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Israel-Hamas War Update: Possible Expansion in Lebanon and the Red Sea

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Classification: TLP:CLEAR

Criticality: Medium

Intelligence Requirements: Geopolitical, Supply Chains

January 3, 2024

Scope Note

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Israel-Hamas War Update: Possible Expansion in Lebanon and the Red Sea

› Key Findings

- Israel likely killed a key Hamas leader, Saleh al-Arouri, outside Beirut, Lebanon, on January 2, 2024.
- al-Arouri was killed in Hezbollah territory, and the group has vowed a violent response.
- An escalation in cross-border activity from Hezbollah in southern Lebanon is likely, but a major escalation that expands the Israel-Hamas War in Lebanon is unlikely.
- Houthi rebels in Yemen, however, are likely to escalate their attacks in the Red Sea to increase pressure for a U.S. military response.

| Analyst Commentary

Israel is highly likely responsible for the airstrike in a Shiite suburb of Beirut, known as a Hezbollah stronghold. Hezbollah leader Sayyed Hassan Nasrallah has vowed to strike back.¹

¹ [hXXps://www.naharnet\[.\]com/stories/en/302529-clashes-resume-in-south-ahead-of-nasrallah-s-speech](https://www.naharnet[.]com/stories/en/302529-clashes-resume-in-south-ahead-of-nasrallah-s-speech)

- Nasrallah cannot countenance Israeli targeting of Hezbollah allies inside Lebanon without a response. Therefore, an escalation in military activity by Hezbollah against Israel is highly likely.
- However, the response will likely be muted enough not to bring about a larger military conflict between the two sides.
- According to recent polls, only approximately 30 percent of the Lebanese population supports a widening of the conflict with Israel.² Any all-out war would almost certainly damage Hezbollah's domestic standing, as Lebanon is not politically, socially, or economically capable of withstanding a war with Israel.

Israel has begun moving thousands of troops from Gaza to northern Israel, along the border with Hezbollah territory in southern Lebanon.³

- However, Israel's partial withdrawal of combat troops from the Gaza Strip beginning on January 1, 2024, highlights the difficulties in maintaining large-scale mobilizations, both in economic terms and in a military that has not deployed such a number of troops since the 1982 Lebanon War.⁴⁵
- Therefore, fighting major conflicts on two fronts against Hamas and Hezbollah remains unlikely, particularly given that Hezbollah presents a larger and more well-armed adversary.
- In fact, the redeployment is likely instead aimed at pressuring the international community to create an expanded buffer area surrounding the Israel-Lebanon border, where Hezbollah troops would be barred from operating.
- Israel's previous occupation of southern Lebanon (1985-2000) ended in an ignominious withdrawal, and its 2006 war with Hezbollah was fought to a stalemate. Both conflicts remain fresh in the Israeli collective memory and would likely limit support for any similar military engagements.

² [hXXps://www.jpost\[.\]com/middle-east/article-770959](https://www.jpost.com/middle-east/article-770959)

³ [hXXps://www.aljazeera\[.\]com/news/2024/1/1/israel-says-it-will-pull-out-thousands-of-troops-from-gaza](https://www.aljazeera[.]com/news/2024/1/1/israel-says-it-will-pull-out-thousands-of-troops-from-gaza)

⁴ [hXXps://www.politico\[.\]eu/article/israel-hamas-war-troops-drawdown-gaza-israel-defense-forces/](https://www.politico[.]eu/article/israel-hamas-war-troops-drawdown-gaza-israel-defense-forces/)

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[hXXps://www.economist\[.\]com/middle-east-and-africa/2023/12/14/israels-current-large-scale-operation-is-the-last-one-in-gaza](https://www.economist[.]com/middle-east-and-africa/2023/12/14/israels-current-large-scale-operation-is-the-last-one-in-gaza)

Houthis Likely to Escalate Attacks in the Red Sea

Since November 19, 2023, approximately 24 Houthi attacks against international shipping have occurred in the Red Sea and Gulf of Aden. Attacks have continued despite a U.S.-led multinational task force to protect international shipping launched on December 19, 2023.⁶

- The task force has struggled to present a unified deterrent to Houthi attacks. While it reportedly includes participation from around 20 countries, many have refused to disclose their participation or have sent only token contributions out of concern for being seen as supporting Israel's offensive in Gaza.⁷
- On December 30-31, 2023, U.S. naval helicopters sank three Houthi speedboats, reportedly killing all 10 crew, during an attack on a cargo ship. This is the first known occurrence of Houthi fighters killed by U.S. forces and could prompt additional escalation.⁸
- Attacks on cargo vessels will likely continue, though both the U.S. and Houthis appear reluctant to directly engage in sustained armed conflict at this point.

The attacks have led to an approximate 50 percent drop in ships traversing the area, which handles around 10–15 percent of all international trade, including around 15 percent of the world's energy trade.⁹ Many shipping carriers are instead opting to circumnavigate Africa on the journey to European ports.

- In the last week of December 2023, shipping prices from Asia to Europe, the main supply chain passing through the Red Sea, increased by 5 percent.¹⁰
- Ships avoiding the area are likely adding 7–15 days to their journeys and about USD 1 million in additional fuel costs.¹¹

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[hXXps://www.aa.com\[.\]tr/en/middle-east/houthis-fire-2-anti-ship-ballistic-missiles-from-yemen-into-red-sea-us/3098744](https://www.aa.com.tr/en/middle-east/houthis-fire-2-anti-ship-ballistic-missiles-from-yemen-into-red-sea-us/3098744)

⁷ [hXXps://www.reuters\[.\]com/world/us-allies-reluctant-red-sea-task-force-2023-12-28/](https://www.reuters.com/world/us-allies-reluctant-red-sea-task-force-2023-12-28/)

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[hXXps://www.gmanetwork\[.\]com/news/topstories/world/892727/us-naval-helicopters-repel-houthi-attack-on-merchant-vessel-in-red-sea/story/](https://www.gmanetwork.com/news/topstories/world/892727/us-naval-helicopters-repel-houthi-attack-on-merchant-vessel-in-red-sea/story/)

⁹ [hXXps://www.ajot\[.\]com/news/half-of-red-sea-container-ship-fleet-avoids-route-after-attacks](https://www.ajot.com/news/half-of-red-sea-container-ship-fleet-avoids-route-after-attacks)

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[hXXps://www.ajot\[.\]com/news/freightos-weekly-update-shippers-brace-for-spiking-rates-though-maersk-and-cma-cgm-already-returning-to-suez](https://www.ajot.com/news/freightos-weekly-update-shippers-brace-for-spiking-rates-though-maersk-and-cma-cgm-already-returning-to-suez)

¹¹ [hXXps://www.bbc\[.\]com/news/business-67865064](https://www.bbc.com/news/business-67865064)

- Shipping prices and delays are expected to continue increasing the longer the conflict goes on and could be exacerbated if the rate of attacks escalates and a greater percentage of international shipping chooses to avoid the area.

Both Israel and Hezbollah stand to lose if Israel's war with Hamas escalates into Lebanon. The same calculus does not exist for Iran's other main proxy force in the conflict, the Houthi rebels in northern Yemen. While the Houthis rely heavily on Iran for weapons and financing, they are not as dependent as Hezbollah and have a more reputable claim to be Yemen's representatives on the international stage.

- The Houthis have steadily gained control of northern Yemen during a 10-year civil war, and during this time, they effectively negotiated a ceasefire with Saudi Arabia and the United Arab Emirates, which left them in control of around half the country.¹²
- Houthi control of territory allows the group to collect revenue from taxes¹³ and customs and provide some basic services.
- Houthis likely view their continued attacks in the Red Sea as a path to gaining more legitimacy and authority inside Yemen at the expense of the internationally recognized government in control of the south.
- Increasing attacks on international shipping and even prompting a U.S. military response inside Yemen would likely further these claims.
- A U.S. military response inside Yemen would likely prompt anti-American backlash and increase domestic support for the Houthis.

There is a risk of miscalculation that could prompt a wider U.S. military response that decimates the group.

- The Taliban was unable to regain control of Afghanistan until the U.S. military left in 2021.
- Similarly, the Islamic State (IS) began rapidly losing territory it controlled in Iraq and Syria after a U.S.-led military coalition decimated the group, which at that time was regularly carrying out large-scale terror attacks in Europe in the U.S.

¹²

[hXXps://www.reuters\[.\]com/world/middle-east/yemens-warring-parties-commit-ceasefire-steps-un-special-envoy-2023-12-23/](https://www.reuters.com/world/middle-east/yemens-warring-parties-commit-ceasefire-steps-un-special-envoy-2023-12-23/)

¹³ [hXXps://www.arabnews\[.\]com/node/2356266/middle-east](https://www.arabnews.com/node/2356266/middle-east)

However, with the U.S. struggling to negotiate more military aid for Ukraine and Israel, an additional war in the Middle East would be unpopular. Saudi Arabia is likely also pressuring the U.S. to limit its retaliation because they have only negotiated a peaceful settlement in Yemen.

- Similar limited U.S. responses to attacks on U.S. forces in Iraq and Syria, by likely Iranian-backed groups,¹⁴ also factor into the Houthi calculus. They estimate that any U.S. response to their attacks in the Red Sea will be limited and something the group can withstand and possibly benefit from.

¹⁴ <https://www.cnn.com/2023/12/25/politics/us-strikes-iraq-kataib-hezbollah/index.html>

Appendix A: Traffic Light Protocol for Information Dissemination

	Red	Amber
WHEN SHOULD IT BE USED?	Sources may use TLP:RED when information cannot be effectively acted upon by additional parties and could lead to impacts on a party's privacy, reputation, or operations if misused.	Sources may use TLP:AMBER when information requires support to be effectively acted upon but carries risks to privacy, reputation, or operations if shared outside of the organizations involved.
HOW MAY IT BE SHARED?	Recipients may NOT share TLP:RED with any parties outside of the specific exchange, meeting, or conversation in which it is originally disclosed.	Recipients may ONLY share TLP:AMBER information with members of their own organization and its clients, but only on a need-to-know basis to protect their organization and its clients and prevent further harm. Note that TLP:AMBER+STRICT restricts sharing to the organization only.
	Green	Clear
WHEN SHOULD IT BE USED?	Sources may use TLP:GREEN when information is useful for the awareness of all participating organizations, as well as with peers within the broader community or sector.	Sources may use TLP:CLEAR when information carries minimal or no risk of misuse in accordance with applicable rules and procedures for public release.
HOW MAY IT BE SHARED?	Recipients may share TLP:GREEN information with peers and partner organizations within their sector or community but not via publicly accessible channels.	Recipients may share TLP:CLEAR information without restriction, subject to copyright controls.

Appendix B: ZeroFox Intelligence Probability Scale

All ZeroFox intelligence products leverage probabilistic assessment language in analytic judgments. Qualitative statements used in these judgments refer to associated probability ranges, which state the likelihood of occurrence of an event or development. Ranges are used to avoid a false impression of accuracy. This scale is a standard that aligns with how readers should interpret such terms.

Almost No Chance	Very Unlikely	Unlikely	Roughly Even Chance	Likely	Very Likely	Almost Certain
1-5%	5-20%	20-45%	45-55%	55-80%	80-95%	95-99%