

LEBANON

WHAT HAPPENED IN MARCH?

Lebanon's economic crisis worsened as the **currency spiralled to new lows**. The leadership vacuum continued and political parties showed no signs of reaching compromise. Israel said Hezbollah may be responsible for an explosion in northern Israel that wounded a civilian.

WHY DOES IT MATTER?

Lebanon's crippling economic crisis drives unrest and its devalued currency erodes living conditions. The executive vacuum may persist for months or years, impeding desperately needed economic reform. Hezbollah's increasingly aggressive actions vis-à-vis Israel **increase the risk of a cross-border escalation**.

FEBRUARY TRENDS

As the parties continued to deadlock over the selection of a new president, Lebanon's economic crisis deepened and the currency plummeted to a new low. Hezbollah accused the U.S. of destabilising activities, **warning of grave consequences**.

1 ⚠️ Worsening economic crisis fuelled unrest

The Lebanese lira descended to a new low of 140,000 to \$1 on 21 March. The state electricity provider EDL on 13 March reported that 2,000 customers per day were applying to disconnect from the public grid after sharp tariff hikes, **underscoring the skyrocketing cost of living**.

Amid proliferating security incidents, depositors used force to access their savings inside banks, while security forces on 22 March fired tear gas at protesters – including former army and police officers – outside the parliament.

2 ➡️ The search for a president dragged on

The presidential vacuum **entered its fifth consecutive month**. Stuck at an impasse, the parliament held no election sessions.

Shiite parties Amal and Hezbollah in early March put forward Suleiman Frangieh as their preferred presidential candidate. The Christian party Lebanese Forces, however, swiftly signalled it would block Frangieh's election by helping to frustrate a quorum, alleging that Frangieh would unduly privilege the interests of Hezbollah and its allies. The Christian Free Patriotic Movement party also rejected Frangieh.

3 ⚠️ Rare incident in Israel raised spectre of escalation

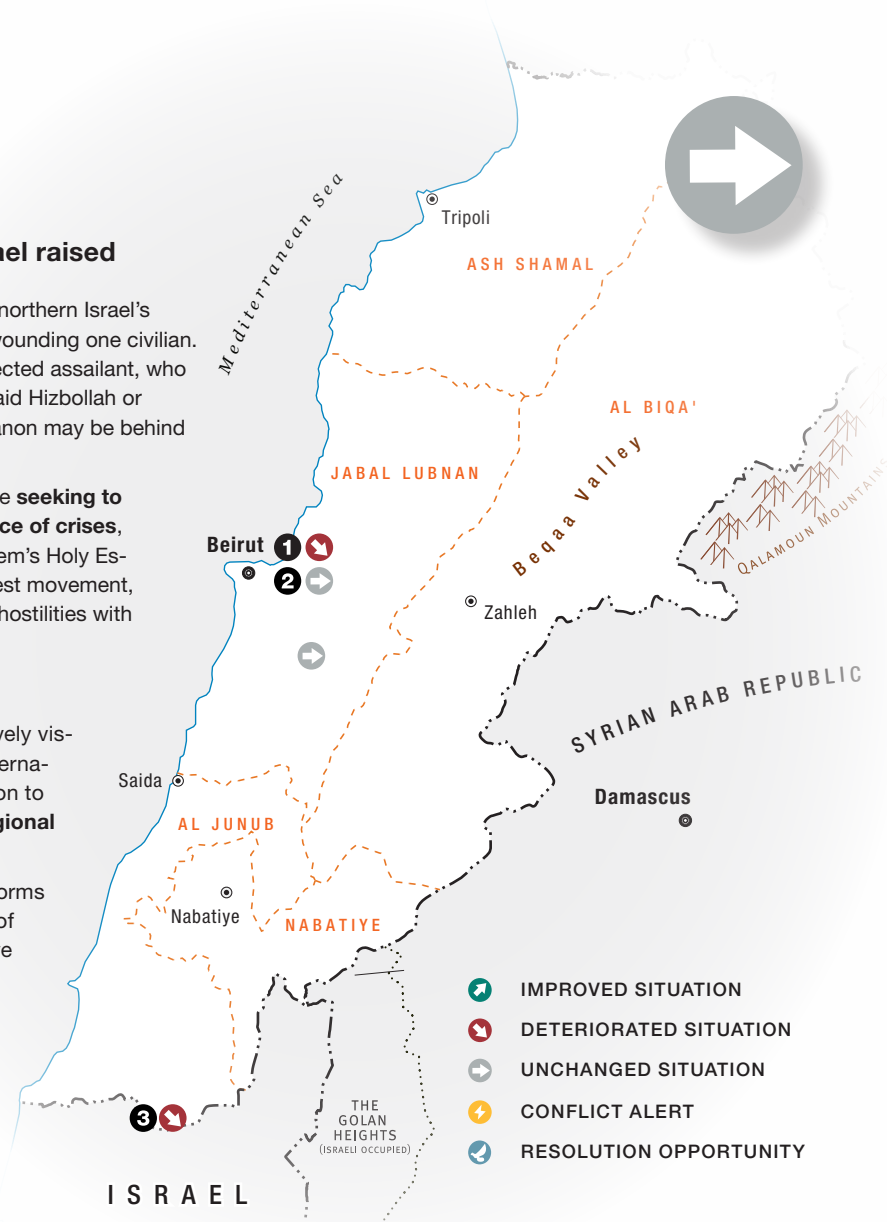
An explosive device detonated in northern Israel's Megiddo Junction on 13 March, wounding one civilian. The Israeli military killed the suspected assailant, who had entered from Lebanon, and said Hezbollah or Palestinian factions based in Lebanon may be behind the operation.

Hezbollah and allied groups may be **seeking to test Israel as it faces a confluence of crises**, including tensions around Jerusalem's Holy Esplanade, a large-scale Israeli protest movement, Palestinian armed resistance and hostilities with Iran-linked groups in Syria.

WHAT TO WATCH

Hezbollah may act more aggressively vis-à-vis Israel, to demonstrate to international actors that without a solution to Lebanon's political stalemate, **regional stability is in jeopardy**.

The failure to enact economic reforms threatens to intensify the impact of the economic crisis. The executive vacuum is jeopardising orderly succession processes for key official positions. The successor to Central Bank Governor Riyad Salameh, whose term expires in June, remains unclear. Municipal elections scheduled for May will likely be delayed.



TRENDS TIMELINE

