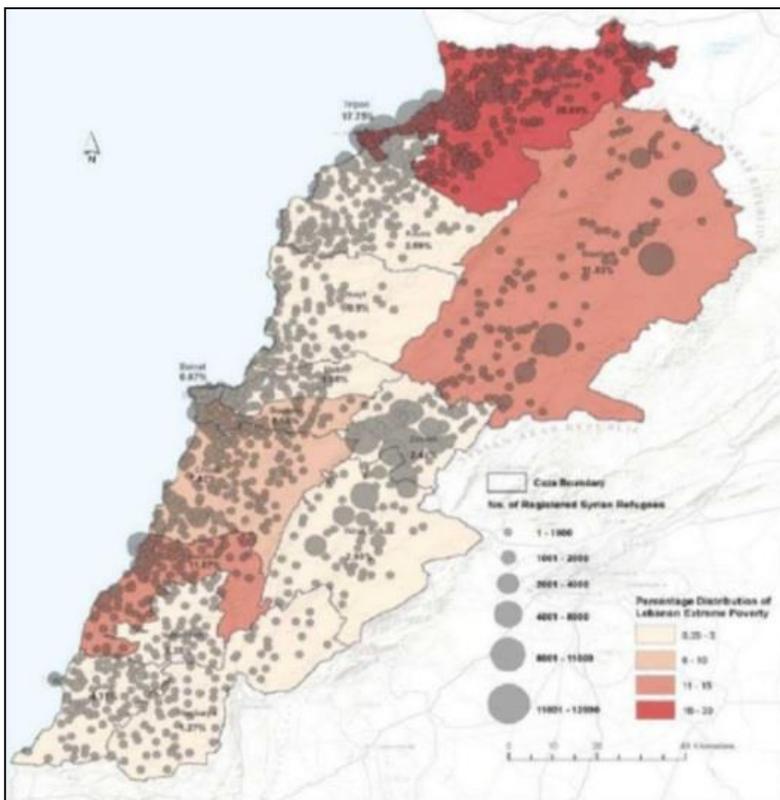
Source: "Lebanon: Syria Regional Refugee Response," UNHCR, "Poverty Reduction and Economic Management Department, Middle East and North Africa Region, the World Bank, September 15, 2014, available at: <http://data.unhcr.org/syrianrefugees/country.php?id=122>; "Syria Refugee Response: Lebanon Syrian Refugees Registered," August 13, 2014, available at: file:///C:/Users/Aram/Desktop/UNHCR_LBN_REF_MAP_2014-08-31_02_A3_SyrianRefugeesRegisteredInLebanon.pdf.

Figure 67: Lebanese Socio-Economic Vulnerability to the Syria Conflict: Poverty & the Geographic Distribution of Syrian Refugees

Poverty Rates in Lebanon by Governorate in 2011:



Extreme Poverty & Geographic Distribution of Refugees:



Source: "Lebanon: Economic and Social Impact Assessment of the Syrian Conflict," Poverty Reduction and Economic Management Department, Middle East and North Africa Region, the World Bank, September 20, 2013, Report No. 81098-LB, p. 96; PCM, UNICEF, UNHCR, 2013.

The Search for a Stable Middle

While the Syria crisis has exacerbated Sunni-Shi'a tensions and violence in Lebanon, a number of factions continue to vie for a middle ground at a time of growing local and regional polarization.

The country's depleted Christian political forces – divided between the two coalitions – and the Druze are wary of any Lebanese intervention in Syria's internal conflict. This is in part due to the reality that the political tug-of-war in Beirut, the struggle for Syria, and broader regional competition between Saudi Arabia and Iran all straddle Sunni-Shi'ite dividing lines. Beyond discreet corporatist communal groups, key state institutions – including the Presidency and the Lebanese Armed Forces (LAF) – sought to mitigate domestic instability as a result of Syria conflict.

Hezbollah's Christian allies are uneasy about the group's evolving and increasingly aggressive role in supporting the Assad regime.⁶⁸⁴ Christians in the March 14 alliance are not faring much better: Lebanon's northern districts – a hotbed for Free Syrian Army (FSA) and other militant cross-border activity – and the growing stature of the country's Sunni Salafists have made them similarly uncomfortable.⁶⁸⁵ This pattern has been further compounded by concerns surrounding what some view to be the mainly Sunni Future Movement's intermittent political, financial and military support for increasingly radical Sunni forces in Syria.⁶⁸⁶

As ever, polling data in Lebanon remains anecdotal at best. However, the pressures that Lebanon's Christians feel as a result of local and regional tension is visible in **Figure 59** and **Figure 60** earlier in this section. Whether it is on Assad, Iran, Hezbollah, or Saudi Arabia, a significant portion of Christians remain divided about whether any of these regional and local actors can be viewed favorably. These figures also show the doubts Christians had about whether either Saudi Arabia or Iran could be trusted to make good use of their influence in Lebanon.

Not unlike Lebanon's Christians, the Druze community led by Walid Joumblatt is similarly wary of any Lebanese involvement in Syria's internal conflict.⁶⁸⁷ This is driven in part by the reality that the political tug-of-war in Beirut, the struggle for power in Syria, and broader regional competition between Saudi Arabia and Iran, all straddle increasingly unstable Sunni-Shi'a dividing lines. All of these factors threaten the safety and autonomy of regional minority groups.⁶⁸⁸ In the end, the Druze and other minority sects find themselves in similarly untenable positions between a proverbial Sunni rock and a Shi'a hard place.⁶⁸⁹

While having stepped down from office at the end of his mandate on May 25, 2014, Former LAF commander President Michel Sleiman has been a proponent of the so-called "National Dialogue" process, which was initiated in 2006 to the end of normalizing Lebanese-Syrian relations, tackling the challenges of any potential disarmament of Hezbollah, and streamlining other core areas of discord between "March 14", "March 8" and other Lebanese factions.⁶⁹⁰ He is also one of the chief architects of the so-called Ba'abda Declaration.⁶⁹¹ Signed on June 13, 2012 and officially endorsed by all of the country's leading factions – including Hezbollah – the Declaration was intended to "disassociate" Lebanon from the Syria crisis and included a pledge that all Lebanese groups or factions would support state security institutions and avoid getting involved in the conflict.⁶⁹²

Interim Prime Minister Najib Mikati also repeatedly sought to play a stabilizing and centrist role on the increasingly divisive internal debate on responding to the Syria crisis. This included strongly backing the currently suspended National Dialogue process,⁶⁹³ repeated calls for the Ba'abda Declaration and its disassociation clause to be respected,⁶⁹⁴ and working closely with President Sleiman and the leadership of the LAF to garner support in a divided Lebanese Parliament for the military's capabilities development plan – which is informed at least in part by pressures tied to the Syria conflict.⁶⁹⁵ Prime Minister Tamam Salam – who formed a “consensus” government on February 15, 2014 after some 11 months of political deadlock – is expected to be similarly pragmatic with regards to both key internal divisions and the broader challenge of managing the Syria crisis.⁶⁹⁶

Throughout the crisis, the LAF has walked a fine line on the Syria conflict, seeking to secure the “least bad common denominator” interests of Lebanon's competing communities by limiting the risk of escalating violence.⁶⁹⁷ Over time, the LAF's efforts to insulate Lebanon from the Syria conflict have moved to center-stage in the LAF's latest revision of its five year capabilities development plan.⁶⁹⁸ Containing deepening communal fault lines has meant prioritizing what the LAF describes as “high intensity internal security and counter-terrorism operations.” The military has also sought to build up its ability to address other critical mission areas, including deploying troops to the Lebanese frontier with Syria while maintaining troop levels in the South Litani sector – the UN Interim Force in Lebanon (UNIFIL)'s area of responsibility – in support of UN Security Council Resolution 1701.⁶⁹⁹

The Lebanese Military Response to Syrian Instability

Since the start of the Syria conflict in 2011, no national institution has contributed more to relative stability than the Lebanese Armed Forces (LAF). The LAF also remains the principal national security partner of the US in Lebanon – albeit one that has had to manage the paradoxes and contradictions of both US-Iran and Saudi-Iran regional competition.

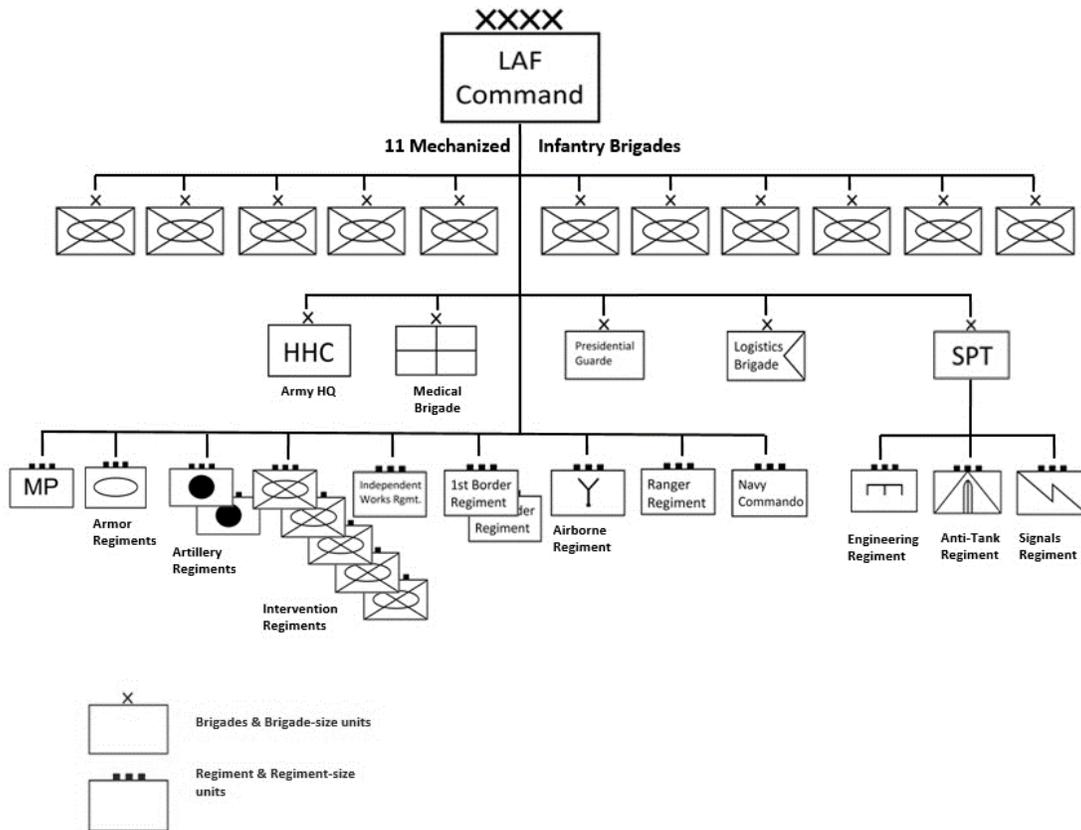
A force of some 59,000 in 2010,⁷⁰⁰ the LAF grew to some 65,500 by 2014, driven largely by the need to expand border protection forces to deal with pressures from Syria, stand up the Lebanese Navy, and begin the lengthy process of rehabilitating the Lebanese Air Force.⁷⁰¹

Figure 69 shows the command and control structure of the LAF in 2014. The LAF is a joint force without an independent or separate structure at present for either the Lebanese Navy or the Air Force. The Lebanese Army – which stands at some 61,400 men under arms – includes 11 mechanized infantry brigades (MIBs), 5 intervention regiments (IRs) and three elite special operations units (SOF). **Figure 69** does not show the recently constituted 6th Intervention Regiment, nor does it illustrate other planned units which will be brought online in 2014 and 2015.⁷⁰²

The LAF's major combat units remained undermanned per unit in 2014, with each MIB and IR standing at some 1,750-1,870 men and 900-980 men respectively. However, the under-manning of conventional units has become a necessary evil to ensure as broad a national deployment as possible, a roughly 1:2 deployment rate for a total of 24,000-30,000 troops in the field, and the allocation of manpower to new and emerging units.⁷⁰³

These patterns are also compensated for – at least in part – by LAF SOF units. Combined, the 1,500-man Ranger Regiment, the 1,100-man Air Assault Regiment and 1,080-man Navy Commando regiment give the LAF an elite reserve force of some 3,700 men that can be rapid-deployed to flashpoints across the country.⁷⁰⁴

Figure 69: The Lebanese Armed Forces Command & Control Structure in 2014



Source: Adapted by Aram Nerguizian from discussions with Lebanese Armed Forces and U.S. government experts

LAF National Security Priorities in 2014

As **Figure 69** showed early on, the 2014 deployment of the LAF is a byproduct of increasing sources of risk, instability and violence that mirror the escalation of the crisis in Syria. Areas the LAF considers especially high risk or difficult to control include the Lebanese-Syrian frontier from the Arida crossing in the north-west down to the Bekaa, in addition to Tripoli, Akkar, Hermel, the southern suburbs of Beirut, and the mixed Sunni-Shi'a city of Sidon. In a twist of irony, the UNIFIL area of responsibility and the South have become relatively low-to-moderate risk theaters for the LAF compared to the period prior the Syrian uprising.⁷⁰⁵

The LAF continued to face multiple challenges in dealing with these pressures at the start of 2014. As a result the force continues to assess the viability of a range of national security prerogatives. On the one hand, deterring Israel or Syria, establishing a definitive monopoly on the use of military force, and achieving lasting border demarcation and control, remain unsustainable either in terms of national policy, or in terms of resourcing. On the other hand, the LAF is able to deal more effectively with efforts to generate internal security, conduct counter-terror operations against Salafi jihadi groups and Al-Qa'eda affiliates, and efforts to boost border management along both the UN Blue Line and the frontier with Syria.⁷⁰⁶

These constraints and opportunities shape the LAF's national security priorities in 2014. The LAF's primary focus is to contain the effects of the Syria crisis. This has meant focusing on an area that successive Lebanese governments have ignored since independence in 1943: creating a real-world security and border regime along the Lebanese-Syrian border. To that end, the LAF stood up two border regiments along the Syrian frontier totaling some 1,300 men. The LAF hopes to stand-up at least another two border regiments, assuming it can secure funding and manpower for the effort over time.

Second, the LAF seeks to manage the risk of on-again-off-again volatility along the UN Blue Line between Israel and Lebanon. A key tool in managing risks along the Blue Line in the wake of the 2006 Israeli-Hezbollah war is regular meetings between the LAF and the IDF as part of a tripartite framework under the auspices of UNIFIL at its Naqoura headquarters just north of the line of demarcation between Israel and Lebanon. The "Naqoura framework" – and the LAF's role in it – enjoys the support of all of the country's major communities when it comes to ensuring that stability reigns in the South. The IDF was also reported to favor the framework.⁷⁰⁷

The third core national security focus is tied to internal stability in what the LAF describes as "high intensity internal stability and counter-terrorism operations." This includes making use of forward-deployed and rapid-deployable SOF units in an effort to manage heightening insecurity, growing Sunni-Shi'a and Sunni-Alawite tension with a focus on Beirut, Tripoli, Hermel, North Bekaa, and Sidon.⁷⁰⁸

In many ways, the LAF's growing counter-terrorism capabilities and the central role of LAF military intelligence and counter-intelligence efforts increasingly define the US-Lebanon military-to-military relationship. The LAF's growing ability to act on external intelligence, focus on dismantling groups like the Abdallah Azzam Brigades and similar militant and jihadi organizations, and the military's interdiction of IED, VBIED and SVBIED attacks are key sources of even limited stability in a region in turmoil. As a result, Lebanon and the LAF increasingly find themselves at the forefront of regional efforts to combat growing jihadism in the broader Levant.

Controlling & Defending an Uncertain Border Region

When considering LAF efforts to manage Lebanon's porous border with Syria, it is first important to note that a national military deployment on the scale shown in **Figure 57** was a recent development relative to the military's role and posture in the aftermath of Lebanon's fifteen year civil war. For much of the 1990 to 2000 period, the LAF was relegated to Beirut, the Mount Lebanon core of the country, along with limited deployments to the western Bekaa, limited forces in the North and Tripoli, and almost no

forces south of Aley and the Chouf. This gradually changed after the Israeli withdrawal from South Lebanon in 2000, the Syrian military withdrawal in 2005, and in the wake of the 2006 Israel-Hezbollah war.

A more recent driver shaping Lebanese military posture was Syria's civil war. Over the 2011 to 2014 timeframe, growing instability in Syria, a ballooning Syrian refugee population in the poorer north and north-east of Lebanon, escalating Sunni-Shi'a tensions and a palpable decline in relative security and territorial integrity prompted the LAF to expand its deployment to the North, Hermel and North Bekaa.

A key rationale in expanding the LAF's presence to the north and northeast of the country was to support the development of new land border forces, composed of two border regiments. These new units were entrusted with a largely defense mission centered on what the LAF and its partners referred to as "the four Ds:" detect, deter, defend, and deny. Each land border regiment – supported by both conventional forces and reserve SOF units – would be responsible for the manning of six hardened and defensibly forward operating bases – colloquially referred to as *Sangars*.

Each of these fixed *Sangar*-style hardened observation posts was equipped with day and night electro-optical surveillance systems, anti-RPG netting protection from overlapping HESCO barriers and other offensive and defensive countermeasures. The towers are located close enough to each other to allow for overlapping fields of view to boost LAF situational awareness along key smuggling and trafficking routes. Most of the *Sangars* are capable of supporting several platoons' worth of LAF troops, although others located along particularly fragile areas along the border were far larger and capable of supporting upwards of company-strength forces. *The Sangars* were intended to be both defensible and provide real capability in terms of overlapping overwatch of the border and real time command and control in support of other LAF units.⁷⁰⁹

Figure 70 shows the 2014 deployment of the LAF's 1st Land Border Regiment, which is deployed broadly between the Arida crossing to the west and Wadi Khaled to the east. It also shows the general position of the six *Sangars* within the 1st Land Border Regiment's AOR. The 2nd Land Border Regiment was brought online in 2013 thanks in large part to aid from the United Kingdom both in terms of equipment and training. In 2014 the 2nd Land Border Regiment was gradually building up its on AOR, which extended from Qanafez down to near the border town of Khribet Younen. As of September 2014, the 2nd Land Border Regiment operated four *Sangars* with an additional two planned for construction in 2014. The position of the two remaining *Sangars* was reassessed in light fighting between the LAF and Salafi-Jihadi militants in Aarsal, which is described below.⁷¹⁰

As **Figure 70** shows, key challenges complicate the LAF's efforts to rapidly build up its security presence along the border with Syria. First, while the LAF does maintain some 7,200 troops in the North, Hermel and North Bekaa, in 2013 the force was only just beginning to deploy along a border that has been porous for years. Second, the LAF had to contend with all of the pressures described earlier tied to Lebanese, Syrian and regional Sunni-Shi'a tension – especially in and around towns like Aarsal or Hermel that are either with or against the Assad regime, Iran and Hezbollah. Third, as the "red zones" in **Figure 70** show, large sections of the border remained disputed in 2014, with Lebanon and Syria having at times very different official interpretations of where the border is. Lastly and

most critically, the planned path of the 2nd Land Border Regiment's remaining planned *Sangars* intersects with routes and terrain used by armed factions fighting in Syria's civil war – including ISIS and Jabhat al-Nusra.⁷¹¹

The development of the LAF's border forces presented the force with a number of opportunities. First, building up border and northern military forces was gradually allowing the LAF to be more than an expeditionary force in a part of Lebanon that has seen little to nothing in terms of a national security presence beyond the aforementioned – and often-contentious – Syrian military deployment between the mid-1970s and 2005.

Second, the pressures from Syria and the quest for any kind of measurable stability pushed the US and the UK to provide the LAF with many if not all of the resources it needs in 2014 to better manage the border with Syria. Key partners like the US also planned to ramp up the level and quality of military assistance in 2014 and beyond to enable the LAF not only to do more to support Lebanese but also regional metrics of stability.

There were also a number of key challenges that both Lebanon's civilian and military leadership could not ignore. The first was the reality that a growing cross-section of Lebanon's Sunnis felt that the LAF was either “colluding” with Hezbollah and the Shi'a against Lebanon's Sunnis, or focusing the bulk of its counter-terrorism efforts on Sunni groups. Meanwhile, many in the LAF remained unhappy with the negative effects on Sunni public sentiment in Lebanon in the wake of LAF operations in Sidon against militants tied to Salafi Sheikh Ahmad Al-Assir.⁷¹² The LAF also had to contend with negative sentiment in mainly Sunni and anti-Assad towns like Aarsal.⁷¹³ As LAF border forces swing south past Aarsal, the LAF leadership wanted to build up a pattern of partnership rather than confrontation with the local population – especially given the reality that radical Sunni groups like Jabhat Al-Nusra and ISIS presented as much of a threat to mainstream Sunnis as they do to Hezbollah and the Shi'a.⁷¹⁴

A second long-term challenge was that the LAF's border forces could eventually come into ever closer contact with Hezbollah's deployment in Syria and the group's weapons smuggling routes. In the short term, LAF efforts west of the Al-Qalamoun mountain range have not been opposed as the Shi'a militant group felt that it could benefit from robust security structures on either side of the border. The LAF, meanwhile, took the opportunity to strengthen its presence in the region. However, there is only so long that Hezbollah can afford to ignore the steady build-up of LAF forces, capabilities and purpose along the border with Syria. The true test may be when the LAF plans and tries to stand up a third border regiment with an AOR that overlaps with that of local Hezbollah forces.⁷¹⁵

A third challenge was to take advantage of LAF momentum in conducting border-management, interdicting the flow of fighters and weapons in either direction along the Lebanese-Syrian border, and conducting counter-terrorism operations targeting groups like the Abdallah Azzam Brigades, Jabhat Al-Nusra and ISIS. Key obstacles to these efforts over the 2012-2013 period were the absence of a legitimate government that enjoyed Sunni and Shi'a domestic support, had the backing of key regional and international states – including the US, Saudi Arabia and Iran – and lastly political top cover to conduct military operations that both Sunni and Shi'a may consider sensitive. While Prime Minister Tamam Salam managed to form a cabinet that included both the March 14 and the March 8 coalitions – including Hezbollah and Saad Hariri's mainly Sunni Future Movement – and

that enjoys broad international legitimacy, it still remained unclear in July 2014 whether the new cabinet would be capable of seizing on the LAF's momentum along the border.⁷¹⁶

A fourth and final challenge was time. The LAF and its external allies had accelerated efforts to stand up and support border forces in 2014. However, events in neighboring Syria – especially pressure from Assad and Hezbollah forces on remaining anti-Assad factions in Al-Qalamoun – were threatening to shift further instability from Syria to Lebanon. In July 2014, LAF senior staff were convinced that sooner rather than later, armed groups from Syria, increasingly encircled by forces they deemed hostile, would try for a break-out. The LAF was operating on the assumption that such a break-out could target one of the new *Sangars* to test LAF defensive positions. They also saw the town of Arsal as yet another possible target for an incursion.⁷¹⁷

The Battle of Arsal & the Struggle for North-East Lebanon

Fighting in north-east Lebanon did ultimately break out on August 2, 2014, between the LAF on the one hand, and Jabhat al-Nusra and ISIS militants on the other in and near the town of Arsal. When the struggle for the town and its surrounding hilltops and valleys subsided on August 7, 2014, the fighting had left some 20 LAF personnel killed and 85 wounded in action, while some 100 militants were also killed. The short-lived conflict also led to the capture of some 24 LAF and 20 Internal Security Forces (ISF) personnel.⁷¹⁸

The LAF had indicated months earlier that it felt an attack by the Al-Qa'eda offshoots was imminent, and had taken precautionary measures to bolster its positions near Arsal, and to reinforce the 2nd Land Border Regiment's AOR. This included accelerating the stand-up of the handful of yet-to-be-built *Sangar* FOBs, the redeployment of the 8th Mechanized Infantry Brigade (MIB) as a relief force for the 6th MIB, and the prepositioning of other reserve units further west and south-west in the broader Bekaa.⁷¹⁹

While the LAF has benefited from more than eight years of higher levels of US and Western military aid and training, there is no real-world test or substitute that can accurately replicate live combat against a battle-hardened opponent. While initial 8th MIB attrition rates were high, and a number of troops were taken captive by JAN and ISIS fighters, LAF killed in action (KIA) and wounded rates dropped dramatically as elite Ranger Regiment and Air Assault Regiment personnel entered the 8th MIB's area of responsibility. LAF ground forces were also supported by artillery fire, fixed-wing ISR platforms, and had the ability to bring down targeted AGM-114 *Hellfire* missile strikes on militant vehicles, positions and personnel.⁷²⁰

The fight for Arsal was the first time the LAF used laser-guided missile fire from a fixed wing platform in combat. The August 2014 conflict also marked the first major military confrontation wherein the LAF took advantage of its still-limited ability to “net” VHF, ISR and other data feeds in real-time from the battlefield. However, the LAF's response to the militant push in Arsal highlighted future challenges in bolstering unity of effort and resilience under fire of untested conventional units, and the LAF's continued reliance on reserve special operations forces (SOF).

The incursion by JAN and ISIS highlighted the need to stand up the remaining *Sangar* FOBs to provide the Lebanese military and its border forces with a greater ability to detect, defend against, and deter attacks against areas under LAF control. It was also a testament

to the country's shortcomings in sustained sorties by combat-capable fixed wing ISR platforms. This was due to the low number of mission-specific air assets the LAF could deploy, questions tied to combat survivability, and even more limited capabilities with regards to the actual number of armed versus unarmed combat-capable aircraft.

The Battle of Arsal also serves as a warning about the kinds of threats Lebanon can face when competing political forces ignore poorer communities that did not receive adequate support or provision of services in the post-civil war period. Under- and un-governed spaces in Lebanon's north and north-east continue to serve as staging grounds for raids into neighboring Syria in September 2014. However – and as was discussed earlier in this chapter – these spaces also present a real threat to both mainstream Sunni and Shi'a political forces in Lebanon, should groups like JAN or ISIS gain a meaningful foothold in Lebanon's north-eastern hinterlands.

Another key challenge is that dozens of Lebanese security and military personnel remain in militant custody, and while some were released, two LAF personnel were executed when Lebanese authorities failed to release imprisoned Salafi-Jihadi militants in exchange for the release of LAF and ISF detainees.⁷²¹ The militants' apparently selective killing of Shi'a security personnel can also inflame existing Sunni-Shi'a tensions in Lebanon. This is especially likely if the two communities' leading political forces fail to find some degree of common ground on effective political, economic and security responses to the country's panoply of problems discussed throughout this chapter.

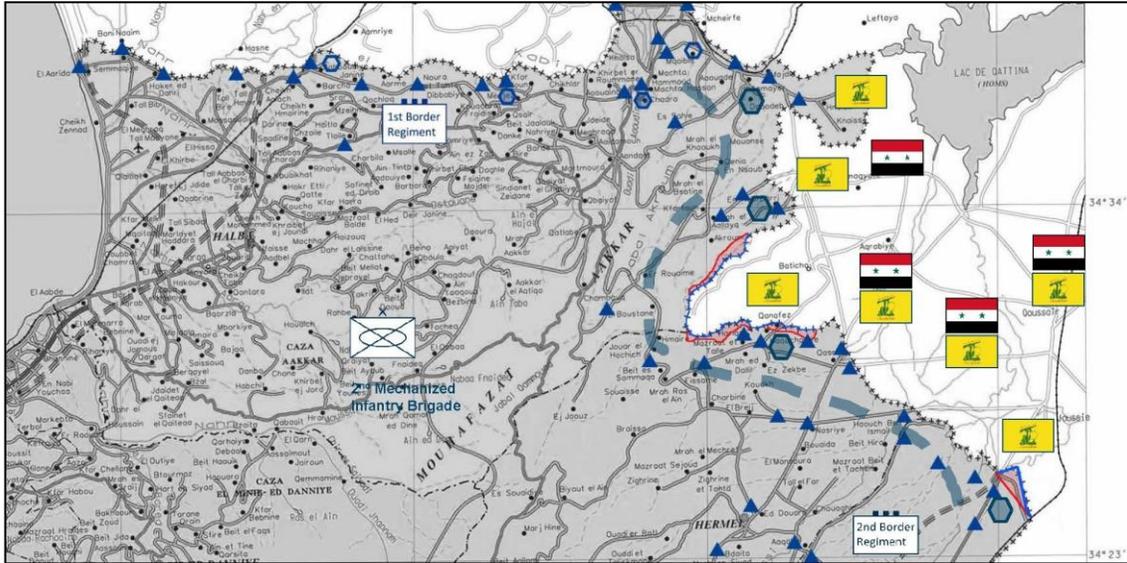
The next attack against Lebanese military targets along the border with Syria is not a matter of if but when. LAF positions have come under recurring – though limited – attack throughout August and September 2014 by militants operating in the Lebanese-Syrian no-man's land east of Arsal. This threat is only likely to deepen as winter sets in and militants try for yet another breakout.

The government of Lebanon and its regional and international military partners should work to accelerate orders and deliveries of military equipment, ammunition and training requested by the LAF. These include increases in the LAF's ability to effectively target fires at range with systems like the AGM-114 *Hellfire*, and acquiring more fixed wing ISR/CAS platforms. This would include additional Cessna AC-208 *Armed Caravans* and the planned Light Attack Armed Reconnaissance (LAAR) – possibly based on the Embraer EMB 314/A-29 *Super Tucano* – to build up the LAF's ability to “net” its forces, and to counter some of the effects of sparse and challenging terrain in the Lebanese-Syrian mountain hinterlands.

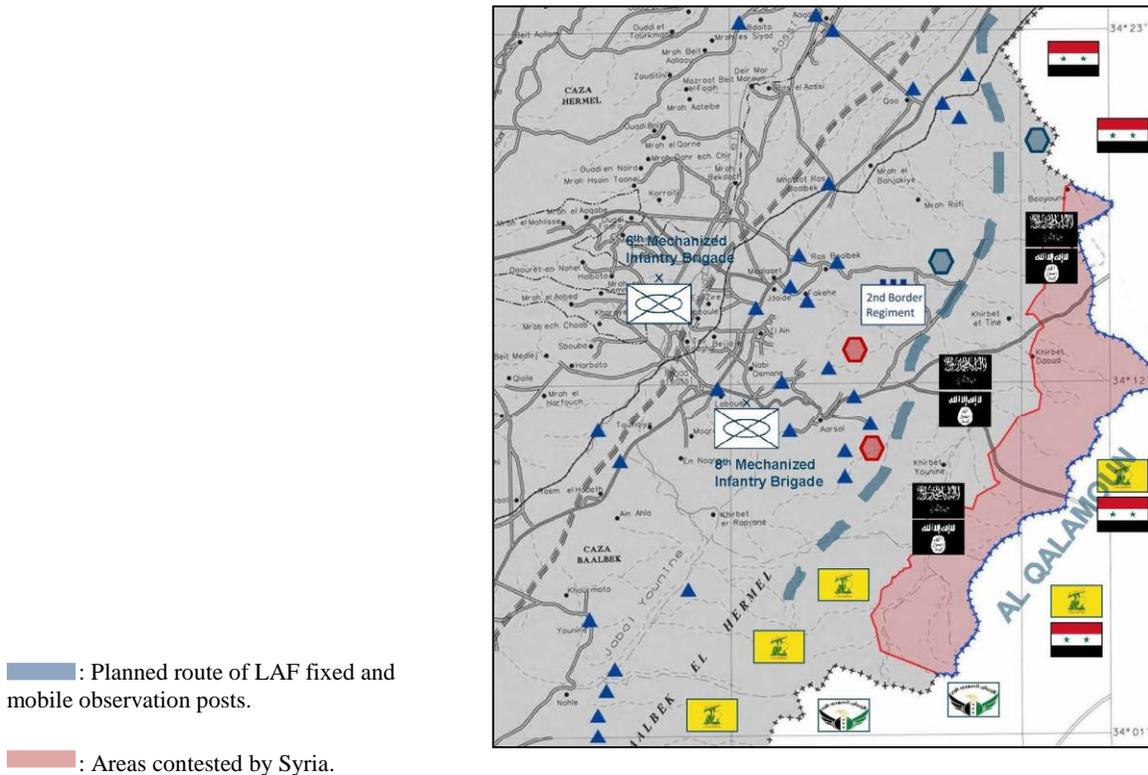
In the interim, the Lebanese government, the country's warring political forces, the US, Saudi Arabia, Iran, and other local, regional and international actors all need to be conscious of the fact that the unfettered presence of such militant groups presents an equal opportunity threat to Lebanon. If left unchecked, the proliferation of groups like JAN and ISIS could unravel Lebanon's limited but important role in what remains of the current Levant security architecture.

Figure 70: Policing an Uncertain Border Region

Area of Responsibility of the LAF 1st Land Border Regiment – September 2014:



Area of Responsibility of the LAF 2nd Land Border Regiment – September 2014:



Note: Blue triangles are LAF checkpoints. Blue Hexagons are built hardened LAF *Sangar* forward operating bases. Red Hexagons are planned but not built hardened LAF *Sangar* forward operating bases.

Source: Adapted by Aram Nerguizian from discussions with Lebanese Armed Forces and U.S. government experts. Positions of Hezbollah forces adapted from reporting and analysis by Nicholas Blanford.

Syria & the Future of US-Iran Competition in Lebanon

An aggressive LAF security response to regional unrest and strong international support gave the Lebanese government some much needed breathing room and political legitimacy in 2013 to try and insulate Lebanon from the corrosive effects of Syria's increasingly violent civil war. However, neither solves the underlying pressures, the reality that Hezbollah will remain nothing short of Lebanon's Sparta, or that the scale of unrest in Syria poses real questions about the future stability of Lebanon regardless of the internal balance of power.

Even if the Assad regime were to fall, Hezbollah would still remain nothing short of Lebanon's Sparta. It is – and will likely remain – Lebanon's best organized and most disciplined political force. The logic that Hezbollah is weakened because Syria is unstable remains unproven, and should the group's opponents seek to confront its armed status unilaterally, there is a clear precedent for Hezbollah to undertake possibly violent preemptive action – in May 2008, Hezbollah responded to the government of Prime Minister Fouad Saniora's efforts to close down the group's private communications and fiber-optic network by engaging in running battles in predominantly Sunni West Beirut with Lebanese Sunni fighters. Fighting quickly spread to the Chouf Mountain – the traditional bastion of the Druze community – and to Tripoli in the North.

There is every reason to assume that another May 2008-type event is likely should Hezbollah perceive an imminent threat from its local opponents in Lebanon. Given the Levant has grown far more polarized along Sunni-Shi'ite and pro and anti-Iranian lines, it is also difficult to predict the scale of any internal conflict, the ability of regional states to broker successful de-escalation, or any guarantee that the conflict will remain largely localized and not spread into all-out civil war.

In the end, the choices thus far for Lebanon's leading Sunni and Shi'a factions attest to the stark reality that Lebanon's opposing political forces cannot escape the negative effects of competing on either side of Syria's civil conflict. Syria and Lebanon are tied together by geography, demographics, unstable regional alignments, and deepening Sunni-Shi'a regional tensions. In addition, competing local political forces have yet to succeed and win outright in successive struggles for power in Lebanon. Any scenario where the country's leading political forces miscalculate at home or in Syria is likely to have catastrophic consequences for the future stability of Lebanon and the broader Levant.

Despite the scale of polarization in Lebanon, there are still forces in both coalitions that favor stability, even if it is precarious and uncertain. These include members of leading Sunni, Shi'a, Druze, and Christian factions who recognize that any sitting government would have to try to distance the country from the Syria conflict. There is also the growing reality that radical and jihadi Sunni forces represent as much of a threat to Lebanon's Sunni community as they do to Hezbollah and the Shi'a. Lebanon's competing factions must remain focused on the reality that none of them can win decisively and that finding ways to insulate Lebanon from Syrian instability is the sectarian equivalent of discretion as the better part of valor.

Ultimately, Lebanon's future hinges on how events in Syria and the broader trends in both US-Iran and Gulf-Iran competition take shape in the coming months if not years. Despite

UN and Arab League efforts toward a short-term cease-fire, there is every reason to expect continued hostilities and long-term instability in the conflict, with as yet no tangible signs of a lasting resolution. The longer Syria's crisis persists, the more critical it will become for Lebanon and the international community, led by the United States, to minimize future spillover effects from what may be years of instability in the Levant.

Supporting Lebanon's military and security forces will prove to be especially important. The LAF in particular has and will continue to play a critical role in terms of internal security, safeguarding borders, and insulating Lebanon from regional instability. Lebanon will need help in planning to bolster the resources and capabilities of the LAF to secure Lebanon from regional instability. While it remains unclear how recent unrest will impact the effort, that any sitting government in Lebanon would endorse such a move is a testament to how destabilizing the Syria crisis has become.

XIII. PERSISTENT & EMERGING WILD CARDS IN THE LEVANT

While irregular warfare, asymmetric forces and aid to competing national and sub-national allies are hallmarks of decades of US-Iran competition in the Levant, some persistent and emerging challenges may prove to be far more critical over the long term. The Arab uprisings starting in 2011 have all-but ensured that countries in the Levant – and their competing regional and internal allies – will have to find ways to deal with persistent long term instability.

Many of these pressures are still tied to US-Iran competition. These include the security politics of the UN Blue Line separating Israel and Lebanon and the risk of confrontation surrounding uncertain regional energy resources. However, others are rooted more narrowly in the underlying socio-economic and demographic uncertainties of a region in turmoil.

For the US, these emerging challenges include: better managing the escalation in Saudi-Iranian competition in the Gulf and the Levant, containing and confronting the emergence of radical jihadi groups in the broad Levant, finding a realistic framework for de-escalating and eventually resolving the crisis in Syria, and meeting the substantial needs in terms of development and aid in an unstable Levant.

The U.S., Iran & Regional Public Opinion

While not a wildcard in the classic sense, public opinion and perceptions of any countries' influence matter. Perception in the Levant – as in much of the MENA region – also has a knack for driving reality, both for the US and for Iran. **Figures 72** and **73** show perceptions of the US and Iran in the Levant based on data from Pew Research Global Attitudes Project Global Indicators over time.

Figure 71 shows that of all the countries in the Levant, only Israel maintained broadly favorable views of the US over time. The only other country to have either a sizeable minority or slight majority of support for the US is Lebanon. All of the other Levant states surveyed maintained broadly negative views of the US. However, popularity alone amounts to little. **Figure 71** also shows that without exception, every single state in the Levant feels that the US had enormous levels of influence in the Levant or in shaping regional outcomes,

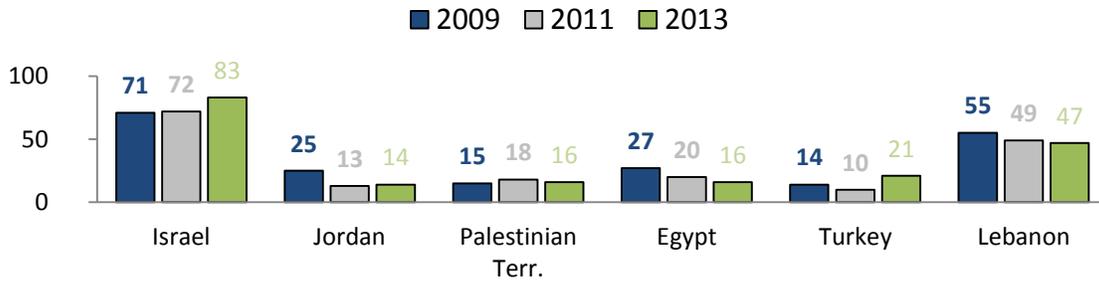
Figure 72 shows similar metrics, except on Iran, Hezbollah and Assad. These charts show that negative views of the US in no way translate into positive views of Iran and its allies. Quite the contrary: the Islamic Republic – a country that had largely favorable ratings in the wake of the 2006 Israel-Hezbollah war – found itself to enjoy broadly negative public opinion across the Levant in 2013, with the exception of Lebanon – which has a sizeable pro-Iran and Shi'a population – and the Palestinian Territories – wherein Hamas continued to benefit from some Iranian support and training.

Public opinion is really in the eye of the beholder, as are questions about whether publics matter in regional states where ruling elites often don't share the views of their subjects.

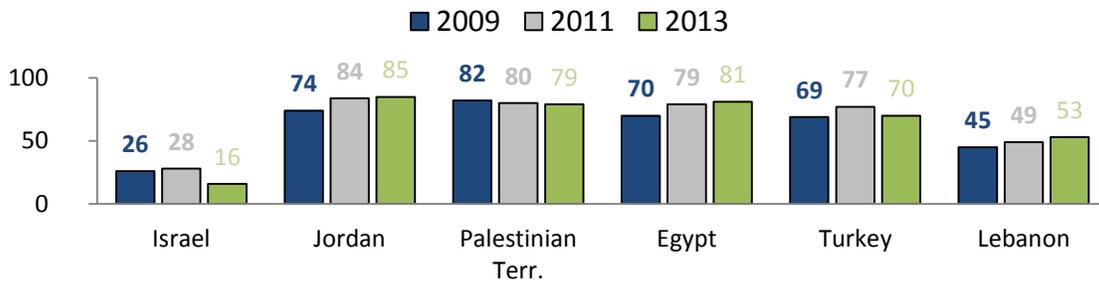
That is a debate for another day. What matters most in the data presented here, is that loved or loathed, both the US and Iran have influence in the Levant. The US in particular has levels of perceived influence that in many ways far exceed what the US government thinks it has in any one country. In this sense, public opinion need not be a wildcard, but rather a trump card – should the US ever opt to use it.

Figure 71: The U.S., Iran & Regional Public Opinion I
(Percentage)

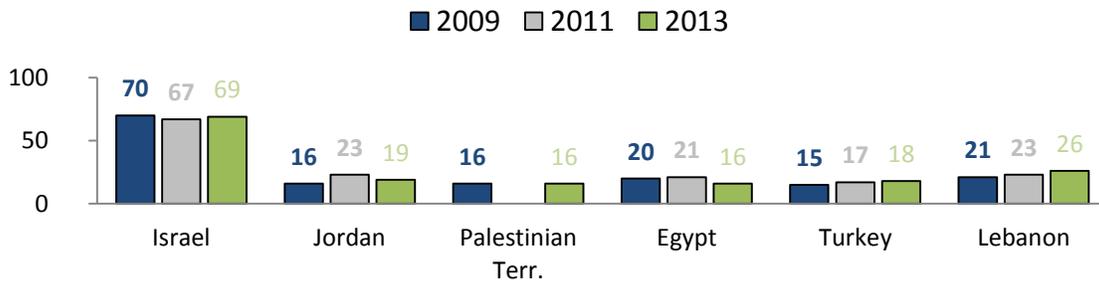
Favorable Views of the U.S. 2009, 2011, 2013:



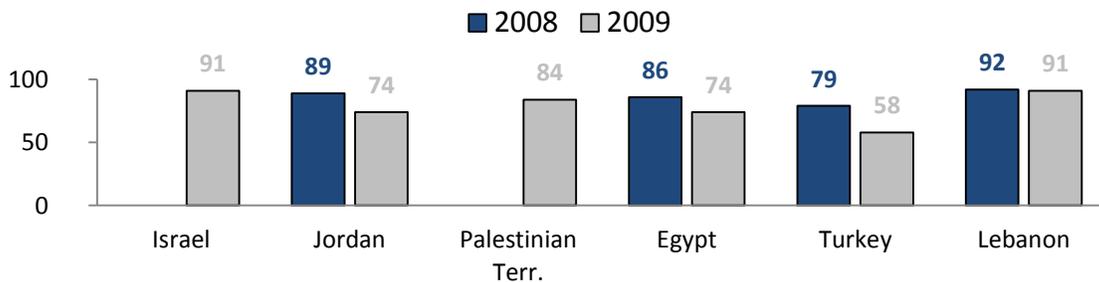
Unfavorable Views of the U.S. 2009, 2011, 2013:



Consideration of Country Interests by the U.S. 2009, 2011, 2013:



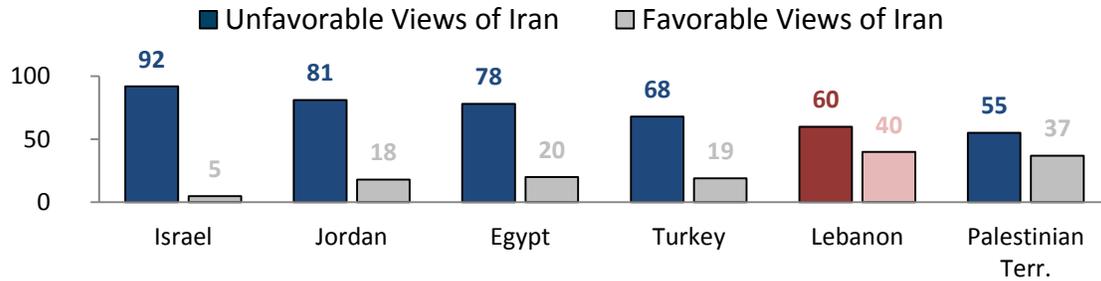
Great Deal/Fair Amount of U.S. Influence in Regional Countries 2008, 2009:



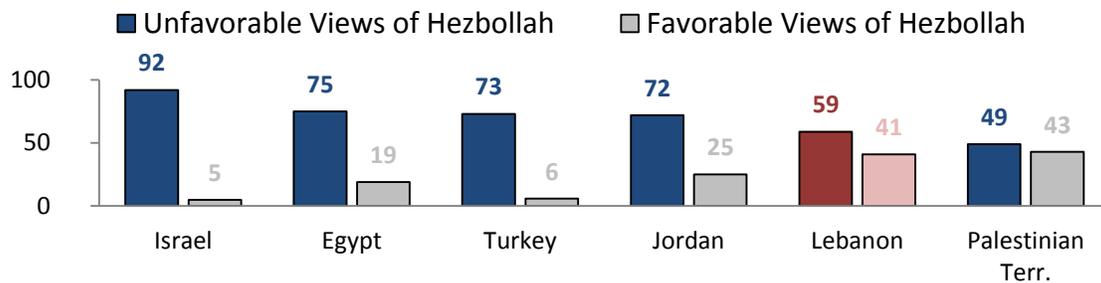
Source: Adapted by Aram Nerguizian from Pew Research Global Attitudes Project Global Indicators Database

Figure 72: The U.S., Iran & Regional Public Opinion II
(Percentage)

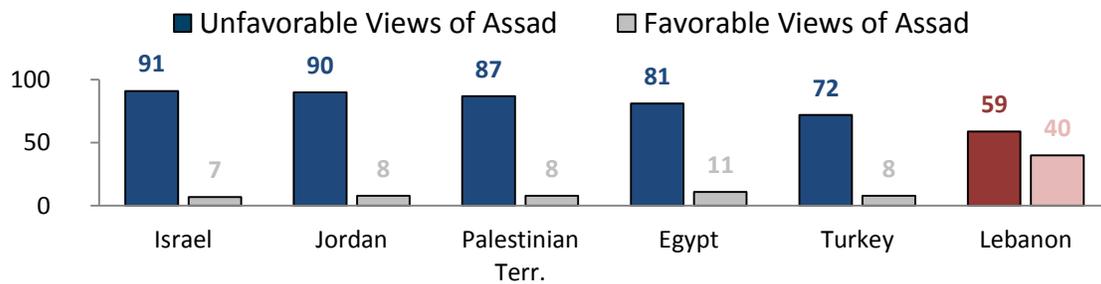
Regional Views on Iran in 2013:



Regional Views on Hezbollah in 2013:



Regional Views on Assad in 2013:



Source: Adapted by Aram Nerguizian from “Global Views of Iran Overwhelmingly Negative,” Pew Research Center, June 11, 2013; “Saudi Arabia’s Image Falts among Middle East Neighbors,” Pew Research Center, October 13, 2013; Bruce Drake, “As It Fights in Syria, Hezbollah Seen Unfavorably in Region,” June 7, 2013; “Widespread Middle East Fears that Syrian Violence Will Spread,” Pew Research Center, May 1, 2013.

Saudi-Iranian Competition in the Levant

As the fifth chapter of this analysis showed, not every aspect of US-Iran competition in the Levant is limited to patterns tied to those two states. Regional actors have an ability to act locally that international actors “over the horizon” cannot – or chose not to – replicate. One of the reasons that the US time and again holds back on how it competes with Iran is the disconnection between acting globally and acting locally.

But acting locally has its own pitfalls. Countries working hard to shape the Levant and their interests within the region can make other kinds of mistakes that “over the horizon” states show a higher proclivity towards averting. Very rarely does the US find itself in a position where it confused a short term ideological game with a much larger set of geopolitical priorities. Unfortunately, Saudi Arabia and Iran have not been so lucky or so careful.

Chapter five showed that Iran and Saudi Arabia – by opting to push aggressively against each other on matters tied to regional influence – are willing or at least able to conflate ideology with the pragmatic pursuit of national interests. More specifically, both Iran and Saudi Arabia in the post-2003 period appear to have fallen into the trap of confusing sectarianism as *a tool* of foreign policy with sectarianism *as* foreign policy.

This shift neither has to be permanent, nor does it have to be a conscious manifestation of national policy. As was stated earlier, both of these countries continue to pursue fundamentally nationalist rather than ethno-sectarian foreign policies. But regardless of that, the optics of their policy choices and the permeability of the Levant after 2011 are such that sectarianism is polluting every state in the broader Levant.

Unless Iran and Saudi Arabia can pull out of this reckless approach to pursuing their respective hegemonic interests, the Arab-Israeli arena, Egypt, Jordan, Lebanon and Syria will also become progressively more unstable and subject to unpredictable risk. What amounts to a Saudi-Iranian death spiral in the Levant is one that runs the real risk of taking the US and every state in the region along for the ride.

Al-Qaeda, ISIS & The Jihadist Threat in the Levant

The proliferation of Al-Qa’eda, ISIS and other Salafi-Jihadi extremist groups is a side effect of the instability of the Arab uprisings of 2011. Decades of socialist-statist economic and fiscal policies have created youth bulges with few prospects for socioeconomic advancement or long terms growth. Meanwhile countries like Syria and Iraq – once impermeable – have become porous as a result of their own intern divisions and upheavals. Pressed on by sectarian rhetoric and Saudi-Iranian proxy competition, these non-state groups now roam in fertile lands in the Levant.

As previous chapters showed, the threat from groups like ISIS, ABM and JAN presented different challenges for each country in the Levant. Egypt and Israel both had to take measures in 2013 and 2014 to check and curtail the development and mobility of ABM and other Sunni militant groups operating in Sinai. Iraq and Syria shared an ISIS nexus of instability rather than any real semblance of a caliphate, and Jordan started to plan for its own contingencies, if and when ISIS decided to act against the Hashemite Kingdom. Meanwhile in Lebanon, the armed forces engaged Islamist militant reported to be linked to JAN and ISIS in sustained combat for the first time in August 2014.

While groups like ISIS threaten regional opponents of the US and Saudi Arabia, like Assad's Syria, Iran and Hezbollah, the adage that 'the enemy of my enemy is my friend' does not apply to intolerant extremist groups with transnational aspirations. The presence of these groups in the Levant is instead a case of "the enemy of my enemy is also my enemy." Neither the Assad regime nor Iran are party to the September 11, 2014 "Jeddah Communique" which brings together an array of regional and Levant states with the intent of combating the spread of ISIS. However, separately, together or by agreeing to disagree, the US and Iran – but also Egypt, Israel, Jordan, Lebanon, the GCC states and Turkey – will all have to fight the threat from the expansion of groups like ISIS into ungoverned spaces in the Levant.

Prospects for Another Major Israeli-Hezbollah Conflict

Every year since the 2006 war, some experts have predicted that another Israeli-Hezbollah war would be the next "proxy war" between the US and Iran. The fighting in 2012 has shown that risk of conflict through regional surrogates and allies continues to be a clear and present danger to regional stability.

The Israeli-Hezbollah War of 2006 showed that Iran and Syria could work together in proxy warfare. It also showed that Syrian and Iranian transfers of advanced weapons like modern antitank-guided weapons, light surface-to-air missiles, and a range of short- to long-range rockets and missiles could inflict casualties on the IDF and limit its military freedom of action.

On the other hand, Hezbollah's core constituency and base of support, Lebanon's Shi'a community, suffered as a result of the 2006 conflict. Hezbollah did its best to lay the blame and the costs associated to the conflict on Israel and the US. Irrespective of where the blame on deaths and loss of property may lie, what is clear is that the country's Shi'a would be hard pressed to accept another large scale confrontation, especially one where Hezbollah is perceived – if only in part – to have started the conflict.⁷²²

It is unclear whether these internal political dynamics will moderate Hezbollah's future. There is at least anecdotal evidence that Hezbollah will seek to play up its role as a reactive deterrence force in Lebanon, rather than a proactive force for direct confrontation with Israel – a point the group loosely articulated in its 2009 political manifesto.⁷²³ There is also the risk that Hezbollah may opt to confront Israel in Syria along the Golan Heights rather than expose its vulnerable southern flank along the UN Blue Line. Meanwhile, Israel has balanced strong language of a military response to any Hezbollah threat with the reality that it has fortified its military presence in the Golan while preferring to manage security politics along the UN Blue Line of demarcation between Israel and Lebanon.⁷²⁴

What is clear is that both Israel and Hezbollah have gone beyond rockets and missiles in building up their capability to deter and prepare for the prospects of war. Hezbollah has undertaken broader efforts to recruit and train new members, build up its air defenses, and try to further advance its signals intelligence capabilities. The group is also reported to have developed a sophisticated and expanding cyberwarfare division, which may have already engaged in high profile attacks on US and allied institutions and corporate interests.⁷²⁵ Hezbollah also now has the potential to undertake both ground and seaborne commando operations within Israel. Combined with the group's growing missile capabilities, the battle

space – both in Lebanon and Israel – is expected to be far larger than during the 2006 war.⁷²⁶

Israel in turn has bolstered the logistical autonomy of its combat units, strengthened its ground forces, and deepened its ability to carry out combined air, land, and sea operations. The IDF has also taken steps to upgrade its urban war-fighting capabilities, anti-rocket defense systems, and the defense capabilities of its armored systems against guided missile attacks. If enacted, the 2008 “Dahiyah Doctrine” – which would see Israel targeting civilian infrastructure – could cause mass civilian casualties and infrastructure damage in Lebanon and similarly damaging retaliatory strikes against Israeli civilian targets.⁷²⁷

The Teetering Balance Along the Blue Line

Almost any deterioration along the UN Blue Line of demarcation between Lebanon and Israel could benefit Iran: given regional public opinion, it would be easy for conflict between the IDF, Hezbollah, or the LAF to help justify Hezbollah’s continued armed status. More importantly, however, there is no guarantee that instability could not escalate into a war involving Israel, Syria, and their respective regional allies.

Iran (and Syria) can potentially exploit the continued risk of conflict between Israel and Hezbollah. Both have learned important lessons from the last round of open confrontation in 2006 and there are few chances of an internationally backed consortium, like the now-defunct Israel Lebanon Monitoring group, in no small part because key players such as Syria are increasingly unstable. Even if Syria were not mired by protests, there is little appetite in Washington or Tel Aviv to resurrect the old monitoring structure.

Both Israel and Hezbollah have continued to upgrade their tactics and capabilities over the course of the past five years, and both sides are confident that their strategy in a future war will succeed and feel that they can predict the operational, tactical, and strategic choices of the other in a future conflict. However, despite this high level of confidence, there is strong evidence to suggest that neither side wants to start a war, and both sides continues to rely on the other to sustain the militarization of both Jews and Shi’a across the UN Blue Line.

One might argue in favor of stability based on the prediction that both Israel and Hezbollah are fundamentally rational and have too much to lose and too little to gain from another round of conflict. However, asymmetric balances, let alone other forms of brinkmanship where few channels of communication exist, are inherently unstable. One major example of this includes a confrontation between the IDF and the LAF in August, 2010 that could have degenerated in a major conflict. More recently, Palestinian and Lebanese protestors’ efforts to cross the Blue Line in May and June 2011 could have also escalated into a major cross-border incident.

If Hezbollah (and Iran and/or Syria) do not actively exploit this issue, an important tool has emerged as a critical component in management the risks associated with an uncertain asymmetric balance since 2006: regular meetings between the LAF and the IDF as part of a tripartite framework under the auspices of UNIFIL at its Naqoura headquarters just north of the Blue Line of demarcation between Israel and Lebanon.

The “Naqoura framework” is not in and of itself decisive. What does give it an ability to manage security politics along the Blue Line is that Hezbollah and other leading political forces have given the LAF their tacit support in the framework. In short, the LAF has the

support of all the country's major communities when it comes to ensuring that stability reigns in the South. The IDF was also reported to favor the framework.⁷²⁸

The Naqoura Framework bolsters the role of the LAF in Lebanese security politics and is an important source of stability and predictability for a US that is increasingly focusing on managing expectations rather than shaping outcomes in the Middle East. In contrast it is at least partially detrimental to Iran's aspirations to inflame Blue Line security politics in support of its regional prerogatives.

Energy Security & the Risk of War

While the full range of energy reserves in the Levant remain an unknown quantity, they have already become a source of tension and conflict between Israel and Lebanon – as well as between Israel and the Palestinians, after another set of offshore gas fields have not been developed because of Israeli and Palestinian tensions over Gaza.

Recent Israeli tenders for offshore exploration have led to heightening rhetoric on managing access to potential regional energy reserves. Both Israel and Lebanon have submitted competing maritime borders to the UN and the issue has the potential to become the “new Sheb’a Farms” insofar as it will drive and justify the militarization of society and politics on both sides of the Blue Line.

- **Figure 73** shows recently discovered Israeli natural gas fields – Tamar, Dalit and Leviathan – which are projected to begin development at the end of 2012 with extraction and transmission infrastructure to be operational by the end of the decade.⁷²⁹ Both Israel and Hezbollah have made their positions clear: each considers it their right to protect potential offshore resources and to use lethal force should the need arise.
- **Figure 74**, meanwhile, shows a Lebanese map of the maritime border between Israel and Lebanon wherein the countries differ about where the maritime frontier is or should be.
- To the north-east of the Nile Delta, preliminary USGS findings seem to indicate similarly significant energy reserves in the Levant Basin. Covering a smaller area of some 83,000 square kilometers, the Levant Basin is expected to have a mean volume of 1, MMBO, with a range spanning from 483 MMBO to 3759 MMBO depending on the confidence intervals. With regards to LNG, the Basin is expected to have a mean volume of 122,378 bcf of gas with a range from 50,087 to 227,430 bcf of gas.⁷³⁰
- **Figure 75** shows a map of the Levant Basin survey area and details of the resource assessment.

It is possible that energy insecurity could lead to conflict in the Levant. Arguably, Iran would benefit from yet another arena wherein it can antagonize or harass Israeli interests, be it through Hezbollah or other regional players. Energy reserves do not have to automatically lead to conflict. Managing the maritime border region and trying to find a compromise is a valid alternative.

If pragmatists are given the opportunity, there is no reason why Israel and Lebanon cannot have their cakes and eat them too. How Israel and Lebanon manage the maritime issue could be an important confidence building measure and regional stabilizer. The opposite, defined crisis and open military confrontation, is no less of a plausible outcome.

Figure 73: Israel's Growing Natural Gas Sector

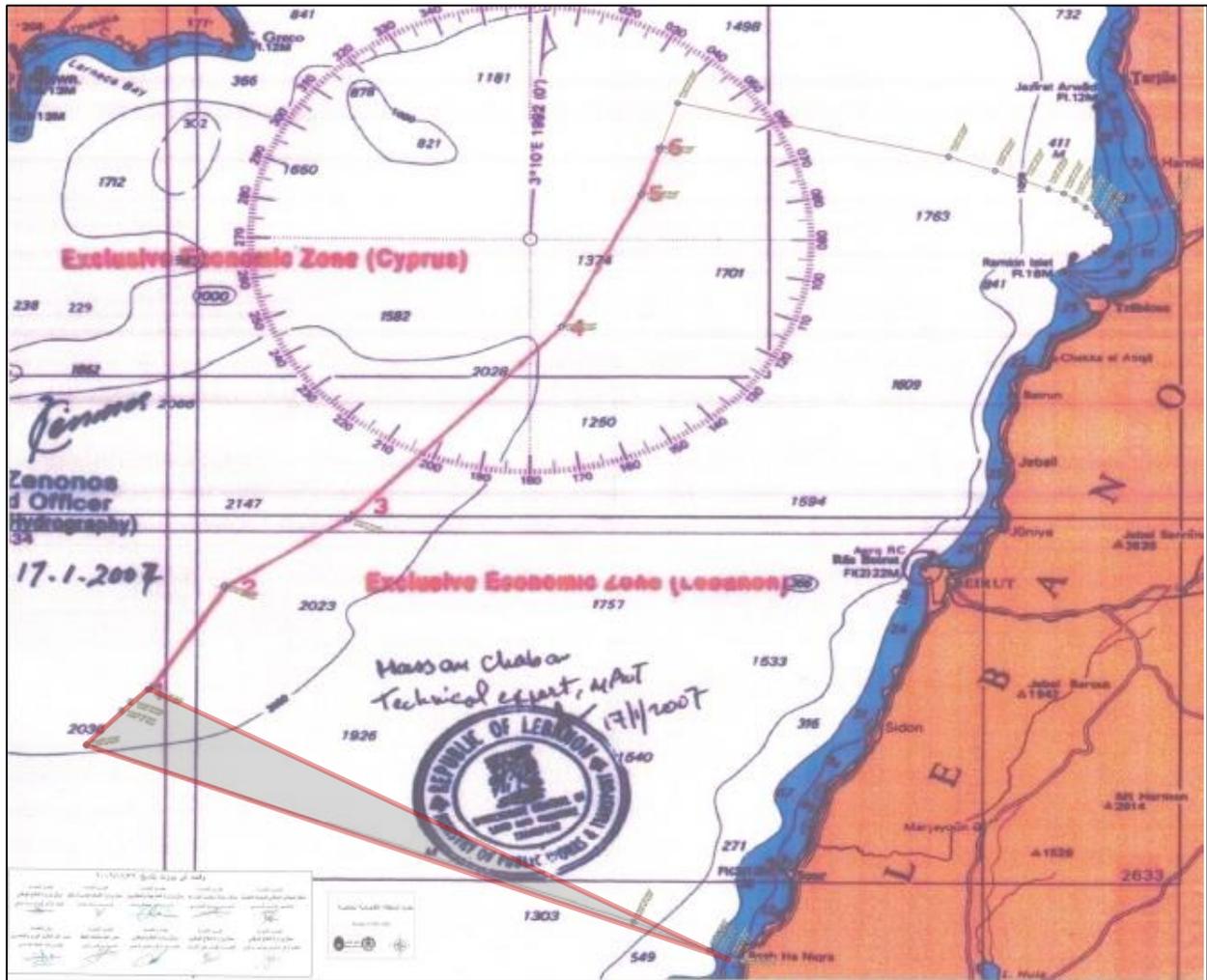


Note: Boundaries and locations are approximate and not necessarily authoritative.

Source: Adapted from U.S. Department of State, Bureau of Intelligence and Research, Office of the Geographer, Geographic Information Unit; see Jim Zanotti, "Israel: Background and U.S. Relations," *CRS Report*, Congressional Research Service, RL 33476, July 31, 2014, p. 23

Figure 74: The Israeli-Lebanese Maritime Frontier: A conflict in the Making?

 : Area of contention between Lebanon and Israel



Source: Adapted by Aram Nerguizian from Wissam Zahabi, “Hydrocarbon Exploration Offshore Lebanon: Current Status and Way Forward,” presented at the Levant Energy Forum 2011, June 23, 2011, available at:

<http://www.thegulfintelligence.com/uploads/Oil%20and%20gas%20presentation%20Lebanon.pdf>

Figure 75: U.S. Geological Survey in the Levant Basin Province, 2010

Location of Four Assessment Units in the Nile Delta Province



Levant Basin Province Results

Total Petroleum Systems (TPS) and Assessment Units (AU)	Field type	Largest expected mean field size	Total undiscovered resources											
			Oil (MMBO)				Gas (BCFG)				NGL (MMBNGL)			
			F95	F50	F5	Mean	F95	F50	F5	Mean	F95	F50	F5	Mean
Levant Basin Province, Mesozoic-Cenozoic Composite TPS														
Levant Margin Reservoirs AU	Oil	177	278	763	1,765	857	340	944	2,202	1,062	7	19	45	22
	Gas	1,074					1,678	4,559	10,594	5,135	51	142	333	160
Levant Sub-Salt Reservoirs AU	Oil	184	148	460	1,242	548	179	569	1,559	679	4	12	32	14
	Gas	12,238					32,462	74,210	150,573	80,758	1,006	2,309	4,721	2,519
Plio-Pleistocene Reservoirs AU	Oil	130	57	217	752	284	68	265	933	351	1	5	19	7
	Gas	4,756					15,360	32,066	61,569	34,393	157	328	633	353
Total Conventional Resources			483	1,440	3,759	1,689	50,087	112,613	227,430	122,378	1,226	2,815	5,783	3,075

Source: The United States Geological Survey.

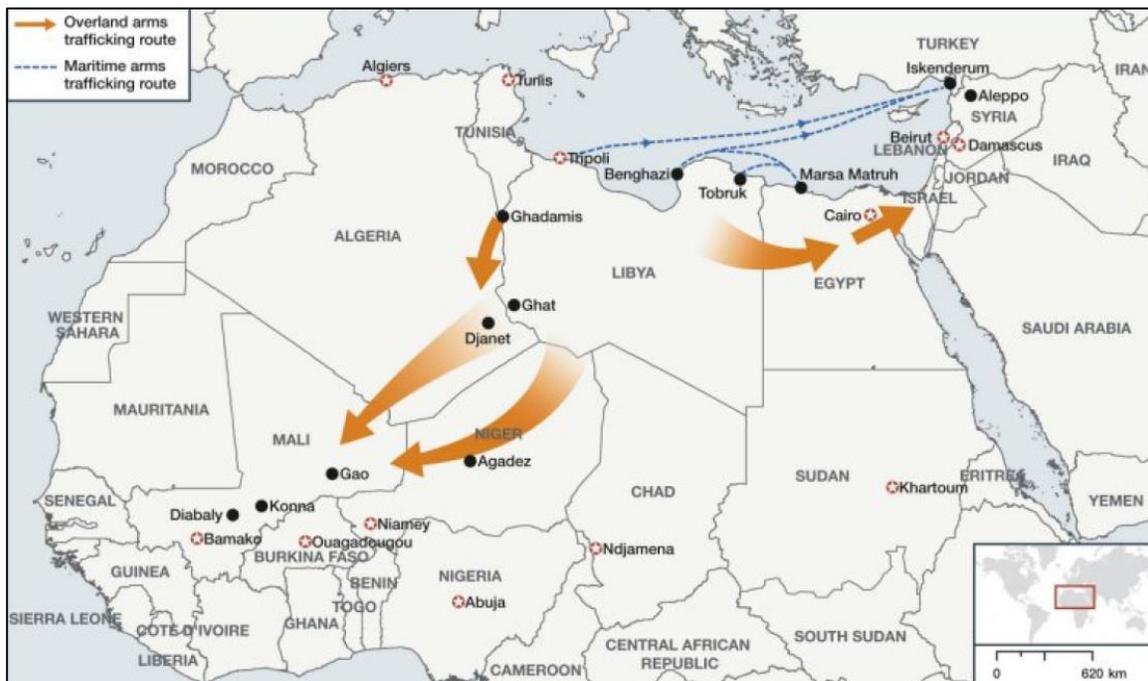
The Levant MANPADS & ATGM Proliferation Threat

Jihadi extremist groups are not the only regional threat proliferating in the Levant. One of the unintended consequences of regime change, military intervention and civil war in Libya in Syria – however well-intentioned they may have been – is the gradual proliferation of sensitive military equipment to other arenas of instability in the MENA. However, new kinds of intentional proliferation has also taken place, including transfers of weapons from sponsors to rebel factions fighting in Syria. These include most notably the proliferation anti-tank guided missiles (ATGMs) and – more critically – man-portable air defense systems (MANPADS).

In the wake of the collapse of the Ghadaffi regime in 2011, thousands of MANPADS and ATGMs have made their way into the hands of non-state militant groups, turning up in zones of instability and civil violence from Africa to the Levant. Meanwhile, Syria's civil war has seen the loss or capture of Assad regime holdings to opposition forces. In Syria, rebels and Islamist militants seized MANPADS and ATGMs from captured military bases and received some of their holdings through intermediaries.

Figure 76 shows an IHS *Jane's* description of how Libyan weapons have been proliferating in the wake of the Arab uprisings:

Figure 76: Illicit Arms Transfers from Libya



Source: IHS *Jane's*, available in Cameron Scott, "Arms Maneuvers – The Spread of Libyan Weapons," *Jane's Intelligence Review*, October 13, 2013.

The threat from MANPADS proliferation is not in and of itself fundamentally new. In November 2003, a 9K32 *Strela-3* (SA-14 *Gremlin*) MANPADS hit a DHL Airbus A300 taking off from Baghdad International Airport. Short-range MANPADS only have smaller fragmentation warheads – often with the ability to severely damage rather outright destroy

large fixed wing aircraft. However, there is absolutely no margin for error there – especially when the targets are civilian rather than military aircraft.⁷³¹

In the case of the Levant, the threat remains a clear and present danger. In April 2012, Lebanese authorities seized the *Leftallah II* cargo ship, which included stocks of 9M32 *Strela-2M* (SA-7 *Grail*) MANPADS and 9M342 *Igla-S* (SA-24 *Grinch*) surface to air missiles (SAMs), presumably bound from Libya for the Syria conflict. Some of the intermediaries executing unauthorized arms transfers even take credit for their efforts.⁷³² For example, Abdul Basit Harun – a former Libyan rebel group commander – publicly acknowledged in June 2013 to *Reuters* his role in arrangement large-scale shipments of weapons to Syria via cargo ships and chartered flights. However, as Harun noted, key country entryways into the Syrian theater were resisting Libyan efforts to supply weapons to the Syrian rebels. Notably, Lebanese security services have dramatically curtailed efforts to use Lebanese soil to resupply forces fighting Assad.⁷³³

There were also growing reports of deliveries to Syria other than MANPADs. Weapons photographed in Syria included shipments with printed triangles marked with “412” – a marking found on many deliveries made to Libya during the Ghadaffi era. Among the weapons found in Syria marked “412” were NR-160 recoilless rifle rounds, 120 mortar rounds and *Konkurs-M* (*Spandrel B*) ATGMs.⁷³⁴

There were also reports that other countries had emerged as pioneers in regional proliferation. The *New York Times* reported in June 2013 that Qatar was using C-17 cargo aircraft to transport Libyan weapons to Syria. The report noted that at least three flights took place to collect arms and then deliver them to Turkey for transit to Syria.⁷³⁵ While the use of US-supplied aircraft to arm an insurgency is a violation of US arms control laws and authorized end-use, that was not likely a major concern of a then-muscular Qatari foreign policy effort to depose Assad and gain influence in the wider Levant. Beyond Libya, there was also evidence that Syrian militant were able to procure FN-6 MANPADS from Sudan thanks to Qatar as early as 2012.⁷³⁶

Regional proliferation in the Levant is not limited to the Syrian civil war. Egyptian authorities reported that Libyan MANPADS were also smuggled to Egypt with photographs of components emerging as early as June 2012. Egypt’s 3rd Army also reported recovering 10 SAM-7s in the northern Sinai town of Sheikh Zuweid. Meanwhile, *Strela-2* MANPADS were also reportedly smuggled in 2012 from Sinai into the Gaza Strip. These are not theoretical risks: an Egyptian Mi-17 transport helicopter was shot down on January 25, 2014 by a *Strela-2* MANPADS reportedly fired by Sunni Jihadi group Jamaat Ansar Bayt al-Maqdis⁷³⁷

Both the US and Iran are ultimately sensitive to the proliferation of MANPADS, ATGMs and other medium to large-scale direct attack systems in the Levant in general and Syria in particular. As eastern Syria and western Syria merge into one larger zone of militancy and non-governance, the risk to both commercial and military overflights on take-off and approach increases accordingly. So far no major aircraft have been downed over Syria, and MANPADS are not capable of hitting targets cruising at speed at an altitude at or around 30,000 feet. However, aircraft to and from Egypt, Iran, Iraq, Israel, Jordan, Saudi Arabia, Syria, and Turkey flying below 10-15,000 feet will all have to factor in the additional risk.

Beyond accounting for the presence of MANPADS in Syria (and Iraq) regional states, the US and Iran also have to take measures to limit future threats. For groups supporting discreet or a mix of militant groups in Syria, there needs to be very careful consideration of the stakes involved and the reality that a friendly faction today could be a threat tomorrow. The other point is that while states backing rebel factions in Syria have so far stepped back from providing major SAMs, such systems do exist, can and possibly have fallen into the hands of rebel groups. If a large enough threat exists, the US, Iran and their respective allies all may face real threats, and the pressure to take preventive action.

The Syria Crisis & the Quest for Regional Stability

With every year that passes, 20/20 hindsight grows increasingly alluring and troubling on Syria. It is easy to look back and say that the US only ever had two choices from the moment the first protest broke out in Der'a: the first option was to determine that Syria was different in some way from other protests – in part due to the geopolitical stakes there discussed throughout this report – and that contrary to the dominant wisdom at the time, the US should not have called for Assad to step aside. The other choice, meanwhile, would be that should the US ask for regime change, it ought to be ready to commit maximum force and national resources to achieve those ends to avoid additional costs in terms of lives, loss of economy activity, blood and treasure.

However, 20/20 hindsight is useless to either the US, Saudi Arabia or Iran in national security politics some three years after the start of Syria's civil war. If the US, its allies or its opponents are unwilling to escalate beyond their commitment levels in Syria – as appears to be the case – then every country with influence there needs to realistically assess if they are perpetrating little more than a case of strategic competition and sectarian escalation on a road to nowhere. Much like the Lebanese civil war, Syria has become a messy futile exercise that does little more than duplicate and reproduce new modes of militia economics – militia economics that create illusory opportunities for the young in the absence of opportunity in developing economies in the broader MENA region.

Countries like Iran, Saudi Arabia and the US have all poured vast resources into shaping outcomes in Syria. If they all wish to avoid the costs of futile escalation, the quest for regional stability rather than the quest for geopolitical advantage needs to shape their policy choices in Syria.

XIV. IMPLICATIONS FOR US POLICY

The United States faces an increasing level of instability across the Levant, which in turn affected every key aspect of US competition with Iran in the broader Middle East and North Africa. In 2014, no one could predict the outcome in any given case. Even the short-term impact of changes in regimes were not predictable, nor was how those changes would affect the underlying drivers of regional tensions. It was particularly dangerous to ignore the risk of replacing one form of failed governance with another one, and the prospect of years of further political instability or upheavals.

Deep socio-economic, political and sectarian cleavages, the pervasiveness of the Arab-Israeli conflict and a cycle of popular protests combined to make the Levant and Egypt a growing challenge to the US in shaping its regional struggle with Iran. There were six core theaters in this region of US and Iranian competition: Syria, Israel, the Occupied Palestinian Territories, Egypt, Jordan and Lebanon. The US must choose the best way to advance its interests in each area, as well as consider the enduring and emerging regional challenges and wild cards that may come to shape and influence US-Iranian interests and competition in the Levant in the years and decades ahead.

Conventional & Asymmetric Forces

Conventional military developments were only one part of US and Iranian competition in the Levant and Egypt. This was in no small part due to the reality that much of the contemporary Arab-Israeli military balance was in fact a Syrian-Israeli balance. After more than three years of Syria's civil war, the regional military balance was little more than a shattered balance

It was clear, however, that the US and its allies must be prepared to deal with the emergence of asymmetric warfare as a key aspect of the military balance in the Levant and with threats that range from low-level use of asymmetric warfare by non-state actors to the threat of long-range missiles and weapons of mass destruction. There was also the reality that as much of the asymmetric balance had to do with ingenuity in warfighting, training and tactics as it with having anything resembling a technical "edge".

Accordingly, the US must also be as prepared to deal with threats from non-state actors as governments and help support its allies prepare for future threats. This requires the same kind of close military partnership between the US and allies like Israel, Egypt, and Jordan, and that the US needs to maintain partnerships outside the immediate Levant with the Southern Gulf allies. It also will require continuing US aid, and the US will constantly have to adapt to regional political upheavals it can neither predict nor prevent.

The Quest for Stability in a Region in Crisis

Any apparent stability in the area between the 1973 War, the end of the Cold War, and the beginning of the uprising in Tunisia in 2011 was clearly over and is likely to be over for well over a decade. The US needs to be conscious that no amount of development assistance can correct or fix underlying socioeconomic and demographic forces that had

become compounded over decades, and that may take decades to find some form of stability.

The US could also not ignore the steep rise in regional sectarianism in a region spanning well beyond the Levant from North Africa to Afghanistan. Iran repeatedly turned to sectarian affiliations and its Shi'a clients in its efforts to balance against the US and its regional allies. However, key US allies – like Qatar, Turkey and Saudi Arabia – have also resorted to leveraging Sunni-Shi'a divisions in their own bids to shape dynamics in Lebanon, Syria, and Iraq and in the broader balance of power with Iran.

These patterns took place at a time and place where ungoverned and under-governed spaces with often under-represented demographics in Egypt, Iraq, Jordan, Lebanon, and Syria could or did become fertile ground for increasingly radical Salafi-Jihadi groups like ISIS, Jabhat al-Nursa and Ansar Bayt al-Maqdis. Combined with the scale of regional Gulf competition, the Levant may yield even more space within which Salafi-Jihadi groups can try to consolidate their expansion in the Levant in wake of regional protests in 2011.

Neither the US nor Iran can afford to ignore groups like ISIS, or to strategically compete to nowhere. Many of the key decisions made by Iran and its Gulf opponents between 2011 and 2014 are the definition of tactics and not strategies. Conflating the two puts both opponents like Iran and allies like Saudi Arabia in equal jeopardy and in ways that the US is unlikely to benefit from in either case. The US will have to work with the broadest possible mix of players to create the kind space that may eventually allow for some degree of stability across the Levant.

As the country by country analysis shows, however, this is only part of the story. US military assistance and aid efforts must be linked to political and economic efforts as well. The US must be prepared to deal with the full range of factors driving instability in each country in the Levant as well as Egypt. Serious as some potential military risks may be, the political, economic, religious, and social upheavals may ultimately prove to be more important.

Syria

While Syria has been a challenge for US policy-makers for decades, the current round of instability is unprecedented and the situation in Syria is not predictable enough for the US to be able to develop a sustainable strategy in the short term. The US and key regional allies have steadily sought to increase pressure on the Assad regime and provide different levels of support to anti-Assad political and insurgent forces, pursuing several aims, not the least of which is to weaken Iran's role as Syria's sole major state ally, while at the same time finding ways to halt the spread of military Jihadi grounds in Syria and beyond on favorable terms.

This makes Syria a key prize for both the US, Iran, and their respective allies.

- Despite the continued militarization of the opposition and initial tactical successes against Assad's forces in an increasingly sectarian civil war, there is no clear US response to this increasingly dangerous phase of instability in Syria. Regime forces and allies have shown the ability to learn on the battlefield, and the forces buttressing the regime will continue to close ranks around Assad. The window for US or Western covert and overt assistance may have come and gone, and could also further deepen already negative with Russia, China and other members of the UN Security Council who do not want to see a repeat of steps taken in Libya.

- The US cannot ignore the regional spillover effects should Syria destabilize further and it needs to adopt a strategy based on containing Syrian instability. How events do and do not play out in Syria will have deep and unforeseen consequences on the precarious sectarian balance in Lebanon, the security of Israel along its northern and eastern flanks, the stability of Jordan at a time of increased internal unrest, and pressure along Turkey's southern flank as Ankara tries to contain increasingly assertive Syrian and Iraqi Kurdish groups. A collapse in Syria – controlled or otherwise – may hold the promise of breaking Iran's umbilical cord to Levant, but it also promises to expose both budding and strategic US allies to waves of uncertainty for years to come.
- While the US may have had reasons to support and grant recognition to some opposition forces that were more moderate or more representative of popular forces in Syria, that will not translate into a more stable Syria at peace with its neighbors in either the short or long term. Based on the current internal Syrian balance, there is no real world basis on which to make the argument that a post-Assad Syria was imminent as of 2014 – let alone that it will make peace with Israel, renounce claims to the Golan Heights, or stop providing assistance to Palestinian elements operating in and outside the Occupied Palestinian Territories.
- Despite growing pressure and rhetoric in 2013 and 2014, there was still only very limited support in the US, Europe, and the Arab world for direct intervention in Syria. Syria is not Libya. If a window to strike Assad existed, it was before the consolidation of radical Salafi Jihadi groups in Syria with an eye on Egypt, Iraq, Jordan and Lebanon. Meanwhile, Assad's Syria also enjoys strong political, financial and military support from Iran and Russia. These factors complicate any calculus on military intervention in Syria, whether in terms of the level of potential military opposition, or with regards to the risk of high civilian casualties.
- There still are reasons why the US might directly (or indirectly) take the lead in such efforts. The withdrawal of US troops from Iraq has left many unanswered questions about the future prospects for a stable Iraq, let alone a stable Syria, and the US already finds itself conducting airstrikes against ISIS militants in Iraq that could just as easily be in Syria. Instability in Iraq Syria presents Washington with the opportunity to undermine Iran's regional posture, weaken or change the leadership of one or both of its key regional allies, and potentially downgrade the Islamic Republic's role in the Arab-Israeli conflict through Hezbollah.
- Some analysts have proposed trying to separate Syria's security establishment and the Alawite community away from the Assad regime. While the approach is sound in principle, the US may need to accept that the chances of doing so are slim. The passage of time and the level of bloodshed have made it more difficult to conceive of a post-Assad Syria devoid of retaliatory measures against the Alawite community. While many Alawites may not like or support Assad, the potential loss of their political and economic autonomy is a key barrier to defections. Even in a scenario where a dominant opposition proved magnanimous in victory, there is little sign that Assad's base – and the other minorities that support the regime – is betting on such a favorable outcome.
- While events in Syria are challenging to Iran, the strategic choices of the Islamic Republic and its chief ally in the region Hezbollah are evolving in an effort to deal with events in Syria and potential shifts in the regional balance of power. While "Plan A" is to try and maintain Assad in power and fend off his local and regional opponents, "Plan B" in the event Assad falls seems to be the prevention of the emergence of a stable Syria under Sunni rule in Damascus. There is continued evidence in 2014 that the IRGC's Quds Forces, aided by Hezbollah are actively training and equipping mainly Alawite and Shi'a tens of thousands of irregular forces into what appears to be a deeply ideological Jaysh al-Shaab or "People's Army" meant to take pressure off Syrian regular and special operations forces and fight for the interests of the Alawite community and other allied factions in Syria.
- As the corrosion and decay of Syria's state and national security structures continues to grow, the militarization of the struggle for Syria all but ensures that militia economics and warlordism will be a dominant feature in Syria for years to come. The Syrian military already underwent a process whereby it was stripped down to its most loyal –and predominantly Alawite – core. If the military does not survive institutionally in the long term, or if it does not regain some semblance of national

- legitimacy, the prospects for demobilizing Syria's growing archipelago of militias and fighting groups will be extremely slim.
- Syria's insurgent groups – which are far more likely to have influence in Syria than either external or local political opposition forces – are poor vehicles to socialize, advance, and consolidate external (principally Western) efforts to secure pluralism and stable politics in Syria. Again, while many insurgent groups include Army defectors, many if not most insurgent groups in Syria still remain local militias in what has become a national struggle. Neither they nor the many more civilians-turned-guerilla-fighters are anywhere near ready to internalize and implement any form of lasting transition plan in Syria. This in turn will also further complicate a lasting cessation of hostilities, the creation of a stable and credible government in Damascus, or a Syria that will actively protect its minority groups.
 - The rise of jihadi and militant Islamist factions and fighting groups in Syria with ties to Al-Qaeda like ISIS and Jabhat al-Nusra present another key challenge. While the Syrian armed opposition remains deeply fragmented despite its growing size, Islamist and jihadi units have better access to weapons, are attracting recruits frustrated by the uneven pace of the conflict, and are moving far quicker to consolidate their forces. The presence of ideological and radical forces in Syria's civil war was always going to be a challenge so long as more moderate factions were unable to overcome their internal divisions and gain access to more military resources.
 - While groups like ISIS threaten regional opponents of the US and Saudi Arabia – like Assad's Syria, Iran and Hezbollah – the adage that "the enemy of my enemy is my friend" does not apply to intolerant extremist groups with transnational aspirations. The presence of these groups in the Levant is instead a case of "the enemy of my enemy is also my enemy." Neither the Assad regime nor Iran are party to the September 11, 2014 "Jeddah Communique" which brings together an array of regional and Levant states with the intent of combating the spread of ISIS. However, separately, together, or by agreeing to disagree, the US and Iran – but also Egypt, Israel, Jordan, Lebanon, the GCC states and Turkey – will all have to fight the threat from the expansion of groups like ISIS into ungoverned spaces in the Levant.
 - The impact of external actors will grow more critical as Syria's civil war continues to evolve. Countries like Saudi Arabia, Qatar, and Turkey have been active supporters of the armed insurgency against Assad, including indirectly supporting some of the more hard line elements fighting Assad. Meanwhile, the US and European states have been important sources of external pressure and coalition-building against the regime in Damascus. Meanwhile, Russia, Iran, and China continue to wield influence with Assad in a bid to maintain what remains of the regional status quo. There is significant daylight between the competing nations supporting either side of Syria's civil war. However, as with other similar conflicts – such as Lebanon's 15-year civil war – external support by competing external actors will be critical to any effort to legitimize a new political order in Syria.
 - At Present, the best Assad's regional and international opponents could hope for would be more representative Sunni-led leadership that takes into account the foreign policy priorities of the United States, the Gulf states led by Saudi Arabia, and Iran. At worst, Syria would remain unstable and could deteriorate into a deeper regional sectarian conflict – a conflict which could in turn draw its neighbors – especially Lebanon and Iraq – into a cycle of regional proxy warfare. What is certain, however, is that in any scenario, Syria's regional role has been severely weakened by a three years of unrest.
 - Continued political upheaval and civil war mean that Syria's economic outlook will only continue to decline. Even in a scenario where key players in the merchant class put their full weight against the Assad regime, there was still no clear sense of an end state in 2014 either on where Syria was going or which players could and would be at the helm. It is also difficult to measure the impact of external rents and aid provided to Assad from Russia, China, Iran and what other few allies the regime still had.

None of the dynamics shaping Syria's future are simple, definitive or predictable. All illustrate how Syria's internal battle for power is tied to broader regional Sunni-Shi'a fault

lines that neither the Sunni Gulf states, Iran, nor the US can take for granted. The longer Syria lingers caught in civil war and political uncertainty, the more likely it seems the country will emerge as a continuing arena for proxy competition.

However, even with Arab, Turkish or Iranian support, any US-led intervention – political, military or otherwise – would have to take stock of the scale of Sunni-Shi'ite regional polarization and the level of acrimony between the Southern Gulf states and Iran to determine the benefits and potentials costs of deeper US involvement in the Levant.

Both the armed opposition and the regime and its supporters are undergoing a rapid process of political Darwinism and it is not possible to clearly determine who the key players in Syria will be months from now, let alone in 2014 and beyond. What is certain, however, is that regardless of if or when Assad falls or is replaced, Syria will struggle with the militarization of society and the expansion of Islamist and radical forces for years to come. The US would then face increasing difficulty in both staying out of and competing with Iran in Syria.

Israel

Israel will be a key factor in US-Iranian competition and the recent cycle of instability in 2012 and 2014 will remain critical to how both countries develop their bilateral relationship and security ties.

- A ring of growing instability now exists around Israel. By contrast to this, however, Israel was the only Levant state not faced with the threat of at least one form of domestic upheaval. The US will continue to provide Israel with both political and military security guarantees to bolster their strategic partnership. The US and Israel must also continue to coordinate their efforts to minimize and curtail Iranian influence in the broader Levant.
- At the same time, and despite recurring setbacks, the growing cycle of regional unrest accelerated the need to bring Israeli-Palestinian negotiations on a two-state solution to fruition. Popular sentiment across the Arab world, US preferences, the need for a lasting peace, the recent Palestinian UN bid for statehood, and the longer-term strategic interests of both Israelis and Palestinians all argue for such an initiative. A vast gulf of mistrust between Israel and the Palestinians exists, and there was no certainty in 2014 that any efforts will succeed. At the same time, the failure to try may put an end to the Arab League peace initiative, force Egypt and Jordan to distance themselves from their peace agreements, strengthen Iran's efforts to spoil peace efforts, undermine the US role in the Arab world, and further radicalize the Palestinians at a time when rational minds should prevail.
- With US support and aid, Israel developed the making of a true "edge" in terms of countering the asymmetric threat from Palestinian and possibly Hezbollah missile fires. However, every "edge" has to factor in the possibility that asymmetric and non-state opponents may adopt often low-cost and low-tech tactics to deal with or to degrade high-cost and high-tech Israeli countermeasures. "Operation Protective Edge" in 2014 showed Israel, its allies and its opponents that the best response to the *Iron Dome* missile defense system was to find another means of causing Israeli military attrition.

The Palestinians

The US cannot take risks with Israel's security but it must take account of the fact Palestinians play an important role in US competition with Iran and in dealing with the Arab and Muslim worlds.

- As with Israel, the US needs to work hard to bring the PA back to negotiations on a two-state solution. The PA's UN bid initially did much to buoy the position of President Abbas, however, this

effect largely degraded by 2013 and Hamas has since taken the spotlight due to its perceived military prowess against Israel during “Operation Protective Edge” in 2014. The Quartet, led by the US, must push ahead with peace efforts before moderate factions before more marginal. The alternative is a degeneration of the Palestinian position to a point that strengthens Palestinian opponents of the West and invigorates Iran’s spoiler role in the Arab-Israeli conflict.

- The Palestinian Islamist wildcard has proven crucial to projecting Iranian influence in the Levant as a means of impacting the Arab-Israeli conflict. Relying on groups like Hamas was also an important means of shoring up much needed Sunni support for Iran in the region. A very public break between Syria and Hamas was a setback for Iran, but in 2014 the Islamic Republic cultivated ties with other Palestinian Islamist groups. So far, Tehran has also rejected a deeper isolation of Hamas for siding against the Assad regime, and claimed some public credit for accomplishments during fighting in 2014.⁷³⁸
- While US and Iranian competition does play a role in shaping Palestinian politics, internal Palestinian and broader regional dynamics will be far more critical. Fatah is trying to roll back the growing preeminence of Hamas in Palestinian politics and the Arab-Israeli conflict. Hamas, meanwhile is working to roll back its isolation vis-à-vis one-time friendly regional Arab states. Both patterns are uphill battles for Fatah and Hamas, and both work to Iranian and US advantage on either side of the Arab-Israeli conflict.
- The development and integration of tunnel warfare and an effective irregular warfare force equipped with rockets that could be fired from hidden launch sites complicated the optics of the *Iron Dome* missile defense system – especially when rocket fires were ultimately secondary to attacks by ground forces deep within Israel coupled with high IDF attrition rates
- Despite these gains, Syrian unrest, tensions with Iran and the loss of favorable with Egypt under President Sisi all presented Hamas with a choice between its regional credentials as a Sunni Islamist movement and its long-time regional partners Iran and Syria. So far Hamas has managed to recalibrate ties with Tehran and recent military “non-failures” and relative successes in 2014 against Israel have offset the effects of regional unrest and the loss of ties to Damascus, Cairo and much of the Arab world.

None of this changes the fact that Hamas and all Palestinian factions must deal with worsening socio-economic realities, a region that will be unstable for years and continued Israeli responses to efforts by Hamas and Hezbollah to sharpen their asymmetric military capabilities. Meanwhile, Israel has few viable options in a region undergoing generational change and instability. Siding with opposition forces in Syria could help Iran and its allies link regional developments to accusations of so-called US and Israeli plots to reshape regional politics.

Egypt

US policy towards Egypt and Jordan should focus on aiding their stability and development. Iranian influence and interference can only take hold if Egypt and Jordan fail to develop their own path toward stability, and if the US fails to support them in these efforts. It may take each state a decade or more to achieve the level of stability and development their peoples need, and the US must show the strategic patience to work with both states in what may often be periods of unrest and turmoil.

- President Morsi’s exit from power in 2013 meant that Egypt would go through a cycle of instability as it reconciles itself with the indirect return of the Egyptian military to domestic politics, the Muslim Brotherhood’s re-branding as a terrorism organization and the uncertain role of other Islamist political forces in future governments. The US government and Congress must both remain flexible as President Sisi tries to restore stability to Sinai and the broader country— a move that is crucial to ensuring stability across the Levant and the broader Middle East and North Africa

- Military aid from the US, and financial assistance from the Gulf states, are crucial to stabilizing post- revolutionary Egypt. The US must continue to nurture its military-to-military relationship while recognizing that Egypt's economic needs must also be addressed. While funding from the Gulf can help sustain investment and macroeconomic indicators, and while the US and other Western democracies can provide the sort of socio-economic aid that bolsters governance and state accountability at least in principle, only the oil-rich Gulf states have the fiscal flexibility to invest large amount of capital to help stabilize the broader Egyptian economy.
- "Operation Protective Edge" showed that Egypt under Morsi was far less forgiving of Hamas and its activities in the Gaza strip. While the US benefits from an Egypt that could work to isolate militant Palestinian groups, Egypt's ability to communicate with such factions was what made Egypt a remarkable all in Arab-Israeli affairs. Cairo should strike the right national balance between pressure and engagement – especially insofar as Egypt can engage with groups that the US government simple cannot either.
- In the wake of ISIS' persecution of minority groups in Syria and Iraq, recurring sectarian tensions between Egyptian Muslims and Coptic Christians now sit in a much broader context. The continued deterioration of communal ties will likely have an increasingly negative effect on the country's internal stability. While accounting for 10% of the Egyptian populations, at some 10 million strong the Copts remains the largest Christian community in the Levant. With the rise of sectarian tensions in Syria and Iraq, continued sectarian recrimination in Lebanon, and the depletion of Christians in Iraq and the Palestinian Territories, the US and Egypt must both do more to prevent the communal and primordial politics from becoming a source of instability in a region in a deep state of flux.
- The internal upheavals that have overthrown the Mubarak regime in 2011 and the Mori government in 2013 will continue to create serious new uncertainties about Egypt's longer term stability. No one can take Egypt for granted, regardless of the trajectory of politics and governance in Cairo. It may be far more stable than Syria in terms of internal violence, but Egyptian security was relative in 2014.
- Political unrest and instability between 2011 and 2014 in Egypt have also led to greater militancy and armed activity in the Sinai Peninsula with implications not only for security there but also for the future stability of Egyptian-Israeli bilateral ties. Post-Morsi Egypt has seen escalating violence between the Egyptian security forces and militants, smugglers, and Bedouin tribes. Whether or not the Egyptian authorities can impose order there could also impact stability and non-state armed activity in neighboring Gaza as well.

Jordan

Jordan is too important to the US and its Gulf allies not to make every effort to help it avoid prolonged instability.

- Here too, the US needs to continue to support security and economic assistance programs to the Hashemite Kingdom, while supporting peaceful democratic reforms as well. It should also continue to support Gulf efforts to integrate Jordan into the Gulf Cooperation Council as one measure to limit regional instability and bolster the Kingdom's security.
- Events in Syria also have potential direct and indirect effects on other regional actors. Jordan's King Abdullah was among the first regional leaders to openly call for Assad to step down. However, more than three years of Syrian unrest have left Jordan struggling to insulate the kingdom from the corrosive effects of Syria's increasingly divisive civil war. In addition, Jordan continued to struggle to deal with the growing impact of more than a million displaced Syrians in the Kingdom.
- In parallel to political dissent tied to Syria, Jordan has slowly become a key regional exporter of militant Jihadi fighters. In early 2014, some estimates placed the number of Jordanian Salafi-Jihadi fighters in Syria at between 700 and 1,200. A more recent June 2014 estimate put the number of Jordanians fighting in Syria at closer to 2,400 – half of whom had joined ISIS.

- The Hashemite monarchy, a key US regional ally, is likely to come under growing pressure from both hardline Islamist groups – like ISIS in Iraq and Syria – at a time when the Kingdom is struggling to cope with systemic micro and macro-economic challenges, a growing budget deficit, a ballooning Syrian refugee population, and the growing penetration of Salafi and jihadi groups into the broader Levant.

Lebanon

Along with Syria and Iraq, Lebanon is one of the countries most affected by the side-effects of popular unrest, civil war, massive migration, heightened sectarianism and the potential for further degradation in national sovereignty. While there were serious risks of instability in 2014, opportunities also existed for both Lebanon and the US to better manage the country's precarious security politics.

- In the wake of regional protests starting in 2011 and the outbreak of Syria's civil war, the US-Lebanese bilateral relationship has increasingly become defined by both countries' need to cooperate on regional security, intelligence sharing and dealing with emerging and common threats from militant groups inspired by Al-Qa'eda with operational links to Lebanon, Syria and Iraq.
- While Lebanon cannot compare with other regional states in the conventional military balance, the country – especially its armed forces – remains important to preserve what remains of a shattered regional security architecture, mitigated the expansion of groups like ISIS and Jabhat al-Nusra, and limiting the role of South Lebanon as a launch pad for missiles and other threats against Israel.
- The US should not take sides or ideological positions in Lebanon; US policy should remain focused on the fact that Lebanon will remain the problem child of US foreign policy. This entails a pragmatic policy that seeks to minimize Lebanon's geopolitical profile and contain the risks posed by Hezbollah and other forces hostile to US interests in the Levant. The US must continue to capitalize on the fact that Iran's relationship with Hezbollah while its own relationships can be with a broader range of Lebanese institutions and political forces.
- The US should seek to support the UN Special Tribunal for Lebanon in ways that will not reinforce negative perceptions of the US as well. Given the depth of divisions in Lebanon, the US will not score points in its competition with Iran if the Tribunal cannot eject perceptions that it is a Western political tool meant solely to undermine Syria and Iran in the Levant.
- The US should continue to support UNIFIL and the LAF based on their real world impact on security politics along the Blue Line. This means accepting first that the UN force's role as a regional punching bag for both the Israelis and the Lebanese is conducive to stability along Israel's northern flank. It also means accepting that while the LAF is not the non-sectarian military force that many in the US hoped it would be, it remains critical to keeping a lid on Lebanese instability.
- Given the weaknesses of Lebanese political allies and the limits of US policy in Lebanon, long term military diplomacy remains crucial to maintaining US influence in Lebanon and sustaining the US's place in security politics in the Levant. Furthermore, the scale of challenges Lebanon is likely to face from growing asymmetric threats will likely merit higher levels of external aid. The State Department, with the support of Congress, should consider providing levels of FMF and other military aid at least moderately in excess of some \$75 million per year over the FY2012-FY2014 timeframe for Lebanon to avoid the real prospect that US security assistance and cooperation programs will run out of unallocated funds before the start of 2013.
- As the Syria conflict drags on, so too will pre-existing tensions in Lebanon along Sunni-Shi'a lines. Lebanon's Sunnis have broadly sided with the mainly Sunni uprising against Bashar al-Assad, while Lebanese Hezbollah and the Shi'a more broadly support the Assad regime. Both sides have sent fighters to Syria, albeit Hezbollah's deployment was both more deliberate and better planned out. However, the sad irony is that while Lebanese factions may turn the tide in Syria, all of the underlying challenges in Lebanon will still be there, and more likely, will get far worse over time.

- Other challenges that will expand if unchecked are the weak underlying socioeconomic and demographic fundamentals of Lebanon. While Lebanon did adopt a more liberal economic model than most of its neighbors, the analysis illustrated massive income, job access and employment gaps between the mainly rural north and Tripoli and places like Beirut on the other. The US should recognize that these enduring human patterns contribute to militant recruitment and growing resentment of the Shi'a within Lebanon's Sunni community, unless with US support, the Lebanese government thought of ways to leverage both Lebanon's own economy and its ties to countries like the US and Saudi Arabia to help offset some of these underlying trends.
- Effective planning and support are critical if the LAF and the government of Lebanon are to make good on the military's core national security priorities in 2014 tied to internal stability operations, counter-terrorism and border management. To that end, in 2013 the LAF formulated a five-year capabilities development plan (CDP). The CDP was the first major strategic document produced by the LAF to address critical mission areas, minimum force capabilities, targets in terms of professionalizing LAF standard operating procedures, and linking the overall effort to budgeting and future funding in both an inter-agency and a civil-military environment. The US can and should support current and future steps that Lebanon may take to plan for an uncertain military future.
- The LAF in 2013 and 2014 became an integral part not only of Lebanese but also regional and international efforts to produce and sustain key metrics of relative stability. To that end – and with British and US support – the LAF expanded its deployment to the North and North Bekaa in the first major deployment of its kind in post-independence history. This also included the standing up of two new border regiments, backed by a planned initial total of 12 fixed *Sangar*-style fortified forward operating bases (FOBs) intended to detect, deter, deny and defend against future militant incursions from across the Lebanese-Syrian frontier.
- Clashes between the Lebanese Armed Forces (LAF) and JAN and ISIS militants in August 2014 served to highlight what can happen if competing Lebanese political forces cannot set aside some of their differences. Ungoverned and under-governed spaces in Lebanon's north and north-east continued to serve as staging grounds for raids into neighboring Syria in 2014. However, these spaces also presented a real threat to both mainstream Sunni and Shi'a political forces in Lebanon. The US, Saudi Arabia, Iran and other key states all need to be conscious of the fact that the unfettered presence of such militant groups presents an equal opportunity threat in Lebanon, and that if left unchecked, could unravel Lebanon's limited but important role in what remains of the current Levant security architecture.
- The next attack against Lebanese military targets along the border with Syria is not a matter of if but when. As such the government of Lebanon, the US, the UK, Saudi Arabia, and France all should work to accelerate the deliveries of military equipment, ammunition and training requested by the LAF. These include increases in the LAF's ability to effectively target fires at range with systems like the AGM-114 *Hellfire*, and acquiring more fixed wing ISR/CAS platforms to build up the LAF's ability to "net" its forces, and to counter some of the effects of sparse and challenging terrain in the northeastern Lebanese-Syrian mountain hinterlands.
- Hezbollah is likely to continue supporting the Assad regime and Iranian interests in Syria in early throughout 2014. However, these efforts will likely continue to focus on Hezbollah's "train and equip" effort with Syrian irregular units under the auspices of the National Defense Force, "hunter killer" missions in the anti-Lebanon mountain and Qalamoun mountain chain, and the defense of key sites tied to either Shi'a demographics in the region and the protection of key religious sites, including the Sayyidah Zaynab shrine on the outskirts of Damascus;

In the end, the choices thus far of Lebanon's leading Sunni and Shi'ite factions attest to the stark reality that Lebanon's opposing political forces cannot escape the negative effects of competing on either side of Syria's civil conflict. Syria and Lebanon are tied together by geography, demographics, unstable regional alignments, and deepening Sunni-Shi'a regional tensions. Neither Lebanon's Sunnis nor its Shi'as have yet to definitively come to

what might be a very bitter lesson in dealing with instability in the Levant: that the Lebanese tail cannot safely and successfully wag the Syrian dog.

¹ The Southern Gulf states refers to the six member states of the Gulf Cooperation Council, Bahrain, Kuwait, Oman, Qatar, Saudi Arabia and the United Arab Emirates. References to the Southern Gulf states do not include Yemen.

² Dwight D. Eisenhower, *Waging Peace*, New York: Doubleday, 1963, p. 177-178; Eisenhower to Congress, January 5, 1977.

³ Radwan Ziadeh, *Power and Policy in Syria: Intelligence Services, Foreign Relations and Democracy in the Modern Middle East*, I.B.Tauris, New York, 2012, p. 1-35.

⁴ In the immediate post-World War II period, Egypt and other Arab states, including Jordan, Lebanon and Syria fought the first Arab-Israeli war in 1948.

⁵ William L. Cleveland, *A History of the Modern Middle East*, 2nd ed., Westview Press: Boulder, 2000, p. 233-313.

⁶ Edward E. Azar & Kate Shnayerson, "Untied States-Lebanese Relations: A Pocketful of Paradoxes," in Edward E. Azar ed., *The Emergence of a New Lebanon: Fantasy or Reality?* Praeger: New York, 1984, p. 237-244.

⁷ Trita Parsi, *Treacherous Alliance: The Secret Dealings of Israel, Iran and the U.S.*, Yale University Press: New Haven, 2007, p. 82, 89-91.

⁸ Sara Khorshid, "Egypt's Counterrevolution," *The New York Times*, December 30, 2013; Yasmine Saleh & Maggie Fick, "Egypt's Sisi takes office to cool reception from West," *Reuters*, June 8, 2014.

⁹ See Curtis Ryan, "The New Arab Cold War and the Struggle for Syria," *Middle East Report*, Vol. 262, Spring 2012 ; David Rohde, "In Jordan, the Arab Spring Isn't Over," *The Atlantic*, July 19, 2013; Camille Tawil, "Morocco's Stability in the Wake of the Arab Spring," *CTC Sentinel*, Vol. 6, No. 5, May 23, 2013.

¹⁰ The transnational Sunni militant organization once known both as Al-Qaeda in Iraq (AQI) and the Islamic State in Iraq (ISI) is now referred to as either the Islamic State in Iraq and Syria (ISIS) or the Islamic State in Iraq and ash-Sham (ISIL). The literal transliteration is *al-Dawlat al-Islāmiyya fī 'l- 'Irāq wa 'al-Shām*, wherein *al-Shām* translates both as "Syria" or area referred to as "Greater Syria" – which includes much of the modern Levant, minus Egypt and including Iraq.

¹¹ Aymenn Jawad Al-Tamimi, "The Syrian rebel groups pulling in foreign fighters," *BBC News*, December 24, 2013, available at: <http://www.bbc.co.uk/news/world-middle-east-25460397>.

¹² "Syria" The United States Agency for international Development, accessed February 1, 2014, available at: <http://www.usaid.gov/crisis/syria>; "Syria," *The World Factbook*, Central Intelligence Agency, updated January 28, 2014, available at: <https://www.cia.gov/library/publications/the-world-factbook/geos/sy.html>.

¹³ Jubin M. Goodarzi, *Syria and Iran: Diplomatic Alliance and Power Politics in the Middle East*, I.B.Tauris, 2009, p. 76-77.

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