Editors: Paul Rivlin and Joel D. Parker

Vol. 11, No. 6, December, 2021

No Boundaries – The Syrian-Lebanese Drug Economy

Dr. Moran Levanoni

Since 2011, Syria has been plunged into instability by the all-out war that is being waged in its territory. The survival of the regime, which was realized by the defeat of rebel factions and the Islamic State forces in 2018, failed to bring full stability to the war-torn country. Lebanon, seen by Syria as the little sister state, has served in the past as a portal through which fighters, weapons and equipment for the warring parties were smuggled, and a lucrative route for smugglers on both sides of the border.

Lebanon has also suffered a severe political and economic crisis since October 2019. This has been aggravated by a political impasse, during which the country has been unable to form a functioning government for over a year, and by widespread grassroots anti-corruption protests. The coronavirus pandemic and the devastating explosion at the port of Beirut in August 2020 have brought the fractured country to the verge of bankruptcy and despondency. The port explosion led quickly to the resignation of the technocratic government that was in charge and only by mid-September of this year, Najib Mikati, the wealthy businessman from Tripoli and former head of the Lebanese government, succeeded forming a new government. The newly formed government is facing enormous, some would say – unbeatable, challenges.

Yet another aspect of this chaos allowed local militias and drug lords to flourish, boosting the alternative economy, with drug manufacturing and trafficking appearing to be particularly lucrative alternatives to the conventional economy. This article will describe some of the

components of the Syrian-Lebanese drug economy and its recent growth. Part of the flourishing drug economy in Syria-Lebanon border is due to the pressure American and European law enforcement bodies have applied on Hezbollah's illicit drug economy in South America.

The Bekaʿa valley – a history of the drug economy

The main narcotic drugs smuggled over the Lebanese-Syrian border is cannabis and its derivates, as well as a wide range of Amphetamine drugs marketed under the common name of Captagon (originally a German brand of the medicinal drug Fenethylline). Cannabis growing in the Bekaʿa valley, in addition to hashish, a refined cannabis product, has historic roots. The fertile land of the Bekaʿa has been used to produce tons of this profitable crop for centuries under the protection of the local chieftains and war lords.

One example of the relations between hashish producers and governmental control can be seen in the French mandate period (1920-1943). The French did their best to control cannabis growing in the Shiʿi region in the Bekaʿa. Mandate authorities conducted a vast operation led by the *Armée du Levant* in 1939 to eliminate the hashish production in the Bekaʿa, which was quite successful. In fact, the operation was so successful that the Minister of Agriculture, Ibrahim Haidar, a Shiʿi from Baʿalbek, threatened to resign bringing down the government with him, if the operation would not stop. His threat came after authorities seized 380 kg of high-grade hashish hidden in an attic in his uncle's farm.[1]

During the 1960's and 1970's the cultivation of crops for recreational drug use expanded to include the more profitable opium poppies. Local farmers, mostly Shiʿas, began to rely on local warlords and militia members to get rich. Well known men involved, such as Jamil Hamieh,[2] Ali Chamas[3] and Noah Za'aytar,[4] all backed by a well-known Shiʿi clan and later on, connected to Hezbollah, became the axis of the local economy and caught the eye of European law enforcement agencies. The long Lebanese Civil War (1975-1990) only helped boost their wealth and power with the local economy generating an estimated $500 million per year.[5] In the absence of a strong central government, whether French, Syrian or Lebanese, the local farmers would maximize their profits, and in the process, they created jobs in the local economy for small farmers, as well as for traffickers, militiaman, drivers, and workers in refineries.

Whereas the traditional growing area of cannabis is in the Lebanese Bekaʿa Valley, the new production of so-called captagon pills takes place mainly in urban, industrialized area in northwestern Syria between Homs and Latakia.[6]

As for the Syrian side of the border, a long chain of high ranked Syrian officers together with local businessman and operators engage in trafficking the drugs and other goods along all the Syrian borders. The New York Times reported[7] that Bashar Assad's 4th division and its head of security bureau, Maj. Gen. Ghassan Bilal, is the main force involved in captagon smuggling. Businessmen like Amer Khiti, a Damascus resident and former livestock trader, and Khoder Taher, a local former poultry trader, are keeping close watch on the smuggling routes. The collaboration with Hezbollah during the war time has eased the trade of illicit as well as legal goods on both sides of the Lebanese-Syrian border.

From the drug production and cannabis growing areas, the overland smuggling routes stretch south and east to Jordan and Iraq, as well as northward through Turkey, but the most important routes are westward via the Mediterranean ports in Lebanon or on the Syrian coast. In any case, drug trafficking through the Bekaʿa Valley requires transit permits in coordination with Hezbollah. Lebanese officers and officials of various ranks and roles are also involved in the drug economy.

Despite quite a few successes, Lebanese law enforcement have remained powerless in the face of the flood of drug trafficking, as General Shams al-Din, commander of the Central Office of Drug Enforcement Agency, admitted in an interview with the BBC.[8] In a report from May 2017 by the Global Initiative Against Transnational Organized Crime, Gen. Shams al-Din noted that law enforcement agents lacked the equipment needed to deal with drug traffickers, such as armored vehicles and weapons.[9] As such, he explained that law enforcement activity in the Bekaʿa area itself was completely impossible due to the presence of Hezbollah and Syrian forces.

The prevailing lack of governance in Lebanon and Syria, together with the ongoing economic and political crises have fueled an alarming increase in drug production and trafficking from Lebanon and Syria. In addition, the United States has enacted sanctions to put pressure on organizations and companies linked to Hezbollah, the Iranians, and the Syrians, designed to limit illicit Hezbollah activities. [10] This pressure, has driven the organization to shift its activity

to the lucrative hashish-captagon terrain on both sides of the Syrian-Lebanese border. In order to understand the broader picture of how this works on a global scale, one must take a closer look at the illicit Hezbollah economy in Latin America and the tri-border area (TBA) in particular.

The Tri-border Area (TBA)

Communities of migrants from Lebanon and Syria were established in Latin America in the 19th century. The settlers from the Levant contributed to the local economy, politics, and society as much as other migrant communities, and also maintained their family connections and the ties with the motherland.

The Tri-Border Area (TBA) lies between Argentina, Brazil and Paraguay, is comprised of three cities: Puerto Iguazu (Argentina), Ciudad del Este (Paraguay), and Foz do Iguacu (Brazil). The construction of the Friendship Bridge (1965) between Paraguay and Brazil and of the Itaipu hydroelectric dam (1984) boosted the area's economy. Alfredo Stroessner, president of Paraguay (1954 – 1989), encouraged Lebanese immigrants to settle in Ciudad del Este to increase commercial activity and economic growth. The Lebanese Shiʿa community of the TBA, comprised of around 30,000 people dates to the 1950s.

Hezbollah's financial needs increased due to the expansion in terror and military activities starting in the 1980s and its increased political involvement within Lebanon during the 1990s. The organization was nonetheless able to utilize its skills in trade and overseas family connections with Shi'ite communities in order to establish lucrative armed hubs in the TBA and West Africa to run its drug trafficking and money-laundering centers. These centers were maintained after sanctions were imposed on Iran by the Clinton administration in 1996 which were extended by the Bush administration in 2004. These sanctions had an impact on Iran, but they did little to slow down Hezbollah's global operations or severely limit Iranian funds for Hezbollah. According to a 2018 US Treasury Department report, Hezbollah is estimated to receive around $700 million annually from the Iranians. In addition, it accrues another $300 million from its network of businesses, of which a large portion is connected to the Latin American and African illegal drugs and weapons trade. Some estimate that the real revenue numbers are considerably higher.[11]

Hezbollah's involvement in drug trafficking was discovered after American law enforcement picked up a call in Arabic during a surveillance operation targeting Colombian drug traffickers in 2006.[12] A translator who was brought to shed light on this conversation revealing that a shipment of cocaine was being arranged to be shipped to the Middle East. More and more information picked up by the American DEA since then has revealed that Hezbollah is heavily involved in drug trafficking and money laundering in Latin America and in the TBA in particular.

Project Cassandra and Operation Cedar

The uncovering of Hezbollah's involvement in illegal activities to finance its terror operations worldwide convinced the American authorities to lunch project Cassandra in 2007-2008. The aim of this project was to combat and block Hezbollah's finance and money laundering routes and, along with the sanctions against Iran banks and oil companies, to weaken the organization's motivation. The decade long project yielded a vast range of information revealing a network of dealers, traffickers, businessman and money launderers – all members in the Hezbollah illegal economy. Project Cassandra led to operation Cedar, and together with the European law enforcement agencies, more than 15 Hezbollah-linked defendants all over Europe and the US were arrested in 2018 and accused of laundering millions of euros in South American drug money to Europe and Lebanon.[13] Among the men arrested ware Mohamad Noureddine and Hamdi Zaher El Dine, charged in Paris with money laundering, and Hassan Mohsen Mansour, accused of drug trafficking.

Western intelligence organizations know now that the TBA has become a Hezbollah hub for illegal activity. Now that global law enforcement is focused on TBA, Hezbollah might have to shift his operation to a different region, or perhaps focus on its home base.

Abidjan – the (non) missing link

Another important link in this global drug trafficking and money laundering network operated by Hezbollah is the rich Shiʿi Lebanese community in West Africa and in the city of Abidjan in the Ivory Coast in particular.

During the late 1990s and until the initiation of Project Cassandra and Operation Cedar, a great deal of drug money-laundering took place in the Republic of Benin. Large shipments of used cars were bought in the USA and were sent to Benin, in return for money transferred to finance the illicit drug economy, with the funds mainly being sent to Lebanon, sometimes as cash stuffed in suitcases. Some 300 used cars dealers produced around $200-300 million monthly for Hezbollah from the Benin project.[14] However, in 2017 as a result of changes in the exchange rate of the Nigerian currency there was a sharp increase of used cars imported to Nigeria. In addition, international pressure was applied on Benin and several corruption scandals were revealed which led to the collapse of the used car industry there, leaving a void in the drug money supply chain.

It seems that the wealthy Shiʿi community of the Ivory Coast took the place of the Benin project making the port of Abidjan a major drug hub for the Hezbollah supply chain. Large shipments of cocaine seized lately by European law enforcement agencies were tracked back to Abidjan. Some seventy percent of the drugs smuggled from Abidjan were linked to Lebanese businessman. The drug money was transferred to Lebanon or invested in real estate in the booming Marcory Zone 4, known as 'little Beirut', the Abidjan Shiʿa neighborhood. All this took place against the background of the worsening socio-economic situation in the Middle East after the onset of the Arab Spring in 2011.

Drug Trafficking from Lebanon

Recent broadcasts and publications regarding Lebanon show evidence of the extent of the penetration of the drug economy. The Saudi kingdom was forced recently to ban imports of all agricultural products from Lebanon, worth an estimated $24 million a year.[15] This followed the seizure, last April, of a shipment of 2,466,000 captagon pills which had arrived at the Saudi port of Damam from Lebanon. The drugs had been hidden in a shipment of pomegranate fruits, harvested in southern Syria, with the drugs probably added in the Bekaʿa valley and shipped from there by sea to Saudi Arabia. The market value of this shipment was estimated at nearly $50 million, an estimated 100-200-fold profit.

On June 15, 2021, a shipment of 250,000 captagon pills (with a market value of $5 million) was seized at the airport in Beirut, and on June 26, over 14 million captagon pills were seized in the port of Jeddah in a shipment in which they were well hidden between metal palates,

arriving from Lebanon with a forged shipping certificate from Greece. Law enforcement officials estimate that only about 10 percent of drug shipments to the Saudi Kingdom and Gulf states are stopped en route, the rest finding their way into the Gulf drug market at a cost of $20 per pill. By fall 2021, another peak in drug shipments was recorded by Saudi law enforcement, as two shipments of drugs were captured just few days apart. First, a half a ton of hashish was captured on Saudi Arabia's east coast in September, 2021, smuggled by a multinational gang that includes Syrians, Yemenis, Jordanians, and Egyptians.[16] Around the same time, Saudi Arabia announced the seizure of another shipment of 450,000 captagon pills, which according to Saudi sources, were smuggled from Lebanon by Hezbollah inside a shipment of mechanical parts.[17]

Terrestrial routes also used for drug trafficking through southern Syria and Jordan to Iraq over the long border lines, and from there to the Gulf states. During 2020, the Jordanian army seized 4.5 million captagon pills en route from Syria, in addition to 10,100 bales of hashish. In 2021, over 1.3 million pills have been seized in a single shipment. During the raid that captured this load, a gun battle ensued against eleven members of the smuggling gang, during which three of them were killed and the rest were captured.[18] This is just the tip of the iceberg of Jordanian law enforcement's efforts to eradicate drug trafficking across the recently opened Syrian border.

On the Mediterranean Sea route, a shipment of 85 million amphetamine pills worth an estimated 1.1 billion euros, originating in Syria, was seized in the Italian port of Salerno in July 2020. Last April, a $4 million shipment of drugs, which originated in Lebanon, was seized in the Greek port of Piraeus.[19] Another shipment was seized on its way to Sudan in May 2020 (30,000 captagon pills).[20] And another $37 million worth of captagon pills destined for the United Arab Emirates were seized in the Turkish port of Iskenderun.[21]

The Current Economic Crisis in Lebanon

The World Bank has described the Lebanese economy as fragile and suffering from conflicts and violence. As a matter of fact, the Lebanese financial crisis ranked as one of the 10 most severe crises since the mid-nineteenth century, probably in the top three. The Lebanese GDP fell from $55 billion in 2018 to $33 billion in 2020, a nearly 40 percent decline.[22] By the late 2020, the crisis had become a dire depression due to the impact of the Coronavirus pandemic

and the Beirut Port explosion. This situation led to a lack of essential goods including food, medicine, gas and fuel, bringing power plants throughout the country to a periodic halt. This in turn caused water supply systems and sewage plants to stop occasionally, while air conditioning facilities and road lights did not operate steadily all through the spring and summer of 2021. By the end of 2020 the World Food Program found that 41 percent of households reported having difficulties accessing food and other basic needs, and the World Bank stated that half of the Lebanese population is under the poverty line. The unemployment rate exceeded from 28 percent in February 2020 to nearly 40 percent by the end of that year.

Violent demonstrations have erupted all over Lebanon since October 2019 as a result of the combined socio-economic problems and outrage towards perceived government mismanagement and corruption. Angry citizens burned tires to block the roads, isolating some cities for days. Demonstrators cried out against governmental corruption and the governing elites, which put even more pressure on the economy after the Prime Minister Saʿad al-Hariri, once seen by the international community as a stabilizing figure, resigned in December 2019 leading to a series of weak governments without the ability to carry out much needed reforms.

Under such circumstances, with no hope on the horizon, the local economy appears to have few options going forward. It is unsurprising then those local farmers and businessmen have taken the opportunity to invest in the illegal drug economy.

The growth of an illicit economy, especially the trafficking of drugs, weapon, and humans, is a well-known phenomenon in areas of conflict or weak government all over the world. From the opium dealing of the Myanmar-Laos golden triangle to the cocaine production in Guatemala by FARC, and the Afghan Taliban's opium trade,[23] quasi-state and militia groups have found that illicit trade, and drug manufacturing and trafficking in particular, are excellent sources of income to finance war expenses. The Syrian regime and Hezbollah fit this pattern, as well, and have formed a lucrative alliance along the Syrian-Lebanese border.

Conclusion

A decade of chaos on the Syrian side of the border and decades of a non-functioning state on the Lebanese side has turned the Bekaʿa valley into the perfect region for local militias to raise a flourishing illegal drug industry. Over the last 40 years the Shiʿi terrorist organization,

Hezbollah, was able to take over this region. It did so with massive assistance and cooperation from Syrian officers and businessman, and thanks to the relative weakness of Lebanon's law enforcement and custom's authority, the illegal drug economy prospered.

A dire economic crisis, the collapse of the economy on both side of the border and the loss of livelihood dragged the local farmers and landlords to cooperate deeper with the ever-increasing drug economy. More pressure applied was on Hezbollah's financial routes in Latin America and in the TBA in particular, and as the sanctions against its Iranian and Syrian allies came into force, the more it became convinced of the need to rely on the illicit economy at its home base in the Bekaʿa and Syria.

The ongoing flow of illegal drugs from Syria and Lebanon presents a serious challenge to law enforcement in the Middle East and worldwide. This challenge will not be solved as long as the region remains unstable. The shattered economy, and the lack of a well-functioning government has caused a great deal of human suffering. The spill-out of this crisis from the virtually erased border between Syria and Lebanon can only be solved by regional and international mobilization.

Dr. Moran Levanoni is a researcher at the Moshe Dayan Center for Middle Eastern and African Studies and a research fellow at the Truman Institute at the Hebrew University. His dissertation, supervised by Prof. Eyal Zisser, focuses on the Shi'i community in Syria and Lebanon and its role in the creation of modern Lebanon during the Mandate era.

For previous issues of *Iqtisadi*, go to our website, http://dayan.org/journal/iqtisadi-middle-east-economy.

All rights reserved to the Moshe Dayan Center for Middle Eastern and African Studies at Tel-Aviv University. Materials may be republished for non-commercial use only, with attribution to the author and the Moshe Dayan Center at Tel-Aviv University, and include a reference and hyperlink to the original article on the Moshe Dayan Center's website, http://www.dayan.org.

[1] *Al-Bashir*, "Akhbar mahalia," July 13, 1939, vol. 5848, p. 4.
[2] Nicholas Blanford, "In Lebanon, a Comeback for Cannabis," *The Christian Science Monitor*, October 16, 2007.
[3] *BBC World News*, "Meeting a Lebanese Drug Lord," *BBC Magazine*, March 3, 2017.

[4] Moran Levanoni, "Drugs, Shi'a, and the Struggle for Southern Syria," *Beehive – Middle East Social Media*, Moshe Dayan Center at Tel Aviv University, June 25, 2018.
[5] All dollar values are in US dollars.
[6] Moran Levanoni, "Captagon and Syria's Drug Economy," *Iqtisadi*, Moshe Dayan Center at Tel Aviv University, December 27, 2015.
[7] Ben Hubbard and Hwaida Saad, "On Syria's Ruins, a Drug Empire Flourishes," *New York Times*, December 5, 2021.
[8] Op cit., fn. 3.
[9] *The Global Initiative against Transnational Organized Crime*, "Captured by Captagon? Lebanon's evolving illicit drug economy," May 2017, 16-17.
[10] *Center for Operational Analysis and Research*, "The Syrian Economy at War: Captagon, Hashish, and the Syrian Narco-State," April 27, 2021.
[11] Emanuele Ottolenghi, "The Laundromat: Hezbollah's Money-Laundering and Drug-Trafficking Networks in Latin America," *The Begin-Sadat Centre for Strategic Studies*, Bar-Ilan University, Mideast Security and Policy Studies, No. 194, July 14, 2021.
[12] Ibid. p. 20.
[13] Toby Dershowitz and Serena Frechter, "Hezbollah on Trial in Europe," *The Foundation for Defence of Democracies (FDD)*, Policy Brief 19, November 2018.
[14] Daan Bauwens and Nicholas Ibekwe, "Hezbollah in Africa: Forgotten link in cocaine trafficking to Antwerp, Rotterdam," *Premium Times*, July 31, 2021.
[15] Tala Michel Issa & Krishna Kumar, "Saudi Arabia announces ban on fruits, vegetables from Lebanon due to drug smuggling," *Al-Arabiya English*, April 23, 2021.
[16] *Al-Hurra*, "The Saudi Authorities Seize a Quarter of a Ton of Drugs on the Coast – Suspected to be from Arabs," [Arabic] September 7, 2021.
[17] *Al-Arabiya*, "Saudi Arabia Thwarts Smuggling of Half a Tons of Drugs by Hezbollah," [Arabic] September 9, 2021.
[18] *Jordan News Agency*, "Army Engages Smugglers on Northern Border, Kills 3," May 19, 2021.
[19] *Arab News*, "Explained: How Hezbollah Built a Drug Empire via its 'Narcoterrorist Strategy'," May 2, 2021.
[20] *An-Nahar*, "The Narcotics Control Bureau Thwarts Two Counterfeit Money Smuggling Operations to Two Arab Countries," [Arabic] May 30, 2020.
[21] Burak Bir, "Turkey Seizes over 6.2M Captagon Pills," *Andalou Agency*, May 16, 2021.
[22] World Bank, Lebanon Economic Monitor, "Lebanon Sinking (To the Top 3)," Global Practice for Macroeconomics, Trade & Investment Middle East and North Africa Region, Spring 2021.
[23] Carl C. Goodison, *Controlling Opium Production: The Decisive Point in Stabilizing Afghanistan* (Israel National Defense College, Reuven Chaikin Chair in Geostrategy, University of Haifa, 2010).