



COMMENTARY

Hizbullah and Russia's Nascent Alliance

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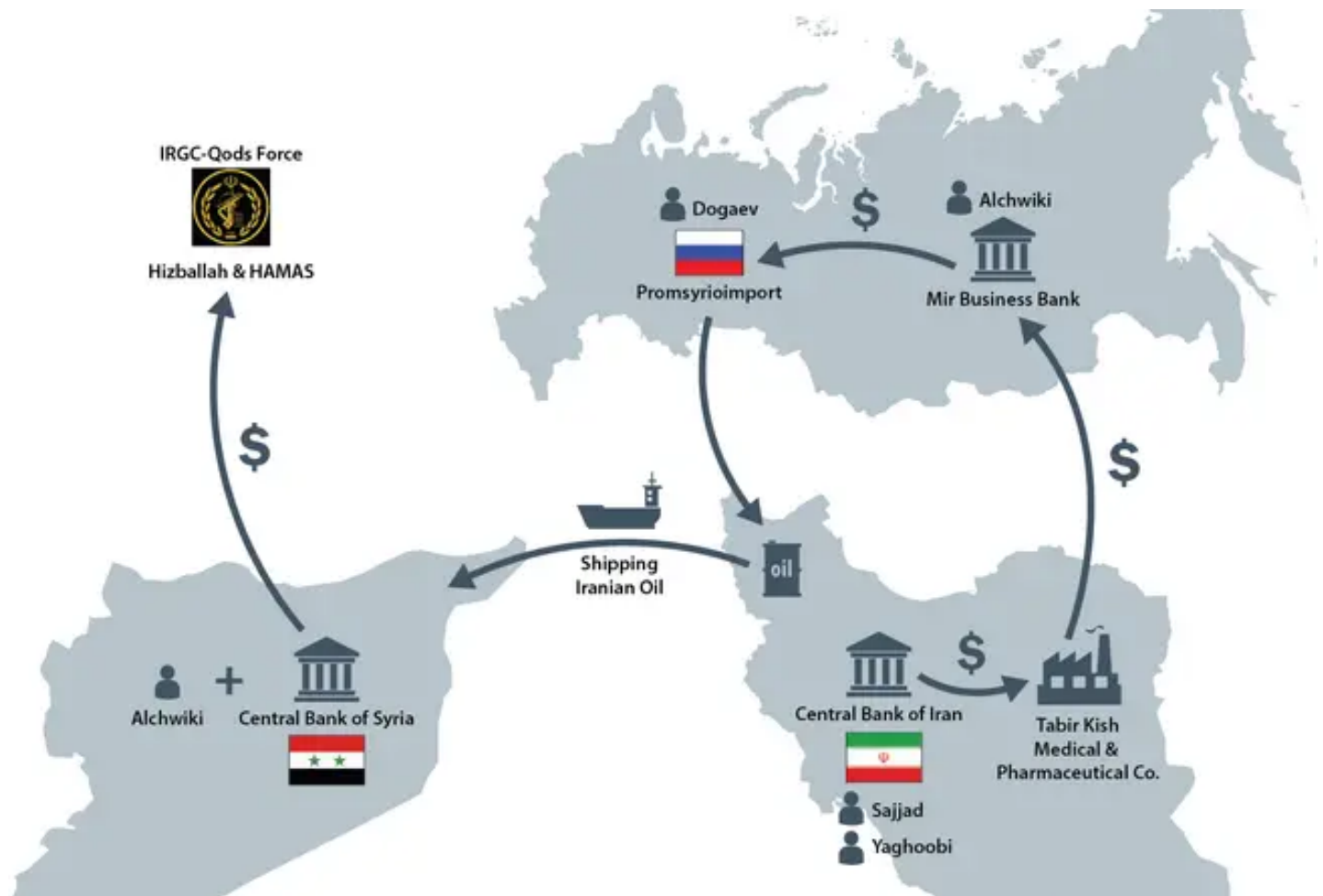
While the world's attention is focused on Ukraine, Russia has been steadily expanding its presence in the Middle East, including through its dealings with the Lebanese terrorist group Hizbullah.

Over the last few years, Russia has quietly extended its reach into Lebanon, seeking to cultivate cultural, economic and military ties in Beirut as part of a strategy to expand Russian influence in the Middle East, while side-lining the US and elevating Moscow's role as a peacemaker. However, Russia's encroachment into Lebanon has been overshadowed by the conflict in Ukraine, and its growing alliance with Hizbullah has likewise received scant attention. And yet, a close read of US government designations related to Iranian and Hizbullah illicit financing schemes reveals a distinct trend in Russian cooperation with and support for such activities.

Sanctions Evasion

Russia's alliance with Hizbullah was born out of the conflict in Syria, where Russian and Hizbullah forces fought side-by-side in alliance with the Assad regime. For years, this alliance appeared strictly limited to military activity in Syria, but in 2018, Hizbullah and Russia began to engage in unprecedented joint

sanctions evasion activities. The stark change in activity between Hizbullah and Russia clearly demonstrated that their cooperation had moved beyond a military alliance and now carried an economic component. In November 2018, the US Department of the Treasury exposed a convoluted trade-based oil smuggling sanctions evasion scheme directed by Hizbullah and the Qods Force of Iran's Islamic Revolutionary Guard Corps (IRGC). This scheme allowed the Iranian regime to remit money to Russia's state-owned Promsyrimport on behalf of Syria, enabling Russia to evade US sanctions against the Assad regime. Simultaneously, the Syrian Central Bank remitted cash to Hizbullah, HAMAS and the IRGC-Qods Force on behalf of the Iranian regime. Central to this scheme were two key conduits: Hizbullah official Mohamed Qasir and Russia-based Syrian national Mohamed Alchwiki. In a letter to a senior official at the Central Bank of Iran, Qasir (aka Mr Fadi) and Alchwiki confirmed receipt of \$63 million as part of a scheme to benefit Hizbullah.



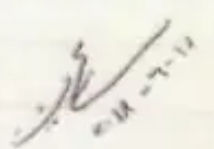
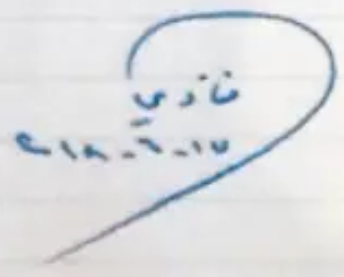
Credit / Treasury Department's visual depiction of the Alchwiki network. Source: US Treasury

To: MR-R. sajjad
Director international Dept.

Regarding your creditting the
Account of the CBS number: 83
83
in the CBI, I am MR. Fadi and
MR MHD Amer Alchwiki we
comfermig that the amount of
(63) M. sixty three million USD
has been counted and Recived By
US on 17/04/2018

Mr Fadi

Mr. MHD -Amer
Al-chwiki



Credit / Letter to CBI from Alchwiki and Qasir (Mr Fadi). Source: US Treasury

Since this network's disruption, the Treasury Department has levied sanctions against numerous entities involved in the ever-evolving Hizbullah-IRGC-Qods Force oil smuggling network led by Qasir and his Iranian counterparts, IRGC-Qods Force official Behnam Shahriyari and former IRGC-Qods Force official Rostam Ghashemi, now deceased. One aspect of this smuggling network that stands out, however, is the Russian government's official involvement.

In May 2022, the Treasury Department issued designations targeting this same Hizbullah-IRGC-Qods Force oil smuggling network, and noted that these sanctions evasion schemes which were funding both Hizbullah and the IRGC-Qods Force were 'backed by senior levels of the Russian Federation government and state-run economic organs'. In the action, the Treasury Department revealed that as early as April 2021, former IRGC-Qods Force official Rostam Ghashemi used Russia-based RPP Limited Liability Company 'to transfer millions of dollars on behalf of the IRGC-Qods Force from Russia'. The person who used to manage the company, a former Moscow-based Afghan diplomat, worked together with 'senior levels of the Russian government and intelligence apparatus' to raise funds for the IRGC-Qods Force. The Russian government, and Russian state-owned company Rosneft, also worked with other elements of this IRGC-Qods Force smuggling network, such as UAE-based Zamanoil DMCC, 'to ship large quantities of Iranian oil to companies in Europe on behalf of the IRGC-Qods Force'. Another part of this network was run by Hizbullah officials Mohamed Qasir and Muhammad Qasim al-Bazzal, who used a Lebanon-based company to facilitate oil deals for the IRGC-Qods Force and Hizbullah.

The Treasury Department targeted more entities involved in oil sale sanctions evasion to benefit the IRGC-Qods Force in December 2022, some of which

engaged in supply-chain agreements and contracts with Russia-based RPP LCC, which had been designated just months prior, in May.

Additionally, in November 2022, the Treasury Department issued designations targeting yet another 'oil shipping network supporting IRGC-QF and Hizbullah'. While the Treasury Department explicitly linked this action to the earlier one in May, which targeted schemes backed by the Russian government, it did not specify whether the Russian government also held a role in the schemes targeted in November. However, analysis of these targets reveals that at least some of the vessels sanctioned as part of the scheme benefitting Hizbullah and the IRGC-Qods Force, such as the *Zephyr I* and *Julia A*, have in fact also been used to smuggle Russian oil. This implies that the Russian government and Hizbullah along with the IRGC-Qods Force have leveraged some of the same oil smuggling networks to evade sanctions; however, it is not clear whether Russia coordinated its use of these third-party oil smuggling networks with Hizbullah and the IRGC-Qods Force. Nonetheless, these sanctions evasion techniques not only undermine US and international efforts to impose costs on Russia over its invasion of Ukraine, but also yield a monetary benefit for the two terrorist groups.

Soft Power Influence

The enhanced level of collaboration between Russia and Hizbullah is not limited to sanctions evasion. In March 2021, Hizbullah sent a delegation to Moscow, on its second-ever 'diplomatic' visit to the country. Unlike its first visit a decade prior, which was enveloped in secrecy with no media exposure, this visit was well publicised. During their three days in Moscow, Hizbullah representatives met with various Russian officials, including Russian Foreign Minister Sergei Lavrov, representatives from the State Duma and the Council of the Federation, as well as Iranian Ambassador to Russia Kazem Jalali. Most notably, though, the delegation had a lengthy meeting with Russia's Deputy

Minister of Foreign Affairs, Mikhail Bogdanov, who also serves as Vladimir Putin's Special Representative to the Middle East. A number of topics were discussed during these meetings, including collaboration on various 'projects'. Just three months after this visit to Moscow, Hizbullah received Russian Ambassador to Lebanon Alexander Rudakov in Beirut to further discuss collaboration on joint projects.

While it remains unclear what projects Russia and Hizbullah are working on together, the US Treasury's designation of the Lebanon-based economist Hassan Moukalled in January 2023 provides insight into some possibilities. In its press release, the Treasury describes Moukalled as a financial advisor to Hizbullah who carries out business deals on behalf of the group and represents Hizbullah in negotiations with potential investors, partners and foreign government officials. The Treasury also clearly highlights Moukalled's engagement with Russia on behalf of Hizbullah, noting that he has coordinated a wide range of projects with Hizbullah official Mohamed Qasir, including business deals involving Russia.

“ Russia's alliance with Hizbullah provides it with access and powerful top-cover to expand its overall footprint in Lebanon, while benefitting the terrorist group as well

Since at least 2021, Moukalled has closely engaged with Russian officials, including accompanying Russian delegations in their meetings in Beirut, as well as meeting on several occasions with Bogdanov. Most notably, Moukalled, together with Lebanese and Russian officials, has taken part in negotiations to have the Russian company Hydro Engineering and Construction rebuild the Zahrani

refinery in the Hizbullah-controlled region of southern Lebanon – a project estimated to be worth \$1.5 billion. While Hydro Engineering and Construction is – according to Russian tax records – fully owned by Russian businessman Andrei Metzger, it is backed by the Russian government. Indeed, in June 2021, Metzger was part of a delegation visiting Lebanon on behalf of the Russian government. Interestingly, during a meeting in Beirut the same month between Hizbullah and the Russian Ambassador to Lebanon, a project involving Hydro Engineering and Construction was also discussed. According to Russian tax records, Hydro Engineering and Construction was established in February 2021 – only one month before the Hizbullah delegation travelled to Moscow to initiate discussions about collaboration on investment projects. According to Lebanese press reports, the June 2021 trip was not the Russian delegation's first visit to Beirut. On a previous trip, this same delegation reportedly held discussions with the Lebanese Central Bank about Russia's interest in purchasing a bank in Lebanon to facilitate financial transfers.

While Hizbullah's involvement in the \$1.5 billion refinery project remains unclear, last year Hizbullah Secretary General Hassan Nasrallah made a public comment that demonstrated his interest in the project. In a statement, Nasrallah denounced the US for stalling the Zahrani refinery project, going as far as to say, 'if Hezbollah had dominated the decisions of the Lebanese state, the Russian offer would have been accepted a year and a half ago'.

Weapons Procurement

In addition to coordinating business deals involving Russia, the Treasury revealed that Moukalled has also worked with Hizbullah official Mohamed Qasir on efforts to assist Hizbullah in obtaining weaponry for its own use. Indeed, Qasir not only has a prominent role in procuring finances for Hizbullah, but he is also the head of the Hizbullah unit 'responsible for facilitating the transfer of weapons, technology and other support from Syria to Lebanon'. Formerly

identified as Unit 108, public reports over the past year have revealed that the weapons unit headed by Qasir is now denoted as Hizbullah Unit 4400.

Qasir is uniquely qualified to head a unit as sensitive and important as Unit 4400. One of his brothers, Hassan, is reportedly the son-in-law of Secretary General Nasrallah. Another brother, Ahmed Qasir, was the Hizbullah suicide bomber who carried out the November 1982 attack on an Israeli military headquarters in Tyre. Recognised as Hizbullah's first martyr, Nasrallah referred to Ahmed as the 'prince of martyrs' at a Martyrs Foundation event marking the anniversary of the attack. With his family legacy, Mohamed Qasir rose high and fast within Hizbullah, and remains a trusted confidant of Nasrallah. In May 2018, the US Treasury designated Qasir as 'a critical conduit' for IRGC-Qods Force payouts to Hizbullah.

Meanwhile, Hassan Moukalled's meetings with Russian officials have not ceased despite his January 2023 designation. For example, in late March 2023, Moukalled travelled to Russia and met not only with Deputy Foreign Minister and Putin's Special Representative to the Middle East Mikhail Bogdanov, but also with Deputy Minister of Defense Alexander Fomin. According to Moukalled's own statement via Twitter, both meetings involved discussions about strengthening relations between Lebanon and Russia, particularly with regard to Russian economic and investment projects. They also included conversations on establishing direct flights between the two countries.

Hassan Moukalled - حسن مقلد 



@hasmokaled · [Follow](#)

١/٤ التقى الخبير الاقتصادي الدكتور حسن مقلد قبل ظهر الجمعة في موسكو نائب وزير الدفاع الروسي الكسندر فومين.
كما التقى ظهراً الممثل الخاص لرئيس الاتحاد الروسي للشرق الاوسط وافريقيا نائب وزير الخارجية ميخائيل بوغدانوف.



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Photos posted via Hassan Moukalled's Twitter account showing Moukalled meeting with Russian Deputy Foreign Minister Mikhail Bogdanov (left) and Deputy Defense Minister Alexander Fomin (right) on 31 March 2023

Conclusion

While there are still many unknowns about the extent of Hizbullah and Russia's collaboration or how much they each benefit, it's undoubtedly clear that their relationship has grown over time and is now multifaceted, mutually beneficial,

and includes what appears to be an especially lucrative economic component. Russia's activities in Lebanon are not all related to Hizbullah, to be sure. But its alliance with Hizbullah provides Russia with access and powerful top-cover to expand its overall footprint in Lebanon, while benefitting the terrorist group as well.

Strategic competition poses a different kind of threat to terrorism, but in the case of Russia and Hizbullah there is a clear overlap – the two are mutually reinforcing, not mutually exclusive. Competition, particularly when it involves expanding influence via soft power, can be easy to underestimate or overlook. In the case of Lebanon, not only is Russia poised to benefit, but so is a significant terrorist group. In terms of Russia's current threat, the world is focused on the conflict in Ukraine. While this is indeed the greater and more immediate threat, it is also diverting attention away from Russia's encroachment in the Middle East and its strengthening of a significant terrorist organisation.

In this era of strategic competition, the US faces a multipolar threat – with various adversaries in various locations worldwide, who are using various domains and tradecraft – and no one government or private sector entity has full visibility. This is why the US government must remain agile and leverage its partnerships to maintain insight into the changing threat landscape, so that the US and its allies do not lose out in competition in one region of the world while focused on conflict in another.

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