

Civil Unrest

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Lebanon SITUATION UPDATE: CBL on August 12 lifts fuel subsidies due to depletion of foreign currency reserves; to exacerbate socio-economic crisis

Executive Summary:

- On August 12, the Central Bank of Lebanon (CBL) lifted fuel subsidies due to the depletion of foreign currency reserves. This will exacerbate fuel shortages and power outages across the country.
- Between August 11 and August 18, multiple instances of civil unrest occurred, including the storming of Sidon's Zahrani Power Plant, and clashes at the Beirut residence of Prime Minister (PM)-designate Najib Mikati. Unrest will persist nationwide amid the continued political deadlock and economic crisis.
- Amid the continued disagreements between Mikati and Lebanese President Michel Aoun, it is highly unlikely that authorities will be able to resume fuel subsidies, especially as the prospect for an international bailout is low. As the scarcity of essential goods and services further diminishes, violent clashes between citizens at fuel stations, as well attempted seizures of government-operated fuel tankers, can be expected to increase over the coming weeks.



Please be advised:

Across the country, the following incidents have been reported:

Akkar Governorate

Date	District/City	Brief Description
August 14-15	Tleil	At least 28 people were killed and 80 were wounded when a fuel tank confiscated by the Lebanese Armed Forces (LAF) exploded. The LAF confiscated the tank from a private property in Tleil and were distributing its fuel to citizens. The LAF stated that the circumstances of the explosion are being investigated. On August 15, local residents burned the property in which the tank was located.
August 18		Reports indicate that hospitals in Akkar Governorate are overwhelmed due to the high casualty toll incurred by the August 14-15 incident in Tleil. Power outages have also been recorded in the region.



Beirut

Date	District/City	Brief Description
August 15	Ain al-Mraiseh	Clashes were reported between security forces and protesters at the residence of Prime Minister (PM)-designate Najib Mikati. Reports and video footage show protesters attempting to storm the site, prompting police forces to use tear gas to disperse them.



Sidon

Date	District/City	Brief Description
August 11	Zahrani Power Plant	Protesters stormed the power plant to denounce regional power cuts.



Tripoli

Date	District/City	Brief Description
August 9	Beddaoui, Bakhoun	Three people were killed during feuds over rationed fuel.
August 15	Dam and Farez	Protesters stormed the residence of Future Bloc

August 16		Member of Parliament (MP) Walid Baarini, for alleged connection to the fuel tank explosion in Akkar's Tleil. Baarini later released a statement denying any connection to the incident.
		The head of the Bakery Owners Syndicate in Northern Lebanon announced that bakeries in the region would recommence their operations after an agreement was reached with the authorities for the distribution of fuel.
August 16	Bohssas	Protesters demonstrated in front of the Qadisha Electricity Company to denounce power outages in the city. Anti-government slogans were also chanted during the demonstration.



General Developments

Date	Brief Description
August 14-17	The LAF launched an operation to confiscate fuel deposits that are accumulated illegally, in both private properties and fuel stations throughout the country. Seized deposits are then distributed for free to citizens by the LAF.
August 15	Hezbollah leader Hassan Nasrallah stated that the Shiite group will begin importing fuel from Iran.
August 18	Power outages continued to force some hospitals, bakeries, and businesses to scale down their operations or close throughout the country, over the past week.

Political Developments

Date	Brief Description
August 12	The Central Bank of Lebanon (CBL) lifted fuel subsidies as a result of depleting foreign exchange reserves.
August 14	CBL governor Riad Salameh stated that a resumption of fuel subsidies was only possible if the Lebanese Parliament passed legislation allowing the CBL to exhaust

foreign exchange reserves whose preservation is currently mandated by Lebanese law.

August 17 Prime Minister (PM)-elect Najib Mikati met with President Michel Aoun for the 11th time. The two continued to argue over the naming of cabinet ministers. PM-elect Mikati expressed optimism that the differences between the two will be resolved.

Assessments & Forecast:

Fuel, electricity shortages to intensify amid central bank's subsidy cuts

1. The CBL's decision to cut subsidies on fuel marks another milestone in the deterioration of Lebanon's economic situation. Over the recent months, the CBL's governor has repeatedly warned that the bank will be unable to sustain subsidies on staples such as fuel, medicine, and wheat, as its foreign currency reserves have been depleting. The current development indicates that the CBL is indeed reaching the level where its reserves have dwindled to a minimum level. **FORECAST:** The subsidy cut has already and will continue to significantly increase fuel prices in the country, further deteriorating the socio-economic conditions in the country. It cannot be excluded that the Lebanese Parliament will over the coming days pass legislation permitting the CBL to exhaust remaining currency reserves. While this would enable the continuation of fuel subsidies over the short term, it would result in a further depletion of the CBL's foreign exchange reserves and thus not be sustainable over the coming months. This is especially as the prospect for an international bailout program is low amid the continued political deadlock.
2. The subsidy cut will exacerbate fuel scarcity in Lebanon and increase power outages in the country. This is because Lebanon's power generation infrastructure is obsolete and heavily reliant on imported fuel. Many civilian households as well as public and private facilities, including hospitals, maintain generators for emergency electricity production. **FORECAST:** Thus, a further reduction in fuel availability will likely result in some of these establishments failing to acquire essential fuel, which will then lead to more power outages.
3. **FORECAST:** Fuel shortages will further exacerbate violent trends that are already being recorded in the country. First, altercations between citizens queuing in fuel stations are liable to result in armed clashes. Second, groups of residents are likely to attempt to seize fuel tankers. In tandem with the LAF's ongoing effort to confiscate illegal deposits of fuel, the risk of armed altercations, either between citizens, or between citizens or criminal networks and the LAF, will increase nationwide.

Unrest, including in Beirut, will continue as long as political echelon fail to form a government

There is a general perception among large parts of the Lebanese public that that Prime Minister (PM)-elect Najib Mikati and President Michel Aoun are procrastinating over the formation of a new government. **FORECAST:** While Najib Mikati on August 17 expressed optimism that the differences between the two leaders, which mainly revolve around the nomination of ministers, will be resolved sooner rather than later, the public is unlikely to be swayed by such assertions. This is especially because former PM-designate Saad Hariri eventually abandoned his efforts to form a government after a month-long stalemate over the composition of the envisioned cabinet. Thus, civil unrest will continue to be recorded across Lebanon, including in Beirut. There is a considerable likelihood that protesters will again attempt to target Mikati's residence in Ain al-Mraieeh.

Recommendations:

1. It is advised to avoid nonessential travel to Beirut and Tripoli due to significant political instability, the increased risk of civil unrest, and the underlying threat of militancy. Remain vigilant of the elevated risk of violent crime due to the shortage of basic goods and commodities.
2. In Beirut, remain cognizant of frequent demonstrations, particularly around central Beirut's Riad al-Solh and Martyrs' squares as well as in front of government ministries and the Central Bank of Lebanon building. Protesters frequently block central thoroughfares, causing traffic disruptions and clashes with security forces.
3. Avoid nonessential travel to Beirut's southern Dahiye neighborhood as Hezbollah activists and infrastructure are concentrated in the area. Anti-Western sentiments are thus generally higher and there is also an increased potential for security incidents.
4. Due to the reduced capacity of local medical treatment facilities throughout Lebanon, it is advised to prepare contingency plans for medical evacuation to nearby locations where appropriate medical care can be provided, such as Cyprus.
5. Avoid entering refugee camps across Lebanon due to the high risk of armed clashes, militancy, crime, and widespread prevalence of anti-Western sentiments.
6. Avoid nonessential travel to the Bekaa Valley and Baalbek-Hermel Governorate, including Baalbek, Hermel, and Aarsal. Avoid all travel to the immediate vicinity of the Lebanese-Syrian border region. This is due to high levels of crime, frequent armed clashes between Lebanese Armed Forces (LAF) and criminal gangs, and the elevated risk of sectarian attacks as well as abductions of foreign nationals.
7. Avoid nonessential travel to the areas north of the Lebanon-Israel border until the Litani River due to the risk of cross-border hostilities, which may escalate into broader armed conflict.
8. Across Lebanon, travelers are advised to keep identification and travel documents on their person at all times due to the prevalence of Lebanese military or Hezbollah checkpoints. When coming in contact with a security checkpoint, comply with the instructions of security personnel, regardless of their affiliation, and avoid behavior that may be viewed as threatening. Photographing military sites and checkpoints is prohibited and may lead to arrest.
9. Refrain from expressing public support for Israel or being in possession of material that may be perceived as linked to Israel. Abstain from engaging in politically-oriented conversations surrounding Israel, the US, Iran, and the overall political situation in Lebanon.